

Third Quarter 2024 Investor Presentation October 24, 2024

Kevin G. Burke

President and Chief Executive Officer

Jeffrey D. Miller

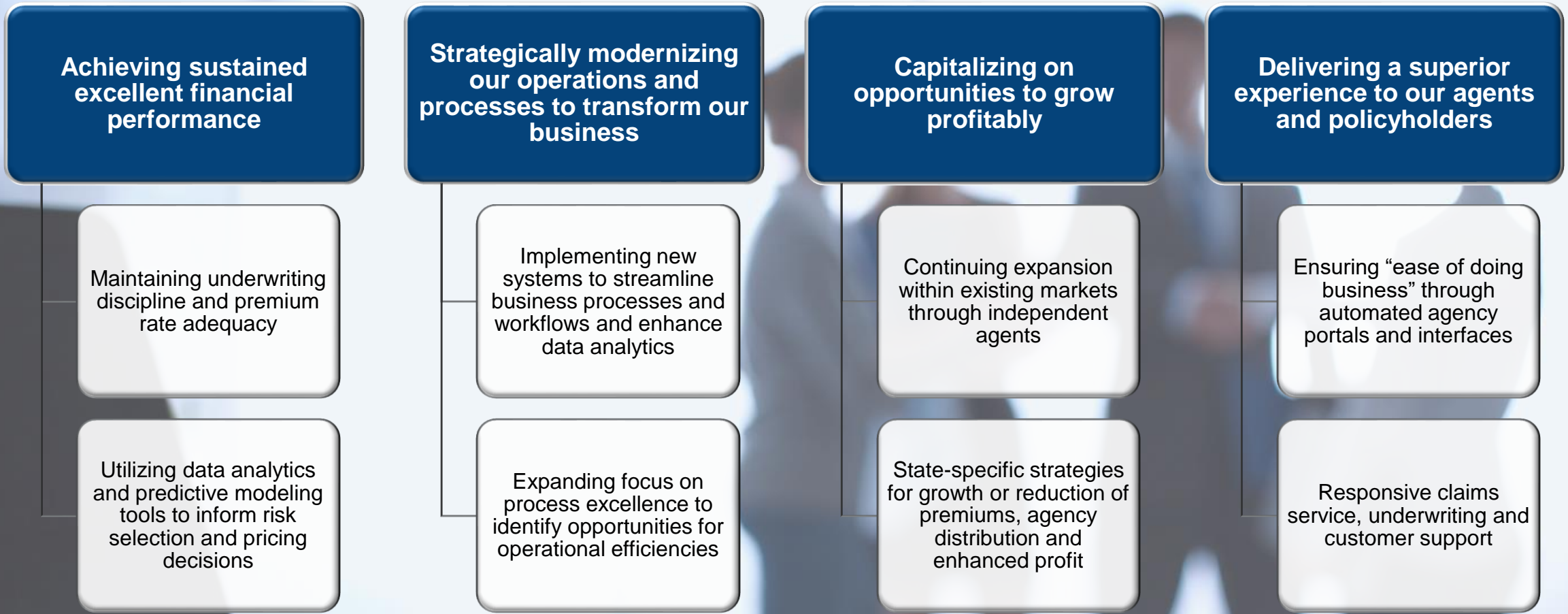
Executive Vice President and Chief Financial Officer

We base all statements contained in this release that are not historic facts on our current expectations. Such statements are forward-looking in nature (as defined in the Private Securities Litigation Reform Act of 1995) and necessarily involve risks and uncertainties. Forward-looking statements we make may be identified by our use of words such as “will,” “expect,” “intend,” “plan,” “anticipate,” “believe,” “seek,” “estimate” and similar expressions. Our actual results could vary materially from our forward-looking statements. The factors that could cause our actual results to vary materially from the forward-looking statements we have previously made include, but are not limited to, adverse litigation and other trends that could increase our loss costs (including social inflation, labor shortages and escalating medical, automobile and property repair costs), adverse and catastrophic weather events (including from changing climate conditions), our ability to maintain profitable operations (including our ability to underwrite risks effectively and charge adequate premium rates), prolonged economic challenges resulting from the COVID-19 pandemic, the adequacy of the loss and loss expense reserves of our insurance subsidiaries, the availability and successful operation of the information technology systems our insurance subsidiaries utilize, the successful development of new information technology systems to allow our insurance subsidiaries to compete effectively, business and economic conditions in the areas in which we and our insurance subsidiaries operate, interest rates, competition from various insurance and other financial businesses, terrorism, the availability and cost of reinsurance, legal and judicial developments including those related to COVID-19 business interruption coverage exclusions, changes in regulatory requirements, our ability to attract and retain independent insurance agents, changes in our A.M. Best rating and the other risks that we describe from time to time in our filings with the Securities and Exchange Commission. We disclaim any obligation to update such statements or to announce publicly the results of any revisions that we may make to any forward-looking statements to reflect the occurrence of anticipated or unanticipated events or circumstances after the date of such statements.

Reconciliations of non-GAAP data are included in the financial supplement section of this presentation.

Donegal Group Inc. is an insurance holding company whose insurance subsidiaries and affiliates offer commercial and personal lines of property and casualty insurance to businesses and individuals in 21 Mid-Atlantic, Midwestern, Southern and Southwestern states through approximately 2,100 independent insurance agencies.

The Company offers full lines of commercial products (approx. 59% of 2023 NPW) and personal products (approx. 41% of 2023 NPW), including commercial multi-peril, automobile, homeowners, workers' compensation and other coverages.



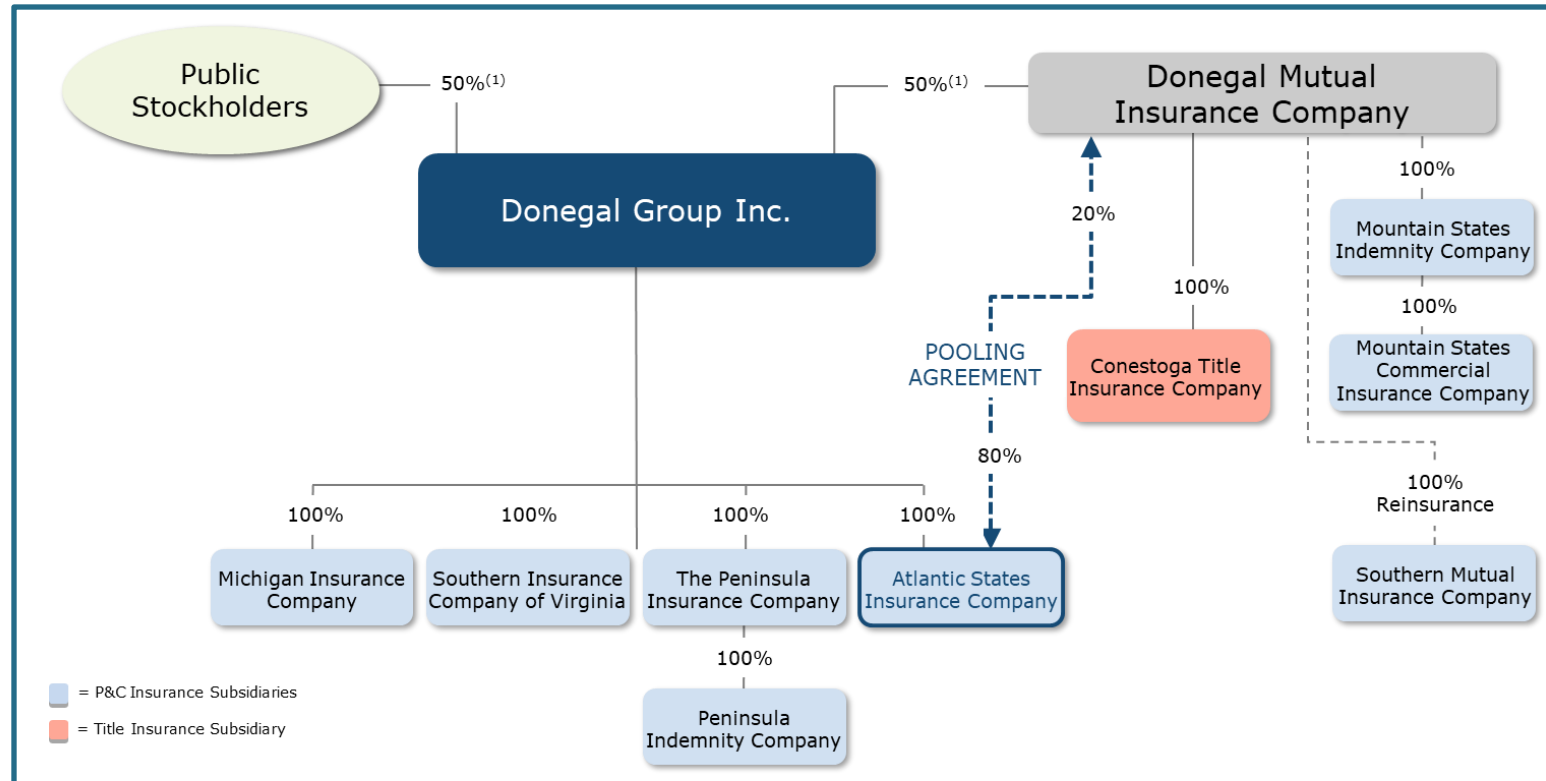
Continued emphasis on growing commercial lines while maintaining a profitable book of personal lines

Significant Benefits to Shareholders from Mutual Relationship

- **Pooling agreement** fosters an **environment of continuity** and maintains **superior employee relations** in which the business can grow.
- Shared combined business plan to **enhance market penetration** and **underwriting profitability**.
- Product offerings are **complementary**, offering a **broad range of products** that expands our ability to service accounts.

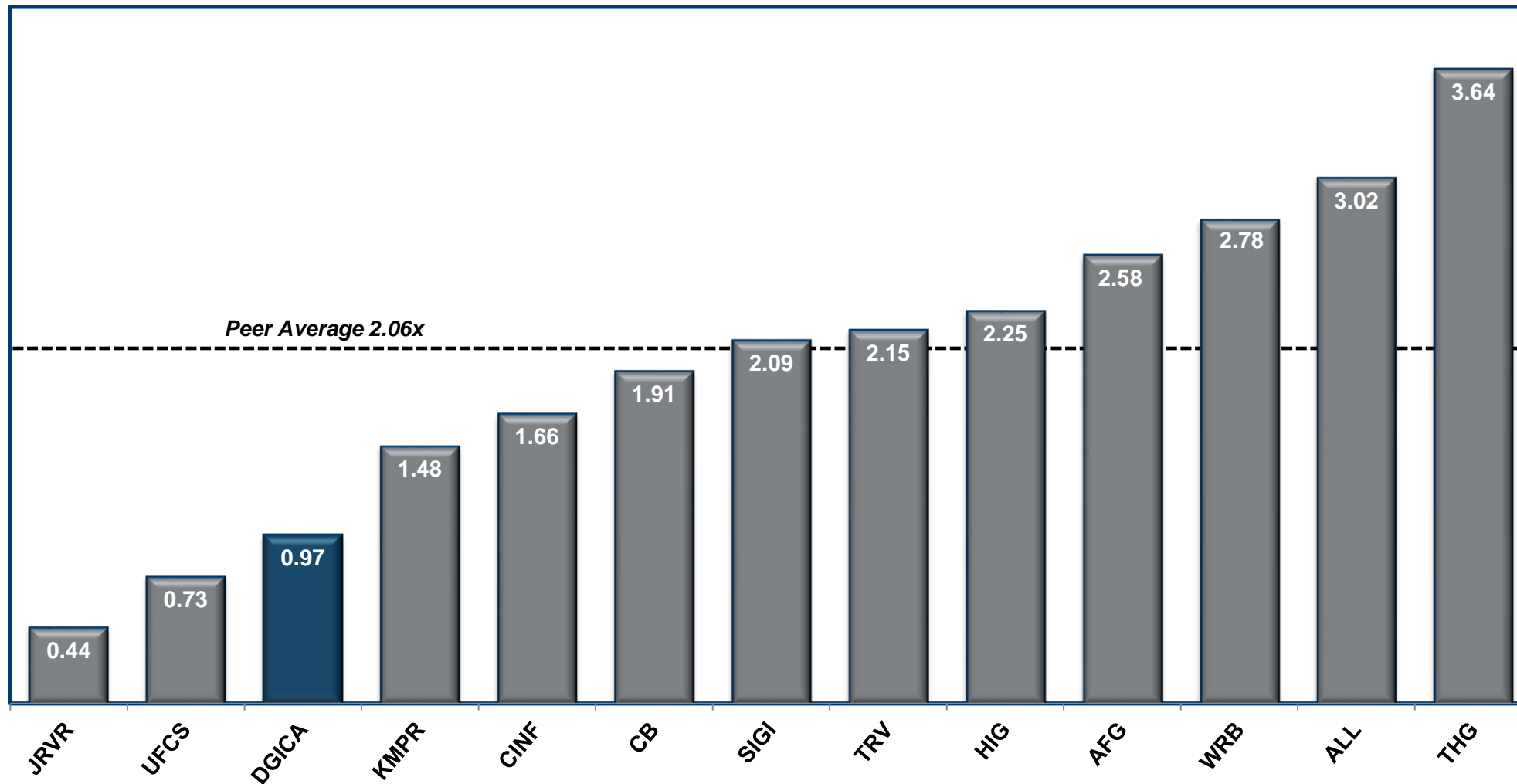


Rated A (Excellent)
by A.M. Best



¹Because of the different relative voting power of Class A common stock and Class B common stock, public stockholders hold approximately 29% of the aggregate voting power of the combined classes and Donegal Mutual holds approximately 71% of the aggregate voting power of the combined classes.

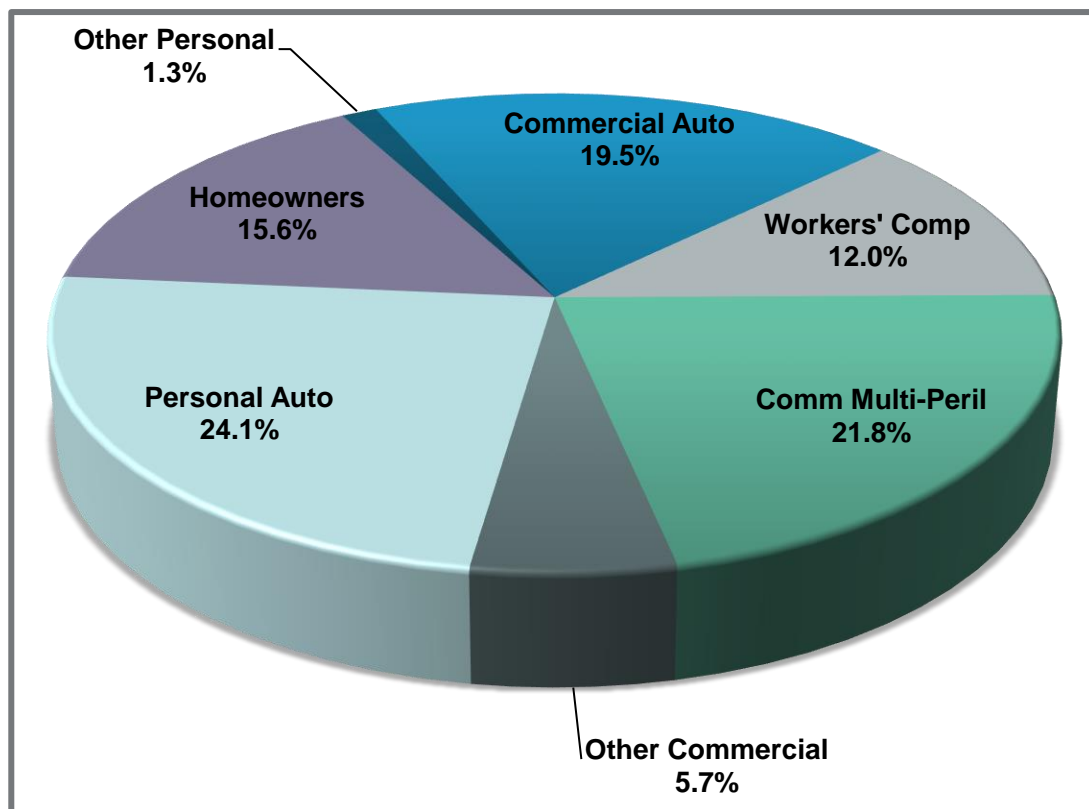
Price-to-Book Multiple



DGICA: Price and Book Value as of 09/30/2024

Peer Data Source: FactSet; Price as of 09/30/2024 and Book Value as of latest reported quarter as of 10/21/2024.

Net Premiums Written by Line of Business Year Ended December 31, 2023



Commercial Lines

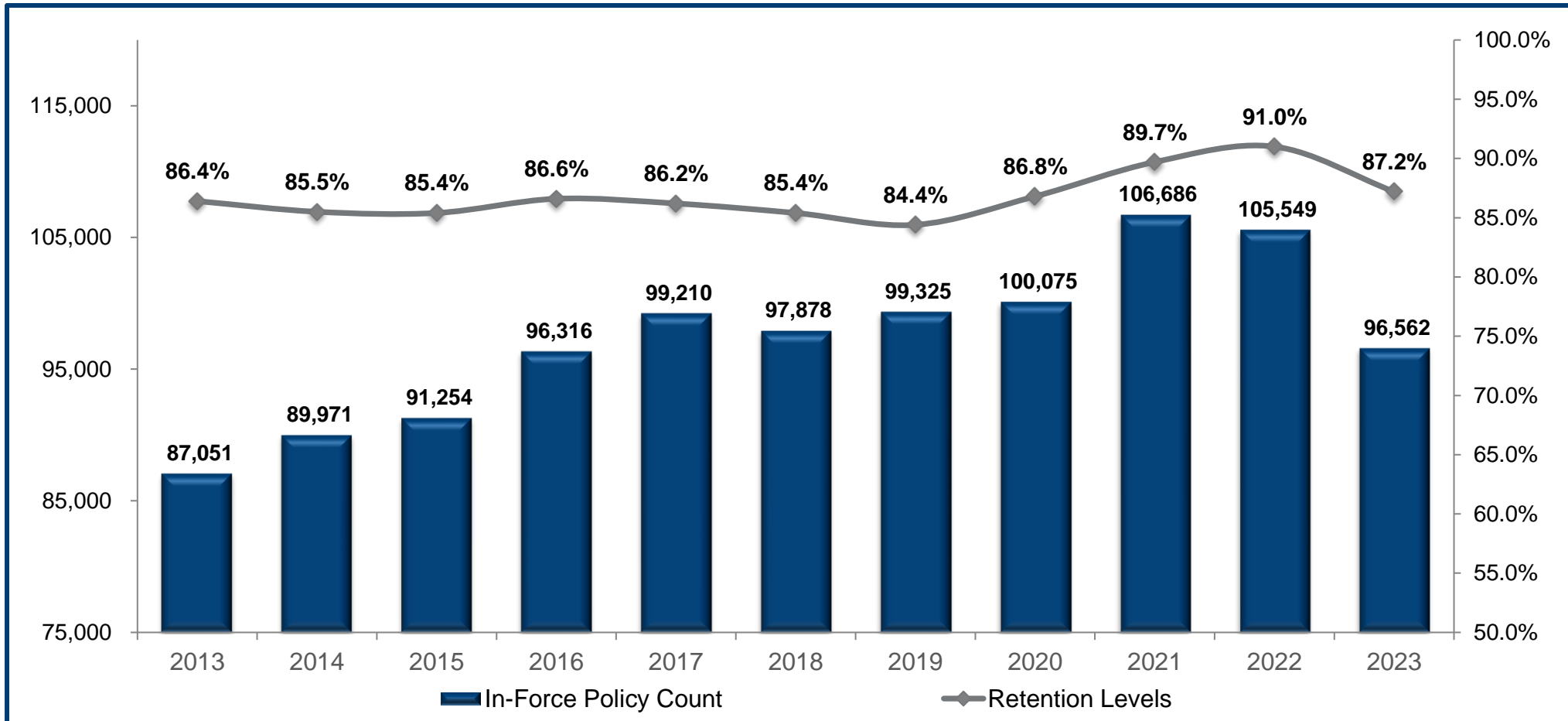
- Commercial Auto
- Commercial Multi-Peril
- Workers' Comp
- Other Commercial

59% of NPW

Personal Lines

- Personal Automobile
- Homeowners
- Other Personal

41% of NPW



Strategic Initiatives to Increase Long-Term Profitability

- Strategic non-renewal actions in Georgia and Alabama completed in Q2 2024.
- Intentional underwriting actions to non-renew underperforming individual accounts/classes of business.
- Conservatively underwriting select new business premium.

Solid Premium Growth

Net Premiums Earned

\$238.0M

6.0%

vs. Q3'23

Underwriting Results

Loss Ratio

61.5%

8.3 pts

vs. Q3'23

Expense Ratio

34.5%

(0.4 pts)

vs. Q3'23

High-Quality Investment Portfolio

Net Investment Income

\$10.8M

2.8%

vs. Q3'23

Avg. Investment Yield

3.3%

20 bps

vs. Q3'23

Percentage change is reflective of Better/(Worse)

Premium growth primarily attributable to strong average renewal premium increases.

Financial Results – Third Quarter 2024

<i>(dollars in thousands, except per share data)</i>	Q3'24	Q3'23	Change
Net Premiums Written	\$232,208	\$219,186	5.9%
Net Premiums Earned	\$237,957	\$224,393	6.0%
			<i>Better/(Worse)</i>
Loss Ratio	61.5%	69.8%	8.3 pts
<i>Core</i>	50.1%	56.7%	6.6 pts
<i>Weather</i>	10.3%	11.5%	1.2 pts
<i>Large Fire Losses</i>	3.7%	4.9%	1.2 pts
<i>Prior Accident Year Development</i> <i>Adverse/(Favorable)</i>	(2.6%)	(3.3%)	(0.7 pts)
Expense Ratio	34.5%	34.1%	(0.4 pts)
Dividend Ratio	<u>0.4%</u>	<u>0.6%</u>	<u>0.2 pts</u>
Combined Ratio	96.4%	104.5%	8.1 pts
Net Investment Income	\$10,827	\$10,536	2.8%
Net Income (Loss)	\$16,752	(\$805)	NM
Per Share – Class A (Diluted)	\$0.51	(\$0.02)	NM
Book Value Per Share	\$15.22	\$14.26	6.7%

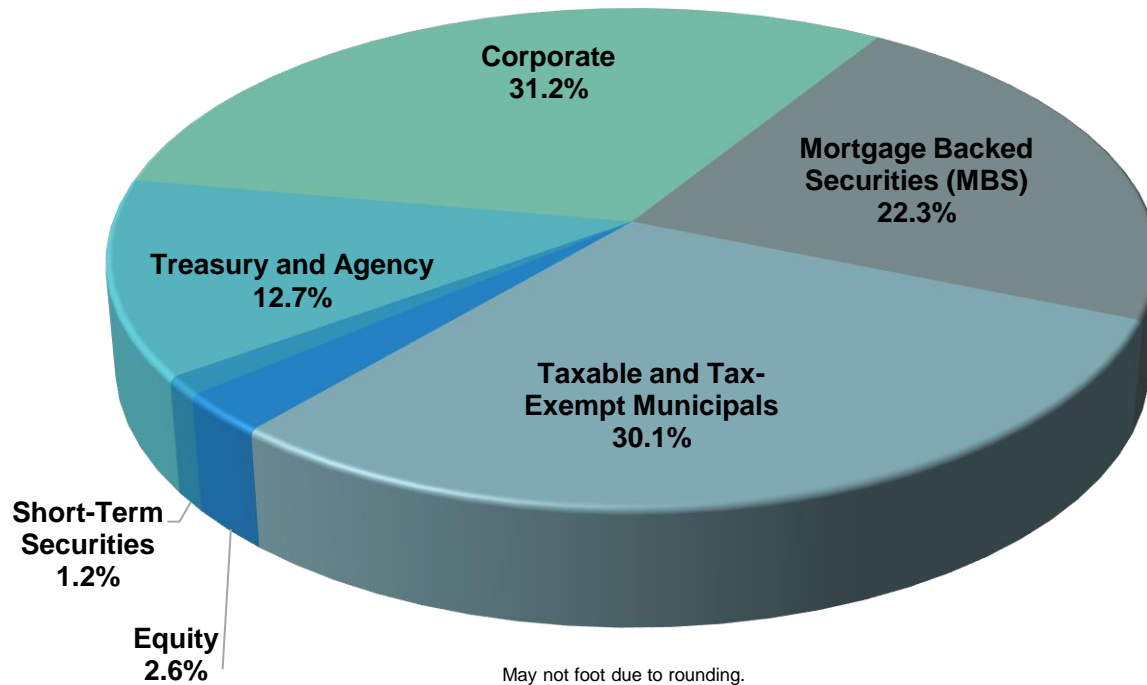
NM = Not Meaningful

- Continued renewal premium increases averaging ~12.6% (13.6% excl. workers' compensation).
- Commercial lines net premiums written increased \$7.6 million, or +6.4%, primarily attributable to new business writings, strong premium retention, and a continuation of renewal premium increases averaging 12.8%, excluding workers' compensation.
- Personal lines net premiums written increased \$5.4 million, or +5.4%, primarily attributable to a continuation of renewal premium rate increases averaging 14.3% and strong policy retention, offset partially by planned attrition due to non-renewal actions.

(\$ in millions)	Net Premiums Written			Statutory Combined Ratio		
	Q3'24	Q3'23	Change Better/(Worse)	Q3'24	Q3'23	Change Better/(Worse)
Commercial Lines – Total	\$126.1	\$118.5	6.4%	89.8%	97.5%	7.7%
<i>Automobile</i>	\$41.5	\$37.5	10.5%	101.5%	86.5%	(15.0%)
<i>Workers' Compensation</i>	\$23.9	\$24.4	(1.8%)	84.7%	97.7%	13.0%
<i>Commercial Multi-peril</i>	\$50.2	\$44.9	11.6%	88.4%	114.8%	26.4%
<i>Other</i>	\$10.5	\$11.6	(9.4%)	59.4%	76.2%	16.8%
Personal Lines - Total	\$106.1	\$100.7	5.4%	104.7%	119.4%	14.7%
<i>Automobile</i>	\$65.2	\$58.0	12.3%	97.8%	109.8%	12.0%
<i>Homeowners</i>	\$38.3	\$39.6	(3.4%)	116.8%	128.9%	12.1%
<i>Other</i>	\$2.7	\$3.0	(11.7%)	102.2%	46.4%	(55.8%)
Total Lines	\$232.2	\$219.2	5.9%	96.0%	105.2%	9.2%

\$1.4 Billion in Invested Assets

As of September 30, 2024



- Quarterly net investment income increased 2.8% to \$10.8 million.
- Investment portfolio emphasizes on high-quality fixed-income securities.
- “Laddering” structure provides additional measure of liquidity.
- Q3 2024 reinvestment rate of 5.25% exceeded rate received on maturing assets by ~89 basis points.

- Well-established regional insurance group with a **diverse book of business** including both commercial and personal lines
- Continuing the optimization of our mix of business with **emphasis on commercial lines** while **strategically stabilizing personal lines** to maintain a **profitable book of business** that will **increase stockholder value** over time
- Focusing on achieving sustained excellent **financial performance**, strategically modernizing our operations and processes to **transform our business**, capitalizing on opportunities to **grow profitably** and delivering a **superior experience to our agents and policyholders**
- Maintaining our highly responsive service levels as a key underlying force that contributes to solid growth in our **commercial lines of business**



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We prepare our consolidated financial statements on the basis of GAAP. Our insurance subsidiaries also prepare financial statements based on statutory accounting principles state insurance regulators prescribe or permit (“SAP”). In addition to using GAAP-based performance measurements, we also utilize certain non-GAAP financial measures that we believe provide value in managing our business and for comparison to the financial results of our peers. These non-GAAP measures are net premiums written, operating income or loss and statutory combined ratio.

Net premiums written and operating income or loss are non-GAAP financial measures investors in insurance companies commonly use. We define net premiums written as the amount of full-term premiums our insurance subsidiaries record for policies effective within a given period less premiums our insurance subsidiaries cede to reinsurers. We define operating income or loss as net income or loss excluding after-tax net investment gains or losses, after-tax restructuring charges and other significant non-recurring items. Because our calculation of operating income or loss may differ from similar measures other companies use, investors should exercise caution when comparing our measure of operating income or loss to the measure of other companies.

Reconciliation of net premiums earned to net premiums written:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(dollars in thousands)					
Reconciliation of Net Premiums Earned to Net Premiums Written						
Net premiums earned	\$ 237,957	\$ 224,393	6.0%	\$ 700,017	\$ 655,886	6.7%
Change in net unearned premiums	(5,749)	(5,207)	10.4	30,822	27,117	13.7
Net premiums written	<u>\$ 232,208</u>	<u>\$ 219,186</u>	<u>5.9%</u>	<u>\$ 730,839</u>	<u>\$ 683,003</u>	<u>7.0%</u>

Reconciliation of net income (loss) to non-GAAP operating income:

	Three Months Ended September 30,			Nine Months Ended September 30,		
	2024	2023	% Change	2024	2023	% Change
	(dollars in thousands, except per share amounts)					
Reconciliation of Net Income (Loss) to Non-GAAP Operating Income						
Net income (loss)	\$ 16,752	\$ (805)	NM	\$ 26,860	\$ 6,396	319.9%
Investment (gains) losses (after tax)	(1,482)	981	NM	(3,733)	(735)	407.9
Non-GAAP operating income	<u>\$ 15,270</u>	<u>\$ 176</u>	<u>NM</u>	<u>\$ 23,127</u>	<u>\$ 5,661</u>	<u>308.5%</u>
Per Share Reconciliation of Net Income (Loss) to Non-GAAP Operating Income						
Net income (loss) – Class A (diluted)	\$ 0.51	\$ (0.02)	NM	\$ 0.81	\$ 0.20	305.0%
Investment (gains) losses (after tax)	(0.05)	0.03	NM	(0.11)	(0.03)	266.7
Non-GAAP operating income – Class A	<u>\$ 0.46</u>	<u>\$ 0.01</u>	<u>NM</u>	<u>\$ 0.70</u>	<u>\$ 0.17</u>	<u>311.8%</u>
Net income (loss) – Class B	\$ 0.46	\$ (0.02)	NM	\$ 0.74	\$ 0.17	335.3%
Investment (gains) losses (after tax)	(0.04)	0.02	NM	(0.11)	(0.02)	450.0
Non-GAAP operating income – Class B	<u>\$ 0.42</u>	<u>\$ -</u>	<u>NM</u>	<u>\$ 0.63</u>	<u>\$ 0.15</u>	<u>320.0%</u>

NM = Not meaningful

Supplemental Information: GAAP Loss Ratio Components



	Commercial Lines					Personal Lines			
	Workers'		Commercial	Other	Total	Automobile	Homeowners	Other	Total
	Automobile	Compensation	Multi-peril						
<u>Third Quarter 2024</u>									
Loss ratio - core losses	60.3%	50.3%	40.0%	36.4%	48.5%	67.3%	26.6%	50.8%	52.5%
Loss ratio - weather-related losses	1.6%	0.0%	10.0%	2.9%	4.6%	1.9%	45.2%	23.6%	17.8%
Loss ratio - large fire losses	0.6%	0.0%	7.4%	0.0%	3.1%	0.0%	12.8%	0.0%	4.6%
Loss ratio - net prior-year reserve development	3.5%	-3.4%	-7.7%	-19.5%	-4.1%	-1.3%	0.4%	-1.1%	-0.7%
Loss ratio	66.0%	46.9%	49.7%	19.8%	52.1%	67.9%	85.0%	73.3%	74.2%
<u>Third Quarter 2023</u>									
Loss ratio - core losses	61.1%	56.5%	45.1%	55.0%	53.7%	79.0%	33.3%	53.8%	61.8%
Loss ratio - weather-related losses	-3.5%	0.0%	17.5%	-1.4%	5.0%	4.2%	49.2%	-14.2%	22.5%
Loss ratio - large fire losses	0.3%	0.0%	13.4%	0.0%	4.9%	0.0%	12.7%	0.0%	5.0%
Loss ratio - net prior-year reserve development	-7.8%	1.4%	-0.2%	-7.2%	-3.1%	-5.1%	-0.4%	3.2%	-3.5%
Loss ratio	50.1%	57.9%	75.8%	46.4%	60.5%	78.1%	94.8%	42.8%	85.8%

Supplemental Information: GAAP Loss Ratio Components



	Commercial Lines					Personal Lines			
	Workers'		Commercial	Other	Total	Automobile	Homeowners	Other	Total
	Automobile	Compensation	Multi-peril						
<u>First Nine Months 2024</u>									
Loss ratio - core losses	64.5%	59.9%	45.4%	37.3%	54.1%	68.5%	30.8%	73.8%	55.2%
Loss ratio - weather-related losses	1.5%	0.0%	10.1%	11.1%	5.3%	1.6%	32.9%	11.4%	13.0%
Loss ratio - large fire losses	0.4%	0.0%	13.9%	3.6%	5.7%	0.0%	12.4%	0.0%	4.4%
Loss ratio - net prior-year reserve development	-3.0%	8.3%	-5.9%	-10.8%	-2.5%	-1.7%	-0.8%	-16.2%	-1.8%
Loss ratio	63.4%	68.2%	63.5%	41.2%	62.6%	68.4%	75.3%	69.0%	70.8%
<u>First Nine Months 2023</u>									
Loss ratio - core losses	65.6%	57.5%	47.9%	43.8%	55.2%	74.6%	31.3%	36.7%	57.3%
Loss ratio - weather-related losses	1.3%	0.0%	12.5%	4.7%	5.5%	2.5%	34.7%	11.4%	14.7%
Loss ratio - large fire losses	0.2%	0.0%	15.1%	2.0%	5.8%	0.0%	12.2%	0.0%	4.5%
Loss ratio - net prior-year reserve development	-7.1%	-1.6%	-0.5%	-1.2%	-2.9%	-2.1%	-1.8%	8.7%	-1.6%
Loss ratio	60.0%	55.9%	75.0%	49.3%	63.6%	75.0%	76.4%	56.8%	74.9%