Equity Research

WELLS FARGO

Price Target Change — January 27, 2025

Commercial Lines Insurance

W.R. Berkley Corporation

A Berkley-esque Quarter; Q4 Earnings and Conference Call Roundup

Overweight
Price Target: $70.00

Our Call

WRB printed EPS of $1.13 beating us ($0.94) and street ($0.96) but the quality of the beat was low given the tax rate / FX ($0.14 upside vs us). 2025 set up better with guide for DD NWP growth, underlying margin improvement, and limited CA losses.

Estimates mixed, price target goes up: Our 2025 is lowered to $4.40 (from $4.45) due to CA wildfire losses (assume $24.7m of losses / $30b industry loss based on 0.6% CA commercial share as of 2023 YE) while 2026 is up to $5.05 (from $4.95) on a lower tax rate, higher NII and better margins. We initiate 2027 EPS at $5.60. Our price target is $70 (from $67) based on 13.9x our 2026 EPS (we shifted our PT to be on 2026 vs 2025 prior) and 2.4x our estimated 2026 book value (incl. AOCI) of $29.18.

Q4 2024 Variance (Key Metrics)

Variance vs WFS and Consensus	Q4 2024			Delta (%) vs		Beat / Miss	
	Actual	WFS	Cons	WFS	Cons	WFS	Cons
Operating EPS	**$1.13**	$0.94	$0.96	20.0%	17.8%	Beat	Beat
Net Premium Growth	**8.0%**	8.0%	8.8%	(0.0%)	(0.8%)	In-Line	Miss
Insurance Net Premium Growth	**9.9%**	8.5%	9.2%	1.4%	0.6%	Beat	Beat
Reinsurance Net Premium Growth	**(5.5%)**	3.9%	5.6%	(9.4%)	(11.1%)	Miss	Miss
Net Investment Income	**317**	304	325	4.4%	(2.4%)	Beat	Miss
Catastrophe Points	**2.6%**	2.7%	3.0%	(0.1%)	(0.3%)	Beat	Beat
PYD Points	**(0.1%)**	(0.0%)	(0.0%)	(0.0%)	(0.0%)	In-Line	In-Line
Insurance Underlying Loss Ratio	**60.6%**	60.2%	60.2%	0.4%	0.4%	Miss	Miss
Reinsurance Underlying Loss Ratio	**49.0%**	49.5%	50.9%	(0.6%)	(1.9%)	Beat	Beat
Total Company Expense Ratio	**28.4%**	28.6%	28.7%	(0.2%)	(0.2%)	Beat	Beat
Total Company Underlying Combined Ratio	**87.7%**	87.6%	87.7%	0.0%	(0.1%)	In-Line	Beat
Share Repurchases	**67**	100	61	(32.6%)	10.5%	Miss	Beat

Source: Company Reports, Visible Alpha and Wells Fargo Securities, LLC estimates
Note: $ in millions except per share and where indicated

Takes for the group: (1) Pricing remains strong although it slowed to 7.7% (ex comp) from 8.4% in the Q3 with property continuing to see pressure, **(2)** E&S submission flow remains robust although momentum shifting more towards casualty vs property, **(3)** social inflation continues to be a headwind with WRB pointing to casualty reinsurance being slow in recognizing this dynamic (WRB saw casualty reinsurance NWP down 15% given competitive environment), and **(4)** comp continues to see favorable trends.

Cautious on casualty re: WRB saw casualty reinsurance NWP decline 15.4% in the quarter (NWP growth of +9.9% ex casualty reinsurance) as a result of a competitive pricing environment which led to Berkley taking more of a defensive stance as they believe the market is not being disciplined and achieving appropriate risk-adjusted returns. WRB noted pricing takes longer to show in casualty but has longer staying power than property. WRB still sees enough opportunities to grow double-digits in 2025.

Confident in margins: The insurance underlying loss ratio of 60.6% was up 40bps vs the prior year with the uptick due to business mix given the contribution of casualty lines was higher vs property (~50% of the total book of business). WRB noted they expect underwriting profitability to improve from here (or at least not deteriorate) given their

Notable Changes			
$ (Dec)	Current	Prior	% Chg
Price Target	$70.00	$67.00	4.5% ▲
EPS 2025	4.40	4.45	-1.1% ▼
EPS 2026	5.05	4.95	2.1% ▲
Rev. (MM) 2025	14,889.2	14,928.8	-0.3% ▼
Rev. (MM) 2026	16,464.5	16,464.7	-0.0% ▼

Ticker	WRB
Upside/(Downside) to Target	**18.2%**
Price (01/27/2025)	**$59.20**
52 Week Range	$50.73 - 65.49
Market Cap (MM)	$23,788
Enterprise Value (MM)	$25,055
Average Daily Value (MM)	$95
Dividend Yield	0.5%

$ (Dec)	Q1	Q2	Q3	Q4	FY
EPS					
2025E	1.04 E	1.08 E	1.08 E	1.21 E	4.40 E
Prior	1.11 E	1.07 E	1.06 E	1.22 E	4.45 E
2026E	1.27 E	1.23 E	1.21 E	1.35 E	5.05 E
Prior	1.24 E	1.19 E	1.17 E	NC	4.95 E

Source: Company Data, Wells Fargo Securities estimates, and Factset.
NA = Not Available, NC = No Change, NE = No Estimate

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optimism in their current book fo business (pointed to some encouraging data around long-tail lines) and the strong aggregate rate they are achieving.

Other conference call highlights: WRB does not expect any material losses from the CA wildfires given Berkley One (private client personal lines) does not participate in the CA market and overall they have small commercial property exposure (0.6% commercial share as of 2023 YE). See inside for highlights of key issues for WRB. **The stock:** Shares could be flat as the earnings beat is counterbalanced by weaker premium growth, even with a stronger 2025 outlook.

Wells Fargo Express Takeaways

W.R. Berkley Corporation (WRB) | Rating: Overweight | Price Target: $70.00
Analyst: Elyse Greenspan

Financials

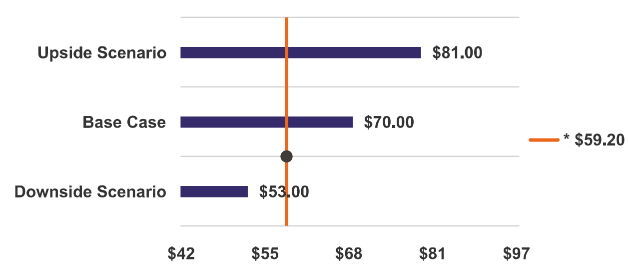
FY (Dec) $ ESTIMATES	2024A	2025E	2026E
EPS			
Q1	1.04 A	1.04 E	1.27 E
Q2	1.04 A	1.08 E	1.23 E
Q3	0.93 A	1.08 E	1.21 E
Q4	1.13 A	1.21 E	1.35 E
AN	4.14 A	4.40 E	5.05 E
Rev. (MM)	13,638.8 A	14,889.2 E	16,464.5 E
Net Premiums Written (MM)	11,972.1 A	13,273.0 E	14,743.9 E
Underlying Combined Ratio	87.7% A	87.8% E	87.6% E
Underlying Loss Ratio	59.2% A	59.2% E	59.0% E
Book Value/Share	22.09 A	25.25 E	29.18 E
WELLS FARGO vs. CONSENSUS			
Consensus Estimate	4.04 A	4.35 E	4.69 E
Difference from Consensus		1.3%	7.7%
VALUATION			
P/E	14.3x	13.4x	11.7x
P/Book Value	2.7x	2.3x	2.0x

Consensus Estimate: EPS; Source: FactSet
Source: Company Data, Wells Fargo Securities estimates, and Factset.
NA = Not Available, NE = No Estimate

Investment Thesis

We have an Overweight rating on shares of WRB. We believe that WRB is positioned to continue to see a healthy level of rate increases and growth in 2025, which we do not believe is currently reflected in consensus expectations.

Risk vs. Reward – Upside/Downside Price Target Scenarios



**As of 01/27/25*
Source: Wells Fargo Securities, LLC estimates and Factset.

Base Case | $70.00

- Our price target of $70 is based on a 13.9x our 2026 EPS derived from a 70% / 30% weighting towards traditional commercial players (TRV/ HIG / CB/ ACGL - 10.5x avg P/E) and specialty players (RLI / KNSL - 21.7x avg P/E).
- Our price target translates to 2.4x our 2026 estimated BV (2.2x ex AOCI).

Upside Scenario | $81.00

- Our $81 upside price target assumes 16.1x our 2026 EPS derived on a 50 / 50 blend between traditional commercial players and specialty players.
- Translates to 2.8x our 2026 book value estimate (2.6x ex AOCI).
- We assume WRB is able to see consistent double-digit premium growth (at the high end of 10-15% or above), margin expansion and good investment returns resulting in industry leading returns.
- Assumes lack of significant adverse reserve development.

Downside Scenario | $53.00

- Our $53 downside price target assumes a 10.5x P/E multiple which is the average for traditional coverage players (with no specialty premium).
- Translates to 1.81x our 2026 book value estimate (1.67x ex AOCI).
- In this scenario WRB could see lower premium growth (below the expected 10-15%), margin compression and investments volatility.
- The downside scenario includes adverse development on the softer market years as well as the more recent accident years.

Upcoming Catalysts

- **Monthly pricing surveys,** which will highlight the overall strength (or lack thereof) of the commercial lines pricing environment
- **The filing of its 10-K**, which should provide more color into its GAAP triangles and movement by line / accident year.

Company Description

W. R. Berkley Corporation is the 13th largest commercial underwriter in the United States and operates within two segments: **(1)** Insurance, including E&S, admitted and specialty lines and **(2)** Reinsurance and Monoline Excess, which is primarily facultative and treaty reinsurance. Insurance accounts for 88% of the NWP (FY 2023) with the biggest exposure within the segment being Other Liability lines. Casualty reinsurance accounts for the majority of the remaining total company GWP.

Q4 Earnings Highlights

In a Nutshell. WRB reported Q4 EPS of $1.13, beating our $0.94 and above consensus of $0.96 with a big portion of the beat driven by favorable FX ($0.10 beat vs us as we did not include FX in our estimate), lower tax and modestly higher investment income. Cat losses came in at $79.6m (2.6 pts), in line with our $80.0m (2.7 pts). Prior year favorable reserve development was $1.6 million, in line with our $1m of favorable development (0.0 pts) although a breakout was not provided between insurance / reinsurance. The investment income came in modestly ahead of us ($317.4m vs our $304.0m) as lower core portfolio income of $312.8m vs our $317.4m offset a modestly lower investment funds loss of $12.4m (3.2% annualized loss) vs our estimate of a $28.1m loss (7.0% annualized loss).

The underlying combined ratio of 87.7% was relatively in-line with our 87.6%; the underlying loss ratio came in 30bps worse than us and was 40 basis points worse than the prior year quarter. The expense ratio was 28.4%, 20 basis points better than us. WRB bought back $67.4m of shares, relative to our $100.0m, and returned an additional $220m through dividends (included a special dividend) for a payout ratio of 64%. The operating ROE was 21.5% (23.6% ROE on beginning of year equity), and the net income ROE was 30.9%. Book value per share including AOCI was relatively flat sequentially at $22.09 ($24.55 ex AOCI).

Exhibit 1 - WRB Q4 2024 Estimates Versus Actual

	Q4 2024		Delta Vs. WFS	
($ in millions, except as noted)	Actual	WFS Estimate	Absolute Delta	% Delta
Summary				
Insurance	250.7	225.6	25.1	11.1%
Reinsurance & Monoline Excess	43.2	59.6	(16.4)	(27.5%)
Underwriting Income	**293.9**	**285.2**	**8.7**	**3.0%**
Net Investment Income	317.4	304.0	13.5	4.4%
Corporate & Other Ex. Realized Gains/(Losses)	(41.5)	(94.9)	53.4	(56.3%)
Pre-Tax Operating Income	**569.8**	**494.2**	**75.6**	**15.3%**
Taxes	(117.9)	(117.1)	(0.8)	0.7%
Noncontrolling Interest	0.8	0.0	0.8	NM
Adjusted After-Tax Operating Income	**452.6**	**377.1**	**75.5**	**20.0%**
Operating EPS	**$1.13**	**$0.94**	**$0.19**	**20.0%**
YoY Change in Operating EPS	17.2%	(2.4%)	19.5%	-
Tax Rate	20.7%	23.7%	(300bps)	(12.7%)
GAAP Book Value per Share	**$22.09**	**$21.57**	**$0.52**	**2.4%**
Operating Return on Equity	**21.5%**	**18.1%**	**3.4%**	**18.7%**
Net Income ROE (Reported)	30.9%	20.7%	+1020bps	49.3%
Revenues				
Gross premiums written	3,497.3	3,500.9	(3.6)	(0.1%)
y/y change	8.2%	8.3%	(0.1%)	-
Net premiums written	2,936.8	2,937.2	(0.4)	(0.0%)
y/y change	8.0%	8.0%	(0.0%)	-
Net premiums earned	**3,010.9**	**2,938.4**	**72.5**	**2.5%**
y/y change	10.9%	8.2%	2.7%	-
Net investment income	**317.4**	**304.0**	**13.5**	**4.4%**
y/y change	1.3%	(3.0%)	4.3%	-
Total revenues	**3,667.6**	**3,448.6**	**219.0**	**6.4%**
Underwriting Profitability				
Loss Ratio	61.8%	61.6%	+0.2pts	0.3%
Expense Ratio	28.4%	28.6%	(0.2pts)	(0.8%)
Combined Ratio	**90.2%**	**90.3%**	**(0.0pts)**	**(0.1%)**
Cats Points on Combined Ratio	2.6%	2.7%	(0.1pts)	(2.9%)
PYD Points on Combined Ratio	(0.1%)	(0.0%)	(0.0pts)	56.1%
Underlying Loss Ratio	***59.2%***	***59.0%***	***+0.3pts***	***0.5%***
Underlying Combined Ratio	***87.7%***	***87.6%***	***+0.0pts***	***0.1%***
Catastrophe Losses ($)	79.6	80.0	(0.4)	(0.5%)
Reserve Development ($)	(1.6)	(1.0)	(0.6)	60.0%
Capital Return				
Total Dividends (Including Special)	220.4	220.5	(0.1)	(0.0)
Share Repurchases	67.4	100.0	(32.6)	(0.3)
Total Capital Return	**287.8**	**320.5**	**(32.7)**	**(0.1)**
Total Payout Ratio (% of Operating Income)	63.6%	85.0%	(21.4%)	-

Source: Company reports and Wells Fargo Securities, LLC estimates

What the Companies Are Saying - WRB

Outlook

WRB was optimistic on 2025 with expectations that their underwriting margin is likely to improve from here over time and certainly at a minimum will not deteriorate. NWP was 8% and came in below the 10-15% guided range but WRB noted it will vary quarter to quarter and if you backed out casualty reinsurance, growth was within the range (at around 10%). WRB was bearish on casualty reinsurance (pointing to being in a defensive posture) as they believe the market is not exercising the discipline and expecting an appropriate risk-adjust return. WRB noted submission flow into the E&S space continues to be robust, and they're seeing a little less momentum on the property side and more momentum on the casualty side. They noted there are pockets of professional that a little bit more competition on the E&S front but overall the E&S business is growing considerably faster than their admitted business.

Pricing

Rate excluding workers' compensation was 7.7% in Q4, 70bps lower than 8.4% in Q3. WRB still sees a tailwind for property insurance, but the tailwind is slowing. In property reinsurance / retro, there was no tailwind to be found at 1/1 with their property cat renewal risk-adjusted returns down 15%-ish and retro seeing similar declines.

Guidance

On the guidance side, they remained confident in achieving premium growth between 10-15%, although they did caveat some quarters may be below or above the range (last two quarters have been below) with the shortfall in the Q4 attributed to casualty reinsurance where they saw limited opportunities. Away from premium growth, guidance included: **(1)** the expense ratio should be comfortably below 30%, **(2)** the 2025 tax rate should be around 23% plus or minus, and **(3)** expects underlying profitability to improve from here or at least no deteriorate from here. As for the CA wildfire losses, WRB expects manageable losses as Berkley One (private client personal lines) does not participate in California and overall WRB is pretty light in terms of property exposure (CA market share overall is 0.6% for the commercial space as of 2023 YE).

Investments

Net investment income was $317.4m in Q4, below $323.8m in Q3 but beating our $304m estimate as although the core portfolio was below us, investment fund losses (of $12.4m / 3.0% annualized loss) was better than us. The duration of the portfolio was extended to 2.6 years, when compared to 2.4 years in Q3 and year-end 2023. The yield on the domestic portfolio was 4.6%, relative to current domestic new money rates are 5.4% plus.

Liquidity and Capital

WRB's debt to capital ratio ended Q4 at 25.3%, similar to the end of Q3 (25.2%) but below the YE 2023 level of 27.6%. There were $67m of repurchases in the quarter / $220m of dividends (including $190m of special dividends) after $12.5m of repurchases / $126m of dividends (including $95m of special dividends) in the prior quarter. In the past WRB has used both share repurchase and special dividends as a way to return excess capital;. The company's payout ratio was 63.6% of operating earnings, relative to 37.0% in the Q3 (included a special dividend), 91.1% in the Q2 (included a special dividend), 10.0% in the Q1 and 77.0% in FY 2023.

WRB's call focused on growth, margins, pricing trends, CA wildfire implications, investments, and expenses.

WRB's guidance included: (1) still see opportunity to grow double digits in 2025, (2) expense ratio comfortably below 30%, (3) 2025 tax rate of 23% plus or minus and (4) improving underwriting profitability from here (at a minimum they do not expect to see any deterioration)

Exhibit 2 - WRB Historical Pricing Commentary

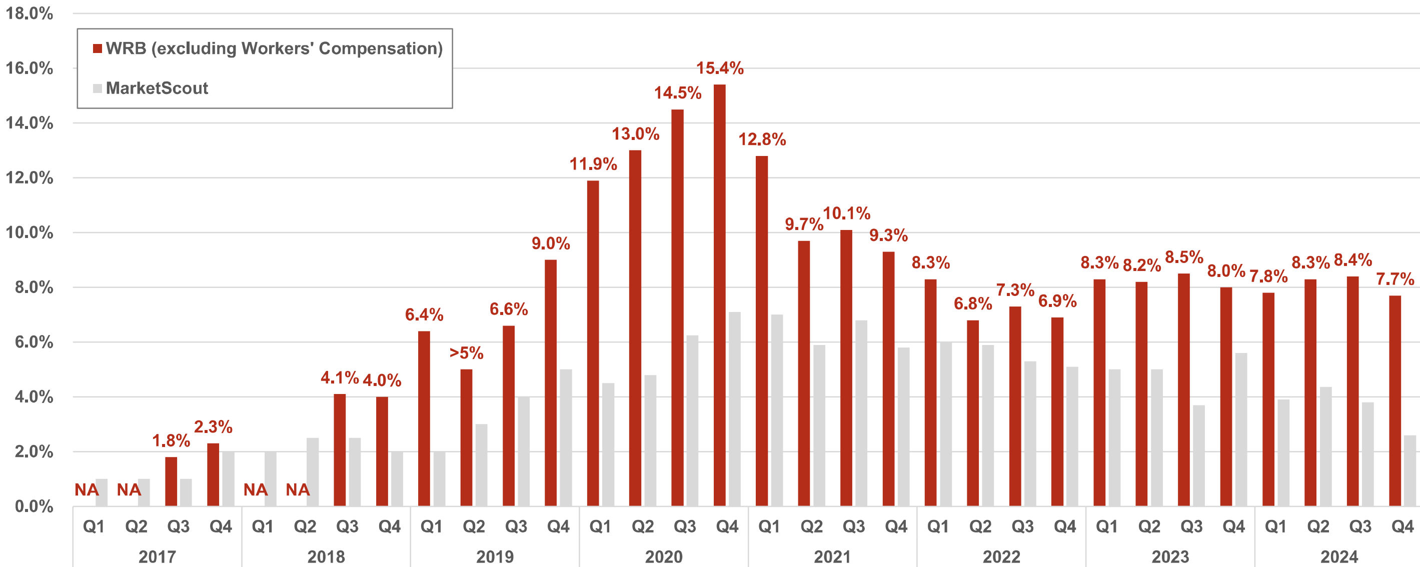
Period	Pricing Comments
Q4 2024	Rate excluding workers' compensation was 7.7%, which was below the 8.4% in the prior quarter. WRB noted businesses' should continue to grow at a healthy rate in excess of trend. WRB was more cautious on casualty reinsurance as the pricing environment is competitive and they believe the market is not achieving appropriate risk-adjusted returns. WRB believes the pricing environment in E&S casualty should remain resilient and strong with casualty pricing trending to be slower to reprice but often times has more staying power (than property).
Q3 2023	Rate excluding workers' compensation was 8.4%, which was up modestly from 8.3% in the prior quarter. Pricing is being led by commercial auto followed by excess and umbrella. WRB noted the with the 8.4% pricing, the company is clearing the hurdle (of loss cost) by a margin. On the reinsurance side, WRB said reinsurance companies are positioning themselves to achieve flat pricing but they think it will be difficult for them to achieve that unless Milton proves to be uglier than expected.
Q2 2024	Rate excluding workers' compensation was 8.3%, which was above the 7.8% in the prior quarter. When asked about the sequential acceleration, the company highlighted commercial auto as the leading candidate for the uptick given the line grew almost 16%, which is being driven by higher rate. For the current year, the company noted they are building in a risk margin that they feel is reasonably comfortable. The company highlighted that they have received 68% cumulative rate ex comp since 2019 with loss trend cumulative uptick below that. The company noted that professional liability ex D&O) is having a reasonably good moment on both the admitted and non-admitted side while D&O continues to be challenged, specifically transactional liability is very concerning and they are shrinking the line rapidly. WRB said there are many insurance departments not operating in a timely manner and in some cases quite resistant to allows carriers on the commercial side to get rate increases they need which is pushing business into the specialty and E&S market. The company pointed out that the E&S business is probably growing at give or take 50% more than the standard market rate.
Q1 2024	Rate excluding workers' compensation was 7.8%, which was a touch below the 8.0% in the prior quarter. They said that despite some commentary around E&S losing some momentum, they see the momentum for liability lines continuing as strong as ever and pointed to property most likely being some of the slowing in the non-admitted market. They still think there is additional momentum in property but it probably does not have the level of momentum it had last year. They are still seeing rate move up in the line and expect they will continue to see it move up in the immediate future. For general liability, submission remains very robust, both on the admitted and non-admitted side with the main driver being social inflation. They said commercial auto has been in the cross-hairs of social inflation and they expect to see considerable firming in that line for that reason. In addition, excess and umbrella to the extent it relates to commercial auto market. they expect to see firming there as well. In workers' comp, they pointed to seeing signs of California rate bottoming out and think the rest of the country is probably a pace or two behind. In D&O, their view is pricing has not bottomed yet but it is closing in on the bottom. On the reinsurance side, they believe pricing is peaking but still view opportunity in the line as margins remain strong.
Q4 2023	Rate excluding workers' compensation was 8% in Q4, a touch below 8.5% in Q3, due to business mix. Overall they view this 8% as exceeding any reasonable assumption around loss trend. Within property cat reinsurance, WRB viewed the market at 1/1/24 as very attractive, but maybe not as attractive as at 1/1/23. Further, they highlighted that there is a distinction between property cat and property per risk reinsurance. They also said there is a distinction with the primary property market, where they are pushing hard on rate, and it is sticking. Rate excluding workers' compensation was 8% in Q4, a touch below 8.5% in Q3, due to business mix. Overall they view this 8% as exceeding any reasonable assumption around loss trend. Within property cat reinsurance, WRB viewed the market at 1/1/24 as very attractive, but maybe not as attractive as at 1/1/23. Further, they highlighted that there is a distinction between property cat and property per risk reinsurance. They also said there is a distinction with the primary property market, where they are pushing hard on rate, and it is sticking. They spoke positively about business continuing to go to the E&S market.
Q3 2023	WRB is very focused on social inflation and they said that you can see that in their rate increases (8.5% excluding workers' compensation) and they intend to stay on top of it. The market has been accepting of its rate increases as shown in its steady renewal retention of 80%. Specifically WRB is pushing very hard on rate within commercial auto and the market is accepting of it - this led to strong growth in commercial auto in the quarter.

Period	Pricing Comments
Q2 2023	WRB saw rate of 8.2% (ex workers' comp), which was relatively stable with the Q1 (at 8.3%) and reflective of its business mix. WRB said that there continues to be a bifurcation in the standard market and E&S market. Within the standard market, where National carriers do not have an appetite to write business that is leading to opportunities on the E&S side. WRB said that submission flow remains robust, and they are encouraged about activity over the balance of the year, and flagged good results in July. Overall WRB's view is that the industry is struggling with the balance between rate needs and keeping up with loss trend versus their desire to grow.
Q1 2023	Regarding property, the company noted that its disappointment in Q4 pricing discipline has improved month over month, resulting in what is regards as real progressing being made on the pricing front in April. The company feels the rationalization of pricing in the property market, while more pronounced on the cat side, is broad-based overall. The company called out public D&O, certain professional liability lines, and commercial auto as being the most irrational parts of the market. Still, WRB does see pockets of opportunities even within professional liability, especially if written on an E&S basis.
Q4 2022	WRB said they were disappointed in the discipline in property pricing in the Q4 as they said many carriers failed to take into account limited reinsurance capacity and higher reinsurance costs. They believe that property pricing should continue to improve as 2023 develops. For workers' comp, they said they missed the timing on when the market would begin to harden and they expect pricing to be bumpy in 2023 with expectation for considerable firming in 2024 and beyond given severity trends, particularly medical inflation. For auto, they said there is rate to be had but remains the most susceptible line to social inflation and requires thought and judgement in underwriting for loss costs. Umbrella and general liability excess are amongst the brighter opportunities with one area on the cautious watchlist being large account excess lines. Professional liability is a tale of two stores with D&O being pressured given the rising competitive landscape but other lines within professional liability should provide good opportunities. WRB said they participated at 1/1 renewals and said the clock is right to lean in with good discipline with the US offering more attractive returns than international.
Q3 2022	The marketplace remains an interesting one from their perspective - there are pockets of the market that remain extremely attractive and there are others where there is a surprising level of competition. In the specialty space, and in particular the E&S market remains extremely attractive to WRB. Berkley said that they have the ability to pivot into product lines as opportunities emerge and that they could become a more active participant (for perhaps a year or two). They did flag both workers' compensation and professional lines (particularly public company D&O) as lines become increasingly competitive.
Q2 2022	Top line remains very healthy. WRB is seeing continued growth in submissions within Specialty and E&S and is beginning to see resilience in the reinsurance market. WRB does not see short-term headwinds to de-rail growth off of their 15-25% growth target, which they have been achieving. Within Insurance, seeing good growth in Other Liability and commercial auto is robust. In workers' comp, WRB expects the market to bottom and start to firm over the next 12-24 months, reflecting loss cost severity and erosion of pricing power we have seen; medical inflation is likely to increase rapidly and workers' comp is not insulated from that. Despite concerns around the economy and a recession, WRB noted that audit premiums are seeing considerable momentum, up 45% YoY.
Q1 2022	Continue to see rate increases that outpace trend by something measured in the hundreds of basis points. New business pricing is currently outpacing renewal pricing by about 2 points. Retention remains well within range and will continue to take rate as weeded. Submission flow in the E&S market is very strong & encouraging, not seeing standard carriers entering the market eroding any current opportunities. Feel that WC is still facing a difficult pricing environment but will eventually come back.

Source: Company reports and Wells Fargo Securities, LLC

The exhibit below shows WRB's pricing trends (excluding Workers' Compensation) relative to MarketScout since 2017. In Q4, WRB's rate (ex. WC) was 7.7% vs. Market Scout of 2.6%. This compares to Q3 2024 WRB rate of 8.4%, Q2 2024 WRB rate of 8.3%, Q1 2024 WRB rate of 7.8%, Q4 2023 WRB rate of 8.0%, Q3 2023 WRB rate of 8.5%, Q2 2023 rate of 8.2%, and Q1 2023 rate of 8.3%

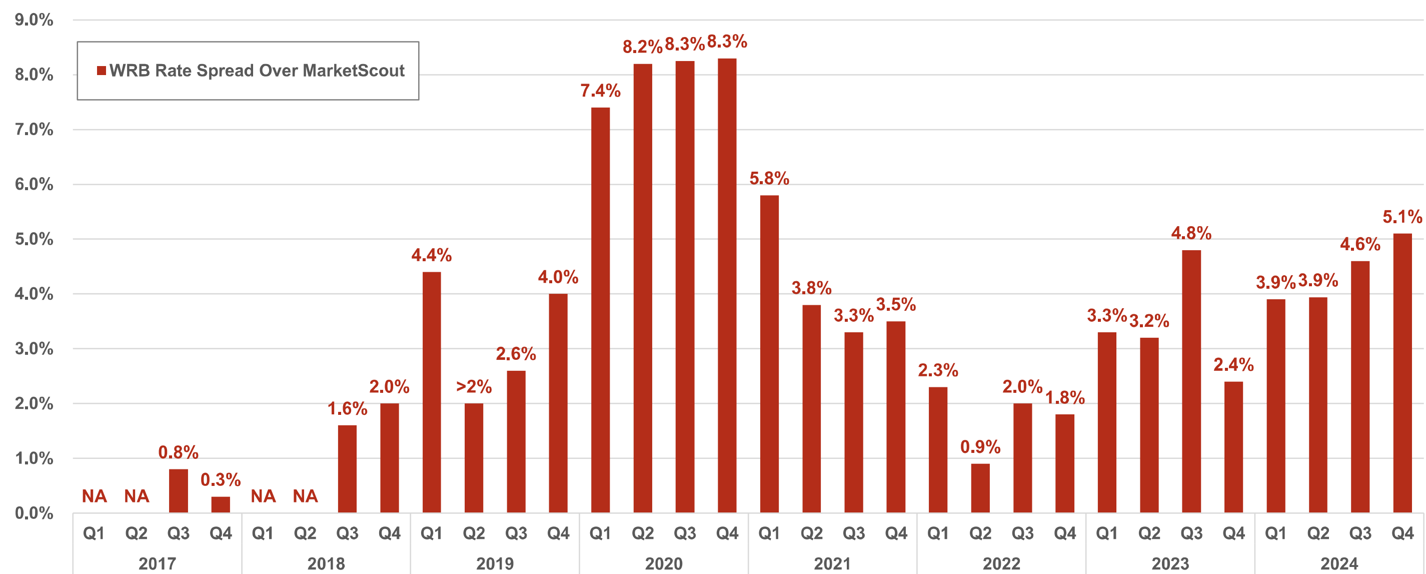
Exhibit 3 - WRB Pricing (excluding Workers' Compensation) vs. MarketScout



Source: Company reports, MarketScout, and Wells Fargo Securities, LLC

The exhibit below shows WRB's pricing trends (excluding Workers' Compensation) as a spread over the MarketScout pricing index since 2017. In Q4, WRB's rate (ex. WC) was 510bps above the MarketScout index. This compares to the Q3 2024 spread of 460bps, Q2 2024 spread of 390bps, Q1 2024 spread of 390bps, Q4 2023 spread of 240bps, Q3 2023 spread of 480bps, Q2 2023 spread of 320 bps, and the Q1 2023 spread of 330 bps.

Exhibit 4 - WRB Pricing (excluding Workers' Compensation) Spread Over MarketScout



Source: Company reports, MarketScout, and Wells Fargo Securities, LLC

Summary of Estimate Changes

Estimates lowered. See below for an overview of our estimate changes following Q4 2024 earnings.

- **2025 EPS is down modestly** due to a higher Q1 cat load (as we bake in $24.7m of losses for the wildfires - split evenly between insurance / reinsurance), partially offset by a lower tax rate.
- **2026 EPS is up to $5.05 (from $4.95)** reflecting a lower tax rate, modestly better underlying margins in both insurance / reinsurance and modestly higher NII.
- **We initiate a 2027 EPS of $5.60** based on 18.9% operating ROE, implying 10.4% EPS growth.

Our 2025 is modestly lower due to CA wildfire loss (of $24.7m) and 2026 is up on better underlying margins and a lower tax rate. We introduce a 2027 EPS of $5.60 (10% EPS growth).

Exhibit 5 - WRB Estimate Changes

	Current			Prior			Absolute Change			Percentage Change			Guidance (2025)
($ in millions, except as noted)	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	2025E	2026E	2027E	
Summary													
Insurance	1,014.7	1,166.5	1,302.4	1,009.4	1,128.3	NE	5.3	38.2	NM	0.5%	3.4%	NM	
Reinsurance & Monoline Excess	217.1	260.6	285.6	258.5	277.3	NE	(41.4)	(16.8)	NM	(16.0%)	(6.0%)	NM	
Underwriting Income	**1,231.9**	**1,427.1**	**1,588.1**	**1,268.0**	**1,405.6**	NE	**(36.1)**	**21.4**	NM	**(2.8%)**	**1.5%**	NM	
Net Investment Income	1,472.1	1,639.0	1,816.2	1,479.8	1,627.2	NE	(7.7)	11.8	NM	(0.5%)	0.7%	NM	
Corporate & Other Ex. Realized Gains/(Losses)	(417.5)	(462.5)	(529.1)	(418.5)	(462.8)	NE	0.9	0.3	NM	(0.2%)	(0.1%)	NM	
Pre-Tax Operating Income	**2,286.5**	**2,603.5**	**2,875.1**	**2,329.3**	**2,570.1**	NE	**(42.8)**	**33.4**	NM	**(1.8%)**	**1.3%**	NM	
Taxes	(525.9)	(598.8)	(661.3)	(552.0)	(609.1)	NE	26.2	10.3	NM	(4.7%)	(1.7%)	NM	
Noncontrolling Interest	0.0	0.0	0.0	0.0	0.0	NE	0.0	0.0	NM	NM	NM	NM	
Adjusted After-Tax Operating Income	**1,760.6**	**2,004.7**	**2,213.9**	**1,777.2**	**1,961.0**	NE	**(16.7)**	**43.7**	NM	**(0.9%)**	**2.2%**	NM	
Operating EPS	**$4.40**	**$5.05**	**$5.60**	**$4.45**	**$4.95**	**NE**	**($0.05)**	**$0.10**	**NM**	**(1.1%)**	**2.1%**	**NM**	
YoY Change in Operating EPS	6.5%	14.6%	11.0%	12.8%	11.1%	NE	(6.3%)	3.5%	NM	-	-	NM	
Tax Rate	23.0%	23.0%	23.0%	23.7%	23.7%	NE	(70bps)	(70bps)	NM	(3.0%)	(3.0%)	NM	2025 should be 23% plus or minus
GAAP Book Value per Share	**$25.25**	**$29.18**	**$33.67**	**$24.79**	**$28.61**	NE	**$0.46**	**$0.57**	NM	**1.8%**	**2.0%**	NM	
Operating Return on Equity	**19.6%**	**19.6%**	**18.9%**	**20.2%**	**19.6%**	NE	**(0.6%)**	**0.0%**	NM	**(2.9%)**	**0.2%**	NM	
Net Income ROE (Reported)	22.1%	22.1%	21.3%	22.8%	22.1%	NE	(71bps)	+6bps	NM	(3.1%)	0.3%	NM	
Revenues													
Gross premiums written	15,763.9	17,512.7	19,445.0	15,904.7	17,535.6	NE	(140.7)	(22.9)	NM	(0.9%)	(0.1%)	NM	
y/y change	10.9%	11.1%	11.0%	11.9%	10.3%	NE	(1.0%)	0.8%	NM	-	-	NM	
Net premiums written	13,273.0	14,743.9	16,366.5	13,339.7	14,703.2	NE	(66.7)	40.7	NM	(0.5%)	0.3%	NM	
y/y change	10.9%	11.1%	11.0%	11.4%	10.2%	NE	(0.6%)	0.9%	NM	-	-	NM	10-15%
Net premiums earned	**12,622.1**	**14,010.5**	**15,556.9**	**12,654.0**	**14,022.5**	NE	**(31.9)**	**(12.0)**	NM	**(0.3%)**	**(0.1%)**	NM	
y/y change	9.3%	11.0%	11.0%	10.3%	10.8%	NE	(1.0%)	0.2%	NM	-	-	NM	
Net investment income	**1,472.1**	**1,639.0**	**1,816.2**	**1,479.8**	**1,627.2**	NE	**(7.7)**	**11.8**	NM	**(0.5%)**	**0.7%**	NM	
y/y change	10.4%	11.3%	10.8%	12.1%	10.0%	NE	(1.7%)	1.4%	NM	-	-	NM	
Total revenues	**14,889.2**	**16,464.5**	**18,188.1**	**14,928.8**	**16,464.7**	NE	**(39.6)**	**(0.3)**	NM	**(0.3%)**	**(0.0%)**	NM	
Underwriting Profitability													
Loss Ratio	61.7%	61.2%	61.2%	61.4%	61.4%	NE	+0.3pts	(0.2pts)	NM	0.5%	(0.3%)	NM	
Expense Ratio	28.6%	28.6%	28.6%	28.6%	28.6%	NE	(0.0pts)	+0.0pts	NM	(0.1%)	0.1%	NM	Comfortably Below 30%
Combined Ratio	**90.2%**	**89.8%**	**89.8%**	**90.0%**	**90.0%**	NE	**+0.3pts**	**(0.2pts)**	NM	**0.3%**	**(0.2%)**	NM	
Cats Points on Combined Ratio	2.5%	2.1%	2.1%	2.2%	2.2%	NE	+0.3pts	(0.0pts)	NM	14.3%	(1.3%)	NM	
PYD Points on Combined Ratio	0.0%	0.0%	0.0%	0.0%	0.0%	NE	+0.0pts	+0.0pts	NM	0.3%	0.1%	NM	
Underlying Loss Ratio	*59.2%*	*59.0%*	*59.0%*	*59.2%*	*59.2%*	NE	(0.0pts)	(0.2pts)	NM	(0.0%)	(0.3%)	NM	
Underlying Combined Ratio	*87.8%*	*87.6%*	*87.6%*	*87.8%*	*87.8%*	NE	(0.0pts)	(0.1pts)	NM	(0.1%)	(0.2%)	NM	
Catastrophe Losses ($)	312.3	299.8	331.9	274.0	304.0	NE	38.3	(4.2)	NM	14.0%	(1.4%)	NM	
Reserve Development ($)	1.0	7.0	7.0	1.0	7.0	NE	0.0	0.0	NM	0.0%	0.0%	NM	
Capital Return													
Total Dividends (Including Special)	493.9	523.6	532.6	493.8	523.3	NE	0.2	0.3	NM	0.0	0.0	NM	
Share Repurchases	265.0	200.0	200.0	265.0	200.0	NE	0.0	0.0	NM	0.0	0.0	NM	
Total Capital Return	**758.9**	**723.6**	**732.6**	**758.8**	**723.3**	NE	**0.2**	**0.3**	NM	**0.0**	**0.0**	NM	
Total Payout Ratio (% of Operating Income)	43.1%	36.1%	33.1%	42.7%	36.9%	NE	0.4%	(0.8%)	NM	-	-	NM	

Source: Company reports and Wells Fargo Securities, LLC estimates

Valuation

Current Valuation. WRB trades at 2.68x Q4 2024 book value, which is above the 5-year and 10-year average multiples of 2.32x and 1.97x, respectively. The 5-year minimum is 1.42x and 10-year minimum is 1.24x. The 5-year and 10-year max is 2.99x, which is above where the shares are currently trading. For WRB, if we exclude AOCI, the shares are trading at around 2.41x adjusted Q4 book vs the 5-year average of 2.10x. On a P/E basis, WRB is trading at 11.7x our 2026 EPS estimate, which compares favorably to the 5-year and 10-year average multiples of 15.0x and 16.8x, respectively. The 5-year and 10-year maxes are around 25.0x.

Exhibit 6 - WRB Historical P/BV

Source: Company reports, Factset, and Wells Fargo Securities, LLC estimates

Exhibit 7 - WRB Historical P/E

Source: Company reports, Factset, and Wells Fargo Securities, LLC estimates

Exhibit 8 - WRB Consolidated Earnings Model

$ in millions, except per share data	2023	Q1 2024	Q2 2024	Q3 2024	Q4 2024	2024	Q1 2025E	Q2 2025E	Q3 2025E	Q4 2025E	2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	2026E	Q1 2027E	Q2 2027E	Q3 2027E	Q4 2027E	2027E
Summary																					
Insurance	843.7	235.1	188.8	218.0	250.7	892.5	246.9	243.3	246.1	278.4	1,014.7	304.7	277.6	275.3	308.8	1,166.5	342.8	309.0	306.7	344.0	1,302.4
Reinsurance & Monoline Excess	227.4	74.6	65.9	48.2	43.2	231.8	44.2	59.7	42.8	70.3	217.1	70.3	65.0	47.4	77.9	260.6	77.5	71.2	52.0	84.9	285.6
Underwriting Income	**1,071.1**	**309.7**	**254.7**	**266.2**	**293.9**	**1,124.4**	**291.2**	**303.0**	**289.0**	**348.7**	**1,231.9**	**375.0**	**342.6**	**322.8**	**386.7**	**1,427.1**	**420.2**	**380.2**	**358.7**	**428.9**	**1,588.1**
Net Investment Income	1,052.8	319.8	372.1	323.8	317.4	1,333.2	348.5	362.0	376.7	385.0	1,472.1	394.0	404.4	415.0	425.6	1,639.0	436.0	448.1	460.1	472.0	1,816.2
Corporate & Other Ex. Realized Gains/(Losses)	(411.8)	(81.2)	(80.5)	(107.4)	(41.5)	(310.6)	(100.8)	(104.0)	(106.1)	(106.6)	(417.5)	(111.5)	(115.2)	(117.5)	(118.3)	(462.5)	(127.6)	(131.8)	(134.4)	(135.3)	(529.1)
Pre-Tax Operating Income	**1,712.2**	**548.3**	**546.3**	**482.5**	**569.8**	**2,146.9**	**538.8**	**561.0**	**559.5**	**627.1**	**2,286.5**	**657.4**	**631.8**	**620.2**	**694.0**	**2,603.5**	**728.7**	**696.6**	**684.3**	**765.5**	**2,875.1**
Tax Rate	21.1%	22.9%	23.5%	22.6%	20.7%	22.4%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%	23.0%
Taxes	(360.5)	(125.4)	(128.2)	(109.2)	(117.9)	(480.7)	(123.9)	(129.0)	(128.7)	(144.2)	(525.9)	(151.2)	(145.3)	(142.7)	(159.6)	(598.8)	(167.6)	(160.2)	(157.4)	(176.1)	(661.3)
Noncontrolling Interest	(2.5)	0.4	0.0	0.3	0.8	1.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Adjusted After-Tax Operating Income	**1,349.2**	**423.3**	**418.1**	**373.7**	**452.6**	**1,667.7**	**414.9**	**432.0**	**430.8**	**482.9**	**1,760.6**	**506.2**	**486.5**	**477.6**	**534.4**	**2,004.7**	**561.1**	**536.4**	**526.9**	**589.5**	**2,213.9**
Operating EPS	**$3.29**	**$1.04**	**$1.04**	**$0.93**	**$1.13**	**$4.14**	**$1.04**	**$1.08**	**$1.08**	**$1.21**	**$4.40**	**$1.27**	**$1.23**	**$1.21**	**$1.35**	**$5.05**	**$1.42**	**$1.36**	**$1.34**	**$1.50**	**$5.60**
YoY Change in After-Tax Operating Income	10.1%	53.4%	32.8%	1.9%	15.5%	23.6%	(2.0%)	3.3%	15.3%	6.7%	5.6%	22.0%	12.6%	10.9%	10.7%	13.9%	10.8%	10.3%	10.3%	10.3%	10.4%
YoY Change in Operating EPS	**12.6%**	**57.3%**	**34.7%**	**3.3%**	**17.2%**	**25.7%**	**(0.7%)**	**4.4%**	**16.1%**	**7.5%**	**6.5%**	**23.0%**	**13.4%**	**11.6%**	**11.3%**	**14.6%**	**11.4%**	**10.8%**	**10.8%**	**10.8%**	**11.0%**
Consensus EPS					$0.96	$4.03	$1.07	$1.05	$1.07	$1.15	$4.35	$1.19	$1.13	$1.14	$1.25	$4.69	$1.24	$1.17	$1.16	$1.29	$4.82
WFS Estimate versus Consensus					17.8%	2.7%	(2.9%)	3.2%	1.0%	5.7%	1.3%	7.0%	8.9%	5.3%	7.8%	7.7%	14.7%	16.0%	15.4%	16.2%	16.3%
Premiums																					
YoY Change in Gross Premiums Written	8.9%	10.3%	11.4%	8.4%	8.2%	9.6%	11.1%	10.8%	10.8%	11.0%	10.9%	11.5%	11.0%	10.9%	11.0%	11.1%	11.3%	10.9%	10.9%	11.0%	11.0%
YoY Change in Premiums Earned	**8.8%**	**11.0%**	**11.3%**	**10.8%**	**10.9%**	**11.0%**	**9.5%**	**10.7%**	**9.4%**	**7.7%**	**9.3%**	**11.0%**	**11.0%**	**11.0%**	**11.0%**	**11.0%**	**11.1%**	**11.0%**	**11.0%**	**11.0%**	**11.0%**
Investment Income (Pre-Tax)																					
Core Portfolio	966.7	331.2	330.0	301.1	312.8	1,275.1	320.2	329.2	339.0	346.3	1,334.7	355.7	365.1	374.6	384.0	1,479.4	393.3	404.2	414.8	425.5	1,637.8
Investment Funds	16.7	(29.3)	25.5	4.7	(12.4)	(11.5)	11.1	15.2	19.5	20.0	65.9	20.6	21.2	21.8	22.4	85.9	23.0	23.6	24.3	24.9	95.8
Arbitrage Trading Account	69.4	18.0	16.7	17.9	17.0	69.6	17.1	17.6	18.1	18.7	71.5	17.6	18.2	18.7	19.2	73.7	19.8	20.3	20.9	21.5	82.6
Total Pre-Tax Net Investment Income	**1,052.8**	**319.8**	**372.1**	**323.8**	**317.4**	**1,333.2**	**348.5**	**362.0**	**376.7**	**385.0**	**1,472.1**	**394.0**	**404.4**	**415.0**	**425.6**	**1,639.0**	**436.0**	**448.1**	**460.1**	**472.0**	**1,816.2**
Total Pre-Tax NII Annualized Yield	**4.12%**	**4.69%**	**5.35%**	**4.49%**	**4.27%**	**4.69%**	**4.63%**	**4.69%**	**4.76%**	**4.75%**	**4.71%**	**4.75%**	**4.76%**	**4.76%**	**4.77%**	**4.76%**	**4.77%**	**4.78%**	**4.79%**	**4.80%**	**4.79%**
Margins																					
Loss Ratio	61.2%	60.2%	62.6%	62.4%	61.8%	61.8%	61.7%	61.8%	62.4%	60.7%	61.7%	60.2%	61.6%	62.3%	60.7%	61.2%	60.1%	61.6%	62.3%	60.7%	61.2%
Expense Ratio	28.4%	28.6%	28.5%	28.5%	28.4%	28.5%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%	28.6%
Combined Ratio	**89.6%**	**88.8%**	**91.1%**	**90.9%**	**90.2%**	**90.3%**	**90.4%**	**90.4%**	**91.0%**	**89.2%**	**90.2%**	**88.8%**	**90.2%**	**90.9%**	**89.3%**	**89.8%**	**88.7%**	**90.2%**	**90.9%**	**89.3%**	**89.8%**
YoY Change in Loss Ratio (Favorable)	(0.1%)	(1.6%)	1.2%	0.5%	1.9%	0.5%	1.6%	(0.7%)	(0.0%)	(1.1%)	(0.1%)	(1.5%)	(0.2%)	(0.1%)	0.0%	(0.4%)	(0.1%)	0.0%	(0.0%)	0.0%	(0.0%)
YoY Change in Expense Ratio (Favorable)	0.4%	(0.2%)	0.4%	0.3%	0.0%	0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)	(0.0%)
YoY Change in Combined Ratio (Favorable)	**0.4%**	**(1.8%)**	**1.6%**	**0.7%**	**1.9%**	**0.6%**	**1.6%**	**(0.7%)**	**0.0%**	**(1.0%)**	**(0.0%)**	**(1.5%)**	**(0.2%)**	**(0.1%)**	**0.0%**	**(0.4%)**	**(0.1%)**	**0.0%**	**(0.0%)**	**0.0%**	**(0.0%)**
Catastrophe Losses ($)	**195.0**	**30.5**	**89.7**	**97.8**	**79.6**	**297.6**	**81.4**	**76.8**	**106.4**	**47.6**	**312.3**	**44.5**	**85.1**	**117.4**	**52.7**	**299.8**	**49.4**	**94.5**	**129.7**	**58.3**	**331.9**
Cats Points on Combined Ratio	1.9%	1.1%	3.2%	3.3%	2.6%	2.6%	2.7%	2.4%	3.3%	1.5%	2.5%	1.3%	2.4%	3.3%	1.5%	2.1%	1.3%	2.4%	3.3%	1.5%	2.1%
Reserve Development ($)	**19.0**	**(1.0)**	**(1.0)**	**(1.0)**	**(1.6)**	**(4.6)**	**2.0**	**1.0**	**0.0**	**(2.0)**	**1.0**	**2.0**	**1.0**	**2.0**	**2.0**	**7.0**	**2.0**	**1.0**	**2.0**	**2.0**	**7.0**
PYD Points on Combined Ratio	0.2%	(0.0%)	(0.0%)	(0.0%)	(0.1%)	(0.0%)	0.1%	0.0%	0.0%	(0.1%)	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%	0.1%	0.0%	0.1%	0.1%	0.0%
Adjusted Margins																					
Underlying Loss Ratio	59.2%	59.1%	59.4%	59.1%	59.2%	59.2%	59.0%	59.4%	59.0%	59.3%	59.2%	58.8%	59.2%	59.0%	59.2%	59.0%	58.7%	59.2%	59.0%	59.2%	59.0%
Underlying Combined Ratio	**87.6%**	**87.8%**	**88.0%**	**87.6%**	**87.7%**	**87.7%**	**87.6%**	**87.9%**	**87.7%**	**87.8%**	**87.8%**	**87.5%**	**87.7%**	**87.6%**	**87.7%**	**87.6%**	**87.4%**	**87.7%**	**87.6%**	**87.8%**	**87.6%**
YoY Change in Loss Ratio (Favorable)	0.5%	0.2%	0.0%	(0.6%)	0.4%	0.0%	(0.1%)	(0.1%)	(0.0%)	0.1%	(0.0%)	(0.2%)	(0.2%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	0.0%	0.0%	0.0%	(0.0%)
YoY Change in Combined Ratio (Favorable)	**0.9%**	**0.0%**	**0.5%**	**(0.3%)**	**0.4%**	**0.2%**	**(0.1%)**	**(0.1%)**	**0.0%**	**0.2%**	**0.0%**	**(0.2%)**	**(0.2%)**	**(0.1%)**	**(0.1%)**	**(0.1%)**	**(0.1%)**	**0.0%**	**0.0%**	**0.0%**	**(0.0%)**
Book Value and Return on Equity																					
GAAP Book Value per Share	**$19.37**	**$20.23**	**$20.42**	**$22.11**	**$22.09**	**$22.09**	**$23.09**	**$23.70**	**$24.52**	**$25.25**	**$25.25**	**$26.52**	**$27.37**	**$28.20**	**$29.18**	**$29.18**	**$30.58**	**$31.57**	**$32.53**	**$33.67**	**$33.67**
Operating Return on Equity	**19.3%**	**22.2%**	**21.5%**	**18.5%**	**21.5%**	**20.9%**	**19.4%**	**19.5%**	**18.9%**	**20.6%**	**19.6%**	**20.8%**	**19.3%**	**18.4%**	**20.0%**	**19.6%**	**20.2%**	**18.6%**	**17.7%**	**19.2%**	**18.9%**
Share Count																					
Ending Common Shares	384.8	384.8	380.6	381.2	380.1	380.1	379.1	377.8	376.9	376.0	376.0	374.8	374.1	373.3	372.6	372.6	371.9	371.2	370.5	369.8	369.8
Weighted Average Diluted Shares	**409.9**	**405.8**	**403.7**	**401.8**	**400.9**	**403.2**	**400.6**	**399.4**	**398.9**	**398.0**	**399.7**	**397.4**	**396.6**	**396.3**	**395.6**	**397.0**	**395.5**	**394.7**	**394.5**	**393.9**	**395.1**
Capital Return to Shareholders																					
Total Dividends (Including Special)	501.5	28.2	157.0	125.8	220.4	531.5	30.3	154.9	154.5	154.2	493.9	33.0	163.8	163.5	163.2	523.6	36.0	165.8	165.5	165.2	532.6
Share Repurchases	537.3	0.0	223.8	12.5	67.4	303.7	50.0	100.0	15.0	100.0	265.0	50.0	50.0	50.0	50.0	200.0	50.0	50.0	50.0	50.0	200.0
Total Capital Returned	**1,038.8**	**28.2**	**380.8**	**138.3**	**287.8**	**835.2**	**80.3**	**254.9**	**169.5**	**254.2**	**758.9**	**83.0**	**213.8**	**213.5**	**213.2**	**723.6**	**86.0**	**215.8**	**215.5**	**215.2**	**732.6**
Dividend Payout Ratio	37.2%	6.7%	37.5%	33.7%	48.7%	31.9%	7.3%	35.9%	35.9%	31.9%	28.1%	6.5%	33.7%	34.2%	30.5%	26.1%	6.4%	30.9%	31.4%	28.0%	24.1%
Share Repurchase Payout Ratio	39.8%	0.0%	53.5%	3.3%	14.9%	18.2%	12.1%	23.2%	3.5%	20.7%	15.1%	9.9%	10.3%	10.5%	9.4%	10.0%	8.9%	9.3%	9.5%	8.5%	9.0%
Total Payout Ratio (% of Operating Income)	**77.0%**	**6.7%**	**91.1%**	**37.0%**	**63.6%**	**50.1%**	**19.4%**	**59.0%**	**39.3%**	**52.6%**	**43.1%**	**16.4%**	**44.0%**	**44.7%**	**39.9%**	**36.1%**	**15.3%**	**40.2%**	**40.9%**	**36.5%**	**33.1%**
Equity Rollforward and Leverage																					
Beginning GAAP Equity	6,748.3	7,455.4	7,784.8	7,773.8	8,426.3	7,455.4	8,395.1	8,754.1	8,955.5	9,241.2	8,395.1	9,494.2	9,941.9	10,238.8	10,527.3	9,494.2	10,872.9	11,372.3	11,717.2	12,053.0	10,872.9
Net Income	1,385.4	442.5	371.9	365.6	576.1	1,756.1	439.3	456.3	455.2	507.2	1,858.0	530.6	510.8	502.0	558.8	2,102.2	585.5	560.7	551.3	613.8	2,311.3
Common Dividends	(501.5)	(28.2)	(157.0)	(125.8)	(220.4)	(531.5)	(30.3)	(154.9)	(154.5)	(154.2)	(493.9)	(33.0)	(163.8)	(163.5)	(163.2)	(523.6)	(36.0)	(165.8)	(165.5)	(165.2)	(532.6)
Share Repurchases	(537.3)	0.0	(223.8)	(12.5)	(67.4)	(303.7)	(50.0)	(100.0)	(15.0)	(100.0)	(265.0)	(50.0)	(50.0)	(50.0)	(50.0)	(200.0)	(50.0)	(50.0)	(50.0)	(50.0)	(200.0)
Change in AOCI	339.0	(98.0)	(10.0)	159.0	(59.0)	(8.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other	21.5	13.2	7.8	266.1	(260.4)	26.7	0.0	0.0	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Ending GAAP Equity	**7,455.4**	**7,784.8**	**7,773.8**	**8,426.3**	**8,395.1**	**8,395.1**	**8,754.1**	**8,955.5**	**9,241.2**	**9,494.2**	**9,494.2**	**9,941.9**	**10,238.8**	**10,527.3**	**10,872.9**	**10,872.9**	**11,372.3**	**11,717.2**	**12,053.0**	**12,451.5**	**12,451.5**
AOCI	(926.0)	(1,024.0)	(1,034.0)	(875.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)	(934.0)
Equity ex. AOCI	8,381.4	8,808.8	8,807.8	9,301.3	9,329.1	9,329.1	9,688.1	9,889.5	10,175.2	10,428.2	10,428.2	10,875.9	11,172.8	11,461.3	11,806.9	11,806.9	12,306.3	12,651.2	12,987.0	13,385.5	13,385.5
Leverage																					
Debt/Capital	27.6%	26.7%	26.7%	25.2%	25.3%	25.3%	24.5%	24.1%	23.5%	23.0%	23.0%	22.2%	21.7%	21.3%	20.7%	20.7%	20.0%	19.5%	19.1%	18.6%	18.6%

Source: Company reports, FactSet, and Wells Fargo Securities, LLC estimates

Investment Thesis, Valuation and Risks

W.R. Berkley Corporation (WRB)

Investment Thesis

We have an Overweight rating on shares of WRB. We believe that WRB is positioned to continue to see a healthy level of rate increases and growth in 2025, which we do not believe is currently reflected in consensus expectations.

Target Price Valuation for WRB: $70.00 from $67.00

- Our price target of $70 is based on a 13.9x our 2026 EPS derived from a 70% / 30% weighting towards traditional commercial players (TRV/ HIG / CB/ ACGL - 10.5x avg P/E) and specialty players (RLI / KNSL - 21.7x avg P/E).
- Our price target translates to 2.4x our 2026 estimated BV (2.2x ex AOCI).

Risks to Our Price Target and Rating for WRB

Risks to achieving our price target include a slowdown in the firming pricing environment, a spike in inflation resulting in higher loss costs and underlying margins falling short of expectations, adverse reserve development, and a high level of catastrophe losses.

Required Disclosures

I, Elyse Greenspan, certify that:
1) All views expressed in this research report accurately reflect my personal views about any and all of the subject securities or issuers discussed; and

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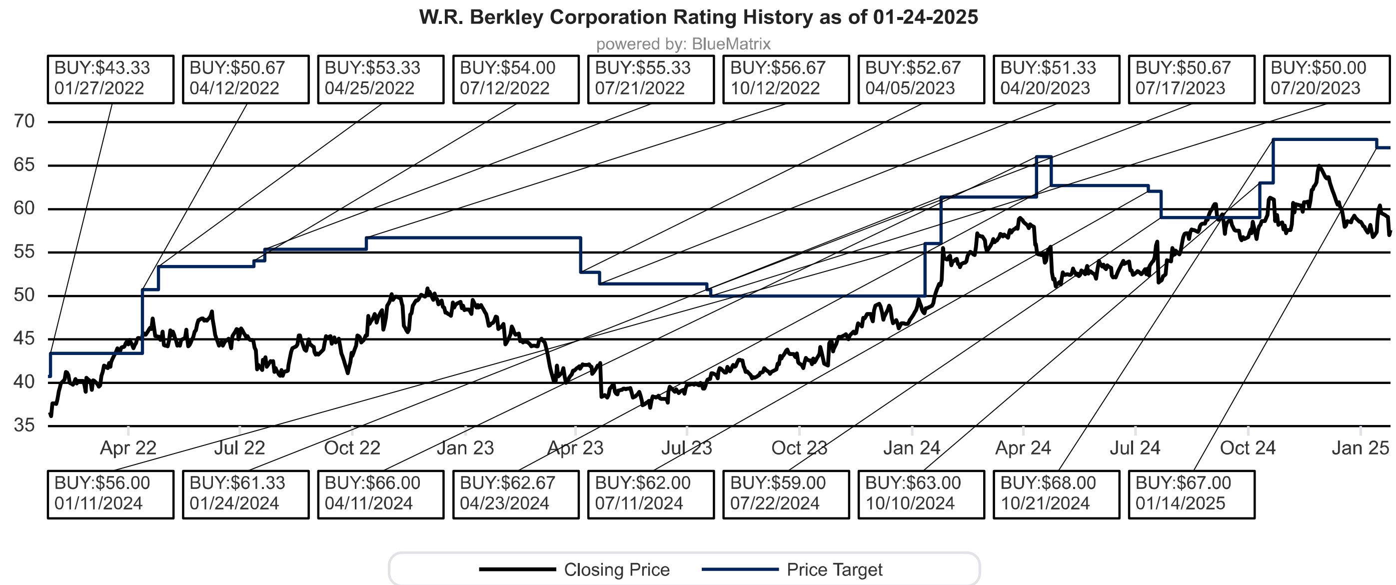

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

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UW=Underweight: Total return on stock expected to lag the Overweight- and Equal Weight-rated stocks within the analyst's coverage universe over the next 12 months. (SELL)

NR=Not Rated: The rating and price target has been removed due to lack of fundamental basis to support the recommendation or due to legal, regulatory or company policy considerations.

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