

NI Holdings, Inc.

NI Holdings, Inc. (NODK)
Financial Supplement as of December 31, 2018

The Company has five reportable segments:

- Private Passenger Auto: provides protection against liability for bodily injury and property damage arising from automobile accidents and protection against loss from damage to automobiles owned by the insured.
- Non-Standard Auto: provides limited protection auto insurance for both bodily injury and property damage.
- Home and Farm: provides coverage for damage to buildings, equipment, and contents for a variety of perils, including fire, lightning, wind, hail, and theft; also covers liability arising from injury to other persons or their property while on insured's premises.
- Crop: provides multi-peril crop and crop hail insurance. Multi-peril crop is a federal insurance program to provide protection against a variety of potential damages to crops, including both weather and non-weather causes. Crop hail is private coverage to provide protection against losses to crops due primarily to hail damage.
- All Other: includes commercial liability and physical damage coverages, excess liability and other coverages, and assumed reinsurance pools.

**NI HOLDINGS, INC.
FINANCIAL SUPPLEMENT
(UNAUDITED)
AS OF DECEMBER 31, 2018**

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About NI Holdings:

NI Holdings, Inc. (NASDAQ: NODK) is a U.S. insurance holding company, specializing in property and casualty insurance coverages primarily in the Upper Midwest. NI Holdings is the parent company of Nodak Insurance Company, which focuses on providing financial protections for owners of homes, farms, automobiles, and small businesses. NI Holdings' financial statements include the consolidated financial results of NI Holdings, its wholly-owned subsidiaries Nodak Insurance and Direct Auto Insurance Company, Nodak Insurance' wholly-owned subsidiaries American West Insurance Company and Primero Insurance Company, and Nodak Insurance' affiliate Battle Creek Mutual Insurance Company.

Direct Auto Insurance Company was acquired by NI Holdings on August 31, 2018. This Financial Supplement includes Direct Auto results from September 1, 2018 forward.

NI Holdings, Inc.
Consolidated Statements of Operations and Selected Data
(Unaudited)

(\$ in thousands)	2018				2017				Twelve Months			4Q18 - 4Q17	4Q18 - 3Q18	12M18 - 12M17
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q	2018	2017	2016	% Change	% Change	% Change
Revenues:														
Net premiums earned	\$ 54,795	\$ 54,136	\$ 50,677	\$ 36,112	\$ 48,477	\$ 52,525	\$ 45,653	\$ 32,809	\$ 195,720	\$ 179,464	\$ 152,756	13.0%	1.2%	9.1%
Fee and other income	474	5,175	470	377	228	752	321	347	6,496	1,648	1,666	107.9%	-90.8%	294.2%
Net investment income	1,659	1,629	1,523	1,369	1,325	1,404	1,303	999	6,180	5,031	3,644	25.2%	1.8%	22.8%
Net realized capital gain on investments	95	3,160	250	469	157	1,885	339	616	3,974	2,997	5,681	-39.5%	-97.0%	32.6%
	<u>57,023</u>	<u>64,100</u>	<u>52,920</u>	<u>38,327</u>	<u>50,187</u>	<u>56,566</u>	<u>47,616</u>	<u>34,771</u>	<u>212,370</u>	<u>189,140</u>	<u>163,747</u>	13.6%	-11.0%	12.3%
Expenses:														
Losses and loss adjustment expenses	22,062	37,456	40,721	18,849	19,161	49,599	36,230	17,721	119,088	122,711	118,508	15.1%	-41.1%	-3.0%
Underwriting and general expenses ⁽¹⁾	16,293	14,738	11,802	11,877	12,887	10,092	11,425	10,019	54,710	44,423	39,122	26.4%	10.6%	23.2%
	<u>38,355</u>	<u>52,194</u>	<u>52,523</u>	<u>30,726</u>	<u>32,048</u>	<u>59,691</u>	<u>47,655</u>	<u>27,740</u>	<u>173,798</u>	<u>167,134</u>	<u>157,630</u>	19.7%	-26.5%	4.0%
Income (loss) before income taxes	18,668	11,906	397	7,601	18,139	(3,125)	(39)	7,031	38,572	22,006	6,117	2.9%	56.8%	75.3%
Income taxes	3,709	2,029	141	1,449	4,700	(432)	(156)	2,282	7,328	6,394	1,479	-21.1%	82.8%	14.6%
Net income (loss)	14,959	9,877	256	6,152	13,439	(2,693)	117	4,749	31,244	15,612	4,638	11.3%	51.5%	100.1%
Net income (loss) attributable to non-controlling interest	70	33	30	30	(467)	40	(12)	60	163	(379)	87	115.0%	112.1%	143.0%
Net income (loss) attributable to NI Holdings, Inc.	<u>\$ 14,889</u>	<u>\$ 9,844</u>	<u>\$ 226</u>	<u>\$ 6,122</u>	<u>\$ 13,906</u>	<u>\$ (2,733)</u>	<u>\$ 129</u>	<u>\$ 4,689</u>	<u>\$ 31,081</u>	<u>\$ 15,991</u>	<u>\$ 4,551</u>	7.1%	51.2%	94.4%
Loss and LAE ratio ⁽²⁾	40.3%	69.2%	80.4%	52.2%	39.5%	94.4%	79.4%	54.0%	60.8%	68.4%	77.6%	80 bps	-2890 bps	-760 bps
Expense ratio ⁽³⁾	29.7%	27.2%	23.3%	32.9%	26.6%	19.2%	25.0%	30.5%	28.0%	24.8%	25.6%	310 bps	250 bps	320 bps
Combined ratio ⁽⁴⁾	70.0%	96.4%	103.6%	85.1%	66.1%	113.6%	104.4%	84.5%	88.8%	93.1%	103.2%	390 bps	-2640 bps	-430 bps
Effective Tax Rate	19.9%	17.0%	35.5%	19.1%	25.9%	13.8%	400.0%	32.5%	19.0%	29.1%	24.2%			-1010 bps

Notes:

- (1) Underwriting and general expenses include the deferral and amortization of policy acquisition costs.
- (2) The loss and LAE ratio is a non-GAAP financial measure, and equals losses and loss adjustment expenses divided by net premiums earned.
- (3) The expense ratio is a non-GAAP financial measure, and equals amortization of deferred policy acquisition costs and underwriting and general expenses, divided by net premiums earned.
- (4) The combined ratio is a non-GAAP financial measure, and equals losses and loss adjustment expenses, amortization of deferred policy acquisition costs, and other underwriting and general expenses, divided by net premiums earned.

NI Holdings, Inc.
Consolidated Statements of Operations and Selected Data
(Unaudited)

(\$ in thousands)	2018				2017				Twelve Months			4Q18 - 4Q17	4Q18 - 3Q18	12M18 - 12M17	
	4Q	3Q	2Q	1Q	4Q	3Q	2Q	1Q	2018	2017	2016	% Change	% Change	% Change	
Direct premiums written by state:															
North Dakota	\$ 25,159	\$ 26,778	\$ 66,661	\$ 25,163	\$ 23,616	\$ 26,490	\$ 63,568	\$ 25,276	\$ 143,761	\$ 138,950	\$ 135,133	6.5%	-6.0%	3.5%	
Nebraska	9,028	9,466	10,565	8,760	8,253	8,345	9,459	7,301	37,819	33,358	26,302	9.4%	-4.6%	13.4%	
Illinois	10,307	3,765	-	-	-	-	-	-	14,072	-	-	N/A	173.8%	N/A	
South Dakota	3,493	3,572	3,255	2,660	1,870	2,556	2,120	1,681	12,980	8,227	5,814	86.8%	-2.2%	57.8%	
Nevada	2,504	2,378	2,318	1,905	963	2,193	1,616	1,618	9,105	6,390	7,086	160.0%	5.3%	42.5%	
Minnesota	150	(218)	5,147	58	141	(642)	6,353	93	5,137	5,945	5,076	6.4%	168.8%	-13.6%	
Arizona	508	479	634	728	1,339	63	554	412	2,349	2,368	1,459	-62.1%	6.1%	-0.8%	
Total	\$ 51,149	\$ 46,220	\$ 88,580	\$ 39,274	\$ 36,182	\$ 39,005	\$ 83,670	\$ 36,381	\$ 225,223	\$ 195,238	\$ 180,870	41.4%	10.7%	15.4%	
Direct premiums written by segment:															
Private passenger auto	\$ 16,680	\$ 15,834	\$ 18,007	\$ 16,517	\$ 15,377	\$ 14,365	\$ 16,171	\$ 14,834	\$ 67,038	\$ 60,747	\$ 53,156	8.5%	5.3%	10.4%	
Non-standard auto	13,749	7,108	3,355	3,210	2,737	2,855	2,597	2,646	27,422	10,835	10,800	402.3%	93.4%	153.1%	
Home and farm	18,635	17,268	21,187	17,457	16,332	15,445	18,958	15,880	74,547	66,615	60,448	14.1%	7.9%	11.9%	
Crop	33	4,051	43,421	-	(87)	4,543	43,530	1,026	47,505	49,012	48,876	137.9%	-99.2%	-3.1%	
All other ^(a)	2,052	1,959	2,610	2,090	1,823	1,797	2,414	1,995	8,711	8,029	7,590	12.6%	4.7%	8.5%	
Total	\$ 51,149	\$ 46,220	\$ 88,580	\$ 39,274	\$ 36,182	\$ 39,005	\$ 83,670	\$ 36,381	\$ 225,223	\$ 195,238	\$ 180,870	41.4%	10.7%	15.4%	
Net premiums earned by segment:															
Private passenger auto	\$ 16,438	\$ 15,892	\$ 15,310	\$ 14,825	\$ 14,939	\$ 14,275	\$ 13,520	\$ 12,644	\$ 62,465	\$ 55,378	\$ 48,250	10.0%	3.4%	12.8%	
Non-standard auto	14,445	7,052	3,476	2,991	2,746	2,663	2,590	2,531	27,964	10,530	10,671	426.0%	104.8%	165.6%	
Home and farm	17,701	16,237	15,621	15,118	15,777	14,909	14,071	13,638	64,677	58,395	50,243	12.2%	9.0%	10.8%	
Crop	3,197	11,960	13,441	101	12,156	17,756	12,814	1,100	28,699	43,826	33,163	-73.7%	-73.3%	-34.5%	
All other ^(a)	3,014	2,995	2,829	3,077	2,859	2,922	2,658	2,896	11,915	11,335	10,429	5.4%	0.6%	5.1%	
Total	\$ 54,795	\$ 54,136	\$ 50,677	\$ 36,112	\$ 48,477	\$ 52,525	\$ 45,653	\$ 32,809	\$ 195,720	\$ 179,464	\$ 152,756	13.0%	1.2%	9.1%	
Losses and loss adjustment expenses by segment:															
Private passenger auto	\$ 11,323	\$ 11,904	\$ 11,175	\$ 10,122	\$ 6,560	\$ 10,471	\$ 7,733	\$ 9,987	\$ 44,524	\$ 34,751	\$ 37,892	72.6%	-4.9%	28.1%	
Non-standard auto	5,014	4,387	2,973	1,964	2,406	1,564	2,347	2,373	14,338	8,690	9,965	108.4%	14.3%	65.0%	
Home and farm	4,496	16,370	16,527	5,322	5,637	15,069	14,571	4,432	42,715	39,709	44,004	-20.2%	-72.5%	7.6%	
Crop	(925)	3,515	9,007	315	2,735	18,213	10,914	580	11,912	32,442	19,369	-133.8%	-126.3%	-63.3%	
All other ^(a)	2,154	1,280	1,039	1,126	1,823	4,282	665	349	5,599	7,119	7,278	18.2%	68.3%	-21.4%	
Total	\$ 22,062	\$ 37,456	\$ 40,721	\$ 18,849	\$ 19,161	\$ 49,599	\$ 36,230	\$ 17,721	\$ 119,088	\$ 122,711	\$ 118,508	15.1%	-41.1%	-3.0%	
Loss and LAE ratios by segment: ⁽²⁾															
Private passenger auto	68.9%	74.9%	73.0%	68.3%	43.9%	73.4%	57.2%	79.0%	71.3%	62.8%	78.5%	2500 bps	-600 bps	850 bps	
Non-standard auto	34.7%	62.2%	85.5%	65.7%	87.6%	58.7%	90.6%	93.8%	51.3%	82.5%	93.4%	-5290 bps	-2750 bps	-3130 bps	
Home and farm	25.4%	100.8%	105.8%	35.2%	35.7%	101.1%	103.6%	32.5%	66.0%	68.0%	87.6%	-1030 bps	-7540 bps	-200 bps	
Crop	-28.9%	29.4%	67.0%	311.9%	22.5%	102.6%	85.2%	52.7%	41.5%	74.0%	58.4%	-5140 bps	-5830 bps	-3250 bps	
All other ^(a)	71.5%	42.7%	36.7%	36.6%	63.8%	146.5%	25.0%	12.1%	47.0%	62.8%	69.8%	770 bps	2870 bps	-1580 bps	
Total	40.3%	69.2%	80.4%	52.2%	39.5%	94.4%	79.4%	54.0%	60.8%	68.4%	77.6%	70 bps	-2890 bps	-750 bps	

Notes:

(2) The loss and LAE ratio is a non-GAAP financial measure, and equals losses and loss adjustment expenses divided by net premiums earned.

(5) Direct premiums written is a non-GAAP financial measure, representing the amount of insurance premiums purchased by policyholders during the period.

(a) All other includes primarily commercial business owners insurance and assumed domestic and international reinsurance programs which are intended to diversify the risk exposure of the company.