J.P.Morgan

Kinsale

1Q22: Another Strong Quarter, Positive Momentum in Results to Persist

Neutral

KNSL, KNSL US

Price (28 Apr 22): $231.00

▲ **Price Target (Dec-22): $240.00**
Prior (Dec-22): $225.00

Insurance - Life & Nonlife

Pablo S. Singzon [AC]
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com
Bloomberg JPMA SINGZON <GO>

Jimmy S. Bhullar, CFA
(1-212) 622-6397
jimmy.s.bhullar@jpmorgan.com

J.P. Morgan Securities LLC

KNSL closed on another strong quarter with premium growth and underwriting margins coming in above expectations. We consider Kinsale a high-quality E&S franchise and expect it to perform well through the underwriting cycle. Also, we expect its financial results to exhibit positive momentum over the medium term as it unwinds excess reserves on its balance sheet, continues to write business at favorable prices/terms, and benefits from higher interest rates. Still, we remain Neutral on the stock given its valuation as well as the risk of multiple compression as the P&C pricing cycle continues to moderate (albeit more gradually than we had initially expected).

- **EPS beat.** KNSL reported 1Q22 operating EPS of $1.63, above our $1.45 estimate and consensus of $1.52, with a lower loss ratio (57.4% vs. 60.0%E) more than compensating for a higher expense ratio (21.6% vs. 21.2%E). Net written premium growth was strong (+50.0% vs. +31.6%E). Within the loss ratio attritional losses were higher (62.0% vs. 61.0%E), but lower catastrophes (de minimis vs. 2.0%E) and higher reserve releases (PYD of -4.7% vs. -3.0%E) were a larger offset. Overall, the 1Q22 CR was 79.0% (vs. 81.2%E) and the AY CR was 83.6% (vs. 82.2%E). KNSL's results have exceeded expectations for five consecutive quarters and we believe there could be upside in our estimates from a lower loss ratio (AY loss ratio, reserve releases), higher investment income, and premium growth.
- **Operating conditions remained favorable in 1Q22.** Similar to past quarters KNSL attributed strong premium growth to higher submission activity from brokers and more favorable pricing, a dynamic partly captured by the company's disclosure on average premium per policy ($14,200 in 1Q22 vs. $12,300 in 1Q21). KNSL's disclosure indicates that while still growing, submissions/quotes/bound policies have actually been increasing at a slowing rate since 2019 (submissions +13% in 2021, +21% in 2020, and +32% in 2019), implying that positive pricing and exposure growth have been larger offsets considering that gross premium growth has stayed roughly consistent at 40% over the same time period. Turning to reserves, KNSL disclosed that the favorable development of $8.3 million in 1Q22 was largely driven by reserve releases from accident years 2020 and 2021 ($10.1 million), partly offset by unfavorable development on accident years 2016-2018 ($2.0 million). KNSL's annual statutory filings indicate a faster pace of reserve development for AY 2020 (8 points in year 1) compared to AY 2017-2019 (3-5 points in year 1), and we believe that AY 2021 is likely to carry a reserve cushion more similar to the former.
- **Similar to other insurers we expect investment income to be a source of upside for Kinsale over time.** KNSL's portfolio yield in 1Q22 was 2.5% (4.6 year duration and average rating of AA-), below the 3%+ yield available on comparable securities in the current environment.

Key Changes (FYE Dec)

	Prev	Cur
Adj. EPS - 22E ($)	6.47	6.83
Adj. EPS - 23E ($)	7.45	7.87

Quarterly Forecasts (FYE Dec)

Adj. EPS ($)

	2021A	2022E	2023E
Q1	1.11	1.63A	
Q2	1.28	1.65	
Q3	1.59	1.58	
Q4	1.76	1.90	
FY	5.74	6.83	7.87

Style Exposure

Quant Factors	Current %Rank	Hist %Rank (1=Top) 6M	1Y	3Y	5Y
Value	98	95	98	99	96
Growth	4	5	5	8	1
Momentum	4	80	84	5	14
Quality	10	12	19	21	19
Low Vol	80	47	39	63	72
ESGQ	74	74	74	93	-

1Q22 Results
EPS: $1.63A vs. $1.45E
NPW growth: +50.0% vs +31.6%E
Comb. ratio: 79.0% vs. 81.2%E

Positives
Overall margins
Premium growth

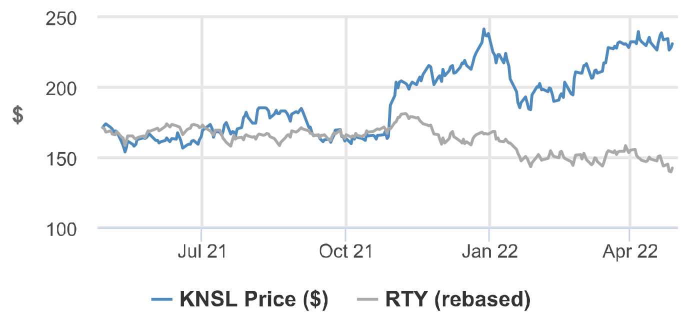
Negatives
AY combined ratio

Sources for: Style Exposure – J.P. Morgan Quantitative and Derivatives Strategy; all other tables are company data and J.P. Morgan estimates.

See page 10 for analyst certification and important disclosures.

Pablo S. Singzon
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com

Price Performance



	YTD	1m	3m	12m
Abs	2.7%	0.4%	18.8%	35.1%
Rel	17.3%	8.1%	21.4%	51.9%

Company Data

Shares O/S (mn)	23
52-week range ($)	245.17-153.12
Market cap ($ mn)	5,291.64
Exchange rate	1.00
Free float(%)	94.3%
3M - Avg daily vol (mn)	0.11
3M - Avg daily val ($ mn)	22.7
Volatility (90 Day)	37
Index	RUSSELL 2000
BBG BUY|HOLD|SELL	3|3|0

Key Metrics (FYE Dec)

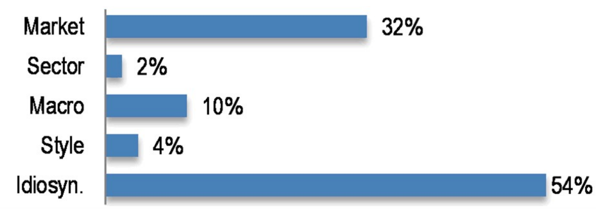
$ in millions	FY21A	FY22E	FY23E
Financial Estimates			
NEP (Premium)	583	781	0
Underwriting income	134	159	(785)
Net investment income	57	39	43
Operating income	190	198	(743)
Adj. PBT	189	193	(750)
Adj. net income	132	158	182
Adj. EPS	5.74	6.83	7.87
BBG EPS	5.36	6.48	7.53
DPS	0.44	0.52	0.60
Investments	697	763	932
BVPS	30.63	33.53	40.92
NAVPS	-	-	-
Margins and Growth			
Adj. EPS growth	81.4%	19.0%	15.2%
Ratios			
Adj. tax rate	19.1%	18.1%	(5.7%)
Loss ratio	55.7%	58.2%	59.0%
Combined ratio	77.1%	79.7%	59.0%
Invest inc. % of Investments	-	-	-
Regulatory solvency ratio	-	-	-
Leverage (Debt/Debt+Equity)	-	-	-
ROE	20.8%	21.6%	21.5%
Valuation			
Dividend yield	0.2%	0.2%	0.3%
Adj. P/E	40.2	33.8	29.3
P/ BV	7.5	6.9	5.6

Summary Investment Thesis and Valuation

Investment Thesis

KNSL is the only publicly traded P&C insurer that operates exclusively in the E&S insurance market with a focus on small commercial accounts. Our long-term outlook for KNSL is upbeat given its large addressable market, superior technology platform, and low cost base, which we view as a sustainable competitive advantage. Still, the stock's valuation seems full and we are concerned about the risk of multiple compression as the P&C pricing cycle continues to turn.

Performance Drivers



Factors	6M Corr	1Y Corr
Market: MSCI US	0.60	0.50
Sect: Financials	-0.43	-0.27
Ind: Insurance	-0.48	-0.19
Macro:		
Economic Surprise	0.53	0.40
US 10yr yield	-0.43	-0.26
Credit Spread	0.24	0.26
Quant Styles:		
Quality	0.43	0.33
LowVol	0.24	0.23
Momentum	0.41	0.18

Source: J.P. Morgan Quantitative and Derivatives Strategy for Performance Drivers; company data, Bloomberg Finance L.P. and J.P. Morgan estimates for all other tables. Note: Price history may not be complete or exact.

Pablo S. Singzon
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com

Table of Contents

Index of Tables

Index of Figures

Pablo S. Singzon
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com

Investment Thesis

Please see Page 5 for tables summarizing 1Q22 results.

KNSL will hold its earnings conference call at 9:00 AM Eastern on April 29, 2022.

The dial-in number for the call is 844-239-5282, code: 8992208.

The call replay will be available on https://ir.kinsalecapitalgroup.com.

We maintain our Neutral rating. In our view, KNSL is well positioned to benefit from the hard P&C market from both a volume and margin perspective. Also, we think that its low-cost operating model is a sustainable competitive advantage in the E&S market across the pricing cycle, especially against higher-cost competitors such as Lloyd's writers. On the other hand, the stock's valuation seems full compared to commercial peers and specialist names even after accounting for KNSL's growth potential and above-average margins. Also, while favorable P&C market conditions have persisted longer than we had initially anticipated and will have positive implications for embedded margins, we believe that the eventual turn in the P&C pricing cycle presents downside risk to its above-average multiple.

Well-Positioned to Capitalize on Favorable P&C Market

We expect the E&S market, where KNSL operates exclusively, to see continued strong new business flows and healthy price hikes in the near to medium term despite a handful of major underwriters increasing their focus on growth. We believe this favorable operating backdrop will give KNSL ample opportunities to continue driving strong premium growth. Similarly, the combination of price hikes and conservative reserving should allow KNSL to report healthy (and likely improving margins) for the foreseeable future. Looking beyond the current hard market, we see KNSL sustaining growth by continuing to build out its product offering, expanding distribution, and gaining incremental market share from other insurers that have less pricing flexibility to compete because of their much higher expense ratios.

Low Expenses a Durable Competitive Advantage

Kinsale operates with a proprietary and fully integrated technology platform that it built from the ground up, in contrast to many of its peers that use unwieldy hybrid systems consisting of legacy platforms and newer technologies. The net result has been an operating model that has the capacity to take on significant business volumes without sacrificing customer responsiveness, underwriting quality, and expense efficiency. We think that this operating leverage gives Kinsale the ability to outperform higher cost competitors (especially Lloyd's platforms, which constitute more than 20% of the E&S market) through the pricing cycle. During softer markets, KNSL has the ability to grow premiums as others pull back while maintaining above-average profitability. In hard markets, Kinsale can operate comfortably as a price taker and generate an even larger excess return relative to other companies.

Eventual Turn in Pricing Cycle is a Risk

The P&C industry is well into the current hard market and we expect price hikes to continue moderating modestly through 2022 and 2023 as re/insurers re-position themselves for growth and clients push back on rate-on-rate price hikes. This seems to be reflected in multiples for commercial P&C names, which are essentially flat versus pre-COVID-19 levels, but less so for specialist names like KNSL, which are trading at a premium compared to historical levels. In our view, this presents the risk of multiple compression as pricing/volume swings tend to be more volatile in E&S given its function as a safety valve for the industry. Although we believe that KNSL will thrive even if prices soften, our view is that a reasonable valuation analysis will necessarily have to look several years out because of KNSL's above-average growth profile (our reference year is 2024), and would therefore have to account for how conditions in the P&C market are likely to be at that future time.

Pablo S. Singzon
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com

1Q22 Summary Results

The following tables and charts summarize KNSL's 1Q22 results as well as its operating performance over the past several years:

Table 1: 1Q22 Earnings: Actual versus Expected

$ in millions, %, and bps

	JPM 1Q22E	Actual 1Q22	Actual v. Expected
Underwriting Results			
Net premiums written ($)	189.9	216.5	14.0%
Net premiums earned ($)	176.5	178.6	1.2%
Loss ratio	60.0%	57.4%	-259 bps
AY loss ratio	61.0%	62.0%	105 bps
Catastrophe losses	2.0%	0.0%	-197 bps
Unfavorable (favorable) PYD	-3.0%	-4.7%	-167 bps
Expense ratio	21.2%	21.6%	39 bps
Combined ratio	**81.2%**	**79.0%**	**-221 bps**
AY combined ratio ex. cats	**82.2%**	**83.6%**	**143 bps**
Summary Income Statement			
Underwriting income	33.2	37.5	13.1%
Net investment income	8.8	9.1	3.5%
Taxes and other	(8.3)	(8.9)	7.5%
Operating income	**33.7**	**37.7**	**11.9%**
Operating EPS	**$1.45**	**$1.63**	**12.4%**

Source: Company reports and J.P. Morgan estimates.

Pablo S. Singzon
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com

Table 2: Historical Operating Performance

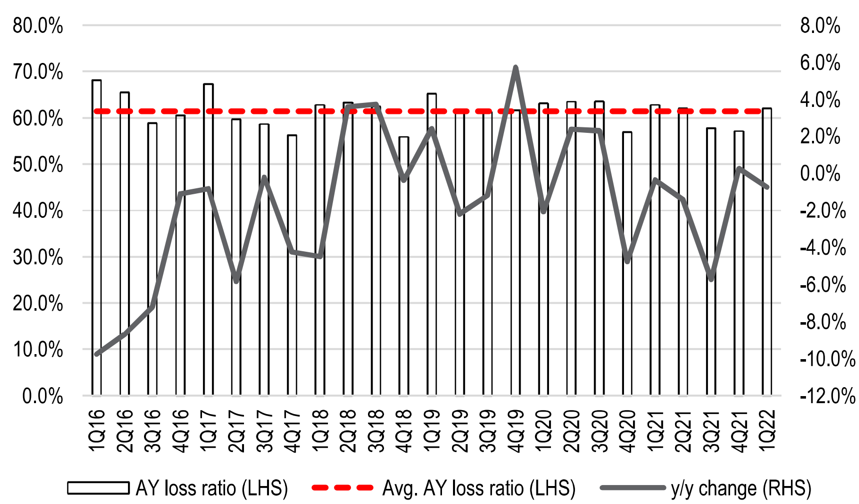
$ in millions and %

	2016	2017	2018	2019	1Q20	2Q20	3Q20	4Q20	2020	1Q21	2Q21	3Q21	4Q21	2021	1Q22
Premium Trends															
Gross written premiums	188.5	223.2	275.5	389.7	124.0	134.1	144.8	149.9	552.8	168.9	194.1	197.6	203.8	764.4	245.5
% ceded	11.3%	15.1%	14.5%	12.2%	12.9%	12.3%	15.6%	13.1%	13.5%	14.6%	13.6%	13.6%	12.9%	13.6%	11.8%
Net written premiums	167.3	189.5	235.6	342.1	108.1	117.6	122.2	130.3	478.2	144.3	167.8	170.7	177.5	660.2	216.5
% growth y/y	99.1%	13.3%	24.4%	45.2%	47.9%	42.2%	40.9%	30.9%	39.8%	33.5%	42.6%	39.6%	36.2%	38.1%	50.0%
Net earned premiums	133.8	176.1	212.7	283.0	89.8	97.0	108.2	117.8	412.8	123.0	137.7	156.9	165.3	582.9	178.6
% growth y/y	80.0%	31.6%	20.8%	33.0%	46.0%	46.7%	49.1%	42.3%	45.9%	37.1%	42.0%	44.9%	40.3%	41.2%	45.1%
Underwriting Results															
AY loss ratio	63.0%	60.2%	60.9%	62.2%	63.1%	63.5%	63.5%	56.9%	61.5%	62.8%	62.0%	57.8%	57.1%	59.7%	62.0%
Catastrophe losses	0.0%	5.0%	2.6%	1.1%	0.1%	0.4%	15.4%	5.1%	5.6%	0.1%	2.1%	3.7%	-0.1%	1.5%	0.0%
Unfavorable (favorable) PYD	-10.0%	-6.4%	-3.3%	-3.3%	-3.4%	-3.7%	-2.8%	-3.1%	-3.2%	-5.7%	-6.6%	-5.9%	-4.0%	-5.5%	-4.7%
Loss ratio	53.0%	58.9%	60.2%	59.9%	59.9%	60.1%	76.2%	58.9%	63.9%	57.1%	57.5%	55.7%	53.1%	55.7%	57.4%
Expense ratio	21.3%	25.1%	25.1%	24.8%	24.0%	23.7%	21.2%	22.8%	22.8%	22.9%	21.7%	20.1%	21.4%	21.4%	21.6%
Combined ratio	**74.4%**	**84.0%**	**85.3%**	**84.7%**	**83.9%**	**83.8%**	**97.3%**	**81.6%**	**86.8%**	**80.0%**	**79.2%**	**75.7%**	**74.5%**	**77.1%**	**79.0%**
AY combined ratio ex. cats	**84.4%**	**85.3%**	**86.0%**	**87.0%**	**87.2%**	**87.1%**	**84.7%**	**79.6%**	**84.4%**	**85.7%**	**83.7%**	**77.9%**	**78.6%**	**81.1%**	**83.6%**
Investment Results															
Net investment income	7.5	10.6	15.7	20.1	6.0	6.6	7.0	6.5	26.1	6.9	7.4	8.1	8.6	31.0	9.1
% growth y/y	32.7%	41.2%	48.4%	28.3%	32.0%	38.3%	33.1%	17.1%	29.7%	16.5%	11.8%	15.5%	32.1%	18.9%	30.9%
Duration	3.7	3.9	3.9	4.3	4.7	4.6	4.7	4.3	4.3	4.3	4.3	4.4	4.3	4.3	4.6
Gross yield ex. cash (YTD)	2.2%	2.4%	3.0%	3.1%	2.9%	3.0%	3.0%	2.9%	2.9%	2.6%	2.6%	2.5%	2.5%	2.5%	2.5%
Cash and invested assets	480.3	561.1	643.1	908.2	955.0	1,100.0	1,200.0	1,300.0	1,300.0	1,400.0	1,500.0	1,600.0	1,700.0	1,700.0	1,700.0
% growth y/y		16.8%	14.6%	41.2%	34.9%	49.8%	38.1%	43.1%	43.1%	46.6%	36.4%	33.3%	30.8%	30.8%	21.4%

Source: Company reports and J.P. Morgan estimates.

Figure 1: Historical AY Loss Ratio Trends

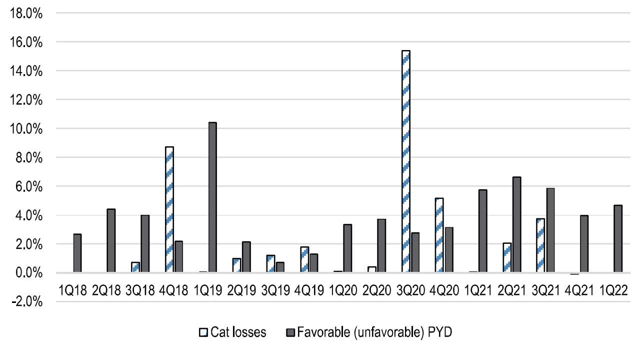
% of net earned premiums



Source: Company reports and J.P. Morgan estimates.

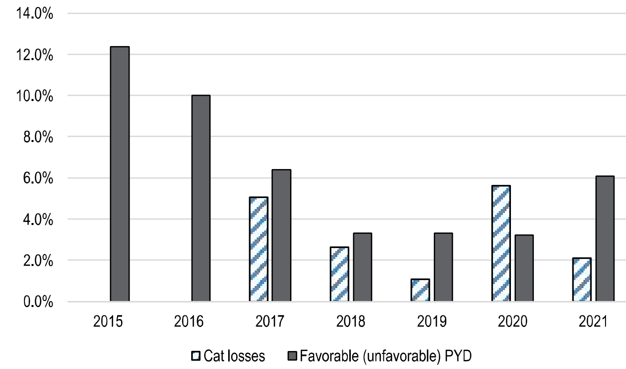
Pablo S. Singzon
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com

Figure 2: Historical Catastrophe and PYD Trends (Quarterly)
% of net earned premiums



Source: Company reports and J.P. Morgan estimates.

Figure 3: Historical Catastrophe and PYD Trends (Annual)
% of net earned premiums



Source: Company reports and J.P. Morgan estimates.

Raising Estimates

We are increasing our EPS estimates (2Q22 from $1.61 to $1.65, 2022 from $6.47 to $6.83, 2023 from $7.45 to $7.87) to reflect modest increases in our assumptions for premium growth, margins/combined ratio, and investment income, partly offset by higher interest expense on debt we assume KNSL will issue in 2H22.

Investment Thesis, Valuation and Risks

Kinsale Capital *(Neutral; Price Target: $240.00)*

Investment Thesis

KNSL is the only publicly traded P&C insurer that operates exclusively in the E&S insurance market with a focus on small commercial accounts. Our long-term outlook for KNSL is positive given its large addressable market, superior technology platform, and low cost base, which we view as a sustainable competitive advantage. Still, the stock's valuation seems full at current levels and we are concerned about the risk of multiple compression as the P&C pricing cycle continues to moderate.

Valuation

We are raising our December 2022 price target from $225 to $240. Our December 2022 target assumes a 4.8x P/BV target multiple on 2024 book value and a 26.0x P/E target on 2024 EPS, which we believe is justified given KNSL's above-average premium growth (+20% growth versus mid- to high-single-digit growth for most large commercial peers) and margin profile (80-85% combined ratio versus 85-90% for peers). KNSL trades at 6.9x book value, well above the specialty peer average (ex. PLMR) of 2.0x and commercial peers at 1.6x.

Risks to Rating and Price Target

We believe the main upside risks to our rating and price target are:

- **The hard P&C market lasts longer than expected.** Kinsale is seeing higher prices and greater submission flow because of dislocation in the P&C market. If current conditions persist longer than we assume, there could be upside to our forecasts and investor sentiment would likely improve.
- **Premium growth surpasses already elevated expectations.** In our view, part of KNSL's premium valuation is attributable to its above-average growth. We would expect KNSL's valuation multiple to expand if it consistently exceeds growth expectations in the next few years.
- **Margin improvement is greater than assumed.** The combination of earned pricing exceeding loss cost trends and management's conservative reserving suggests margin improvement in the next few years. If KNSL's margin improvement tracks higher than expectations, there could be upside to forecasts.

We believe the main downside risks to our rating and price target are:

- **Increased competition and/or push back from insurance clients dampens the pricing cycle.** The insurance industry is well into the hard market and clients are beginning to push back more strongly on price hikes while more insurers are deploying capital and positioning themselves for growth. If the cycle begins to turn, we believe there is a risk of multiple compression for insurers that have seen an outsized benefit from higher prices.
- **Adverse loss trends or social inflation re-emerge in casualty reserves.** Although unlikely to be a material risk for KNSL given its specific exposures and low limits, the re-opening of the economy and the court system could drive a surge in pent-up liability claims.

Pablo S. Singzon
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com

- **Unfavorable loss experience emerges from new lines of business.** Kinsale has a strong underwriting track record and it is entering new lines of business in a very strong part of the cycle. Still, given the long-tail nature of casualty coverage, the impact of badly underwritten risks is likely to persist.

Pablo S. Singzon
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com

Analyst Certification: The Research Analyst(s) denoted by an "AC" on the cover of this report certifies (or, where multiple Research Analysts are primarily responsible for this report, the Research Analyst denoted by an "AC" on the cover or within the document individually certifies, with respect to each security or issuer that the Research Analyst covers in this research) that: (1) all of the views expressed in this report accurately reflect the Research Analyst's personal views about any and all of the subject securities or issuers; and (2) no part of any of the Research Analyst's compensation was, is, or will be directly or indirectly related to the specific recommendations or views expressed by the Research Analyst(s) in this report. For all Korea-based Research Analysts listed on the front cover, if applicable, they also certify, as per KOFIA requirements, that the Research Analyst's analysis was made in good faith and that the views reflect the Research Analyst's own opinion, without undue influence or intervention.

All authors named within this report are Research Analysts unless otherwise specified. In Europe, Sector Specialists (Sales and Trading) may be shown on this report as contacts but are not authors of the report or part of the Research Department.

Important Disclosures

- **Market Maker:** J.P. Morgan Securities LLC makes a market in the securities of Kinsale.
- **Market Maker/ Liquidity Provider:** J.P. Morgan is a market maker and/or liquidity provider in the financial instruments of/related to Kinsale.
- **Client:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients: Kinsale.
- **Client/Investment Banking:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as investment banking clients: Kinsale.
- **Client/Non-Investment Banking, Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-investment-banking, securities-related: Kinsale.
- **Client/Non-Securities-Related:** J.P. Morgan currently has, or had within the past 12 months, the following entity(ies) as clients, and the services provided were non-securities-related: Kinsale.
- **Investment Banking Compensation Received:** J.P. Morgan has received in the past 12 months compensation for investment banking services from Kinsale.
- **Potential Investment Banking Compensation:** J.P. Morgan expects to receive, or intends to seek, compensation for investment banking services in the next three months from Kinsale.
- **Non-Investment Banking Compensation Received:** J.P. Morgan has received compensation in the past 12 months for products or services other than investment banking from Kinsale.
- **Debt Position:** J.P. Morgan may hold a position in the debt securities of Kinsale, if any.

Company-Specific Disclosures: Important disclosures, including price charts and credit opinion history tables, are available for compendium reports and all J.P. Morgan–covered companies, and certain non-covered companies, by visiting https://www.jpmm.com/research/disclosures, calling 1-800-477-0406, or e-mailing research.disclosure.inquiries@jpmorgan.com with your request.

Pablo S. Singzon
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com

Date	Rating	Price ($)	Price Target ($)
03-May-19	OW	74.14	75
02-Aug-19	OW	89.98	105
08-Aug-19	OW	95.46	115
01-Nov-19	OW	105.72	125
20-Feb-20	OW	127.74	135
20-Apr-20	OW	114.01	125
31-Jul-20	OW	165.91	200
30-Oct-20	OW	208.26	220
18-Feb-21	OW	190.72	230
16-Apr-21	N	170.28	186
29-Apr-21	N	170.98	192
01-Jul-21	N	164.77	200
29-Jul-21	N	179.44	210
28-Oct-21	N	163.26	225

Source: Bloomberg Finance L.P. and J.P. Morgan; price data adjusted for stock splits and dividends.
Initiated coverage Aug 22, 2016. All share prices are as of market close on the previous business day.

The chart(s) show J.P. Morgan's continuing coverage of the stocks; the current analysts may or may not have covered it over the entire period.
J.P. Morgan ratings or designations: OW = Overweight, N= Neutral, UW = Underweight, NR = Not Rated

Explanation of Equity Research Ratings, Designations and Analyst(s) Coverage Universe:
J.P. Morgan uses the following rating system: Overweight [Over the next six to twelve months, we expect this stock will outperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Neutral [Over the next six to twelve months, we expect this stock will perform in line with the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Underweight [Over the next six to twelve months, we expect this stock will underperform the average total return of the stocks in the analyst's (or the analyst's team's) coverage universe.] Not Rated (NR): J.P. Morgan has removed the rating and, if applicable, the price target, for this stock because of either a lack of a sufficient fundamental basis or for legal, regulatory or policy reasons. The previous rating and, if applicable, the price target, no longer should be relied upon. An NR designation is not a recommendation or a rating. In our Asia (ex-Australia and ex-India) and U.K. small- and mid-cap equity research, each stock's expected total return is compared to the expected total return of a benchmark country market index, not to those analysts' coverage universe. If it does not appear in the Important Disclosures section of this report, the certifying analyst's coverage universe can be found on J.P. Morgan's research website, https://www.jpmorganmarkets.com.

Coverage Universe: Singzon, Pablo S: American Equity Investment Life (AEL), BRP Group (BRP), Goosehead (GSHD), Kinsale (KNSL), Palomar (PLMR), Trean Insurance Group (TIG)

J.P. Morgan Equity Research Ratings Distribution, as of April 02, 2022

	Overweight (buy)	**Neutral** (hold)	**Underweight** (sell)
J.P. Morgan Global Equity Research Coverage*	51%	37%	12%
IB clients**	52%	47%	36%
JPMS Equity Research Coverage*	51%	37%	12%
IB clients**	75%	68%	51%

*Please note that the percentages might not add to 100% because of rounding.
**Percentage of subject companies within each of the "buy," "hold" and "sell" categories for which J.P. Morgan has provided investment banking services within the previous 12 months.
For purposes only of FINRA ratings distribution rules, our Overweight rating falls into a buy rating category; our Neutral rating falls into a hold rating category; and our Underweight rating falls into a sell rating category. Please note that stocks with an NR designation are not included in the table above. This information is current as of the end of the most recent calendar quarter.

Equity Valuation and Risks: For valuation methodology and risks associated with covered companies or price targets for covered companies, please see the most recent company-specific research report at http://www.jpmorganmarkets.com, contact the primary analyst or your J.P. Morgan representative, or email research.disclosure.inquiries@jpmorgan.com. For material information about the proprietary models used, please see the Summary of Financials in company-specific research reports and the Company Tearsheets, which are available to download on the company pages of our client website, http://www.jpmorganmarkets.com. This report also sets out within it the material underlying assumptions used.

A history of J.P. Morgan investment recommendations disseminated during the preceding 12 months can be accessed on the Research & Commentary page of http://www.jpmorganmarkets.com where you can also search by analyst name, sector or financial instrument.

Analysts' Compensation: The research analysts responsible for the preparation of this report receive compensation based upon various factors, including the quality and accuracy of research, client feedback, competitive factors, and overall firm revenues.

Other Disclosures

J.P. Morgan is a marketing name for investment banking businesses of JPMorgan Chase & Co. and its subsidiaries and affiliates worldwide.

UK MIFID FICC research unbundling exemption: UK clients should refer to UK MIFID Research Unbundling exemption for details of JPMorgan's implementation of the FICC research exemption and guidance on relevant FICC research categorisation.

All research material made available to clients are simultaneously available on our client website, J.P. Morgan Markets, unless specifically permitted by relevant laws. Not all research content is redistributed, e-mailed or made available to third-party aggregators. For all research material available on a particular stock, please contact your sales representative.

Any long form nomenclature for references to China; Hong Kong; Taiwan; and Macau within this research material are Mainland China; Hong Kong SAR (China); Taiwan (China); and Macau SAR (China).

J.P. Morgan Research may, from time to time, write on issuers or securities targeted by economic or financial sanctions imposed or administered by the governmental authorities of the U.S., EU, UK or other relevant jurisdictions (Sanctioned Securities). Nothing in this report is intended to be read or construed as encouraging, facilitating, promoting or otherwise approving investment or dealing in such Sanctioned Securities. Clients should be aware of their own legal and compliance obligations when making investment decisions.

Options and Futures related research: If the information contained herein regards options- or futures-related research, such information is available only to persons who have received the proper options or futures risk disclosure documents. Please contact your J.P. Morgan Representative or visit https://www.theocc.com/components/docs/riskstoc.pdf for a copy of the Option Clearing Corporation's Characteristics and Risks of Standardized Options or http://www.finra.org/sites/default/files/Security_Futures_Risk_Disclosure_Statement_2018.pdf for a copy of the Security Futures Risk Disclosure Statement.

Changes to Interbank Offered Rates (IBORs) and other benchmark rates: Certain interest rate benchmarks are, or may in the future become, subject to ongoing international, national and other regulatory guidance, reform and proposals for reform. For more information, please consult: https://www.jpmorgan.com/global/disclosures/interbank_offered_rates

Private Bank Clients: Where you are receiving research as a client of the private banking businesses offered by JPMorgan Chase & Co. and its subsidiaries ("J.P. Morgan Private Bank"), research is provided to you by J.P. Morgan Private Bank and not by any other division of J.P. Morgan, including, but not limited to, the J.P. Morgan Corporate and Investment Bank and its Global Research division.

Legal entity responsible for the production and distribution of research: The legal entity identified below the name of the Reg AC Research Analyst who authored this material is the legal entity responsible for the production of this research. Where multiple Reg AC Research Analysts authored this material with different legal entities identified below their names, these legal entities are jointly responsible for the production of this research. Research Analysts from various J.P. Morgan affiliates may have contributed to the production of this material but may not be licensed to carry out regulated activities in your jurisdiction (and do not hold themselves out as being able to do so). Unless otherwise stated below, this material has been distributed by the legal entity responsible for production. If you have any queries, please contact the relevant Research Analyst in your jurisdiction or the entity in your jurisdiction that has distributed this research material.

Legal Entities Disclosures and Country-/Region-Specific Disclosures:
Argentina: JPMorgan Chase Bank N.A Sucursal Buenos Aires is regulated by Banco Central de la República Argentina ("BCRA"- Central Bank of Argentina) and Comisión Nacional de Valores ("CNV"- Argentinian Securities Commission" - ALYC y AN Integral N°51). **Australia:** J.P. Morgan Securities Australia Limited ("JPMSAL") (ABN 61 003 245 234/AFS Licence No: 238066) is regulated by the Australian Securities and Investments Commission and is a Market, Clearing and Settlement Participant of ASX Limited and CHI-X. This material is issued and distributed in Australia by or on behalf of JPMSAL only to "wholesale clients" (as defined in section 761G of the Corporations Act 2001). A list of all financial products covered can be found by visiting https://www.jpmm.com/research/disclosures. J.P. Morgan seeks to cover companies of relevance to the domestic and international

investor base across all Global Industry Classification Standard (GICS) sectors, as well as across a range of market capitalisation sizes. If applicable, in the course of conducting public side due diligence on the subject company(ies), the Research Analyst team may at times perform such diligence through corporate engagements such as site visits, discussions with company representatives, management presentations, etc. Research issued by JPMSAL has been prepared in accordance with J.P. Morgan Australia's Research Independence Policy which can be found at the following link: J.P. Morgan Australia - Research Independence Policy. **Brazil**: Banco J.P. Morgan S.A. is regulated by the Comissao de Valores Mobiliarios (CVM) and by the Central Bank of Brazil. Ombudsman J.P. Morgan: 0800-7700847 / ouvidoria.jp.morgan@jpmorgan.com. **Canada**: J.P. Morgan Securities Canada Inc. is a registered investment dealer, regulated by the Investment Industry Regulatory Organization of Canada and the Ontario Securities Commission and is the participating member on Canadian exchanges. This material is distributed in Canada by or on behalf of J.P.Morgan Securities Canada Inc. **Chile:** Inversiones J.P. Morgan Limitada is an unregulated entity incorporated in Chile. **China:** J.P. Morgan Securities (China) Company Limited has been approved by CSRC to conduct the securities investment consultancy business. **Dubai International Financial Centre (DIFC)**: JPMorgan Chase Bank, N.A., Dubai Branch is regulated by the Dubai Financial Services Authority (DFSA) and its registered address is Dubai International Financial Centre - The Gate, West Wing, Level 3 and 9 PO Box 506551, Dubai, UAE. This material has been distributed by JP Morgan Chase Bank, N.A., Dubai Branch to persons regarded as professional clients or market counterparties as defined under the DFSA rules. **European Economic Area (EEA):** Unless specified to the contrary, research is distributed in the EEA by J.P. Morgan SE ("JPM SE"), which is subject to prudential supervision by the European Central Bank ("ECB") in cooperation with BaFin and Deutsche Bundesbank in Germany. JPM SE is a company headquartered in Frankfurt with registered address at TaunusTurm, Taunustor 1, Frankfurt am Main, 60310, Germany. The material has been distributed in the EEA to persons regarded as professional investors (or equivalent) pursuant to Art. 4 para. 1 no. 10 and Annex II of MiFID II and its respective implementation in their home jurisdictions ("EEA professional investors"). This material must not be acted on or relied on by persons who are not EEA professional investors. Any investment or investment activity to which this material relates is only available to EEA relevant persons and will be engaged in only with EEA relevant persons. **Hong Kong**: J.P. Morgan Securities (Asia Pacific) Limited (CE number AAJ321) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission in Hong Kong, and J.P. Morgan Broking (Hong Kong) Limited (CE number AAB027) is regulated by the Securities and Futures Commission in Hong Kong. JP Morgan Chase Bank, N.A., Hong Kong (CE Number AAL996) is regulated by the Hong Kong Monetary Authority and the Securities and Futures Commission, is organized under the laws of the United States with limited liability. **India**: J.P. Morgan India Private Limited (Corporate Identity Number - U67120MH1992FTC068724), having its registered office at J.P. Morgan Tower, Off. C.S.T. Road, Kalina, Santacruz - East, Mumbai – 400098, is registered with the Securities and Exchange Board of India (SEBI) as a 'Research Analyst' having registration number INH000001873. J.P. Morgan India Private Limited is also registered with SEBI as a member of the National Stock Exchange of India Limited and the Bombay Stock Exchange Limited (SEBI Registration Number – INZ000239730) and as a Merchant Banker (SEBI Registration Number - MB/INM000002970). Telephone: 91-22-6157 3000, Facsimile: 91-22-6157 3990 and Website: http://www.jpmipl.com. JPMorgan Chase Bank, N.A. - Mumbai Branch is licensed by the Reserve Bank of India (RBI) (Licence No. 53/ Licence No. BY.4/94; SEBI - IN/CUS/014/ CDSL : IN-DP-CDSL-444-2008/ IN-DP-NSDL-285-2008/ INBI00000984/ INE231311239) as a Scheduled Commercial Bank in India, which is its primary license allowing it to carry on Banking business in India and other activities, which a Bank branch in India are permitted to undertake. For non-local research material, this material is not distributed in India by J.P. Morgan India Private Limited. **Indonesia**: PT J.P. Morgan Sekuritas Indonesia is a member of the Indonesia Stock Exchange and is regulated by the OJK a.k.a. BAPEPAM LK. **Korea**: J.P. Morgan Securities (Far East) Limited, Seoul Branch, is a member of the Korea Exchange (KRX). JPMorgan Chase Bank, N.A., Seoul Branch, is licensed as a branch office of foreign bank (JPMorgan Chase Bank, N.A.) in Korea. Both entities are regulated by the Financial Services Commission (FSC) and the Financial Supervisory Service (FSS). For non-macro research material, the material is distributed in Korea by or through J.P. Morgan Securities (Far East) Limited, Seoul Branch. **Japan**: JPMorgan Securities Japan Co., Ltd. and JPMorgan Chase Bank, N.A., Tokyo Branch are regulated by the Financial Services Agency in Japan. **Malaysia**: This material is issued and distributed in Malaysia by JPMorgan Securities (Malaysia) Sdn Bhd (18146-X), which is a Participating Organization of Bursa Malaysia Berhad and holds a Capital Markets Services License issued by the Securities Commission in Malaysia. **Mexico**: J.P. Morgan Casa de Bolsa, S.A. de C.V.and J.P. Morgan Grupo Financiero are members of the Mexican Stock Exchange and are authorized to act as a broker dealer by the National Banking and Securities Exchange Commission. **New Zealand**: This material is issued and distributed by JPMSAL in New Zealand only to "wholesale clients" (as defined in the Financial Markets Conduct Act 2013). JPMSAL is registered as a Financial Service Provider under the Financial Service providers (Registration and Dispute Resolution) Act of 2008. **Pakistan**: J. P. Morgan Pakistan Broking (Pvt.) Ltd is a member of the Karachi Stock Exchange and regulated by the Securities and Exchange Commission of Pakistan. **Philippines**: J.P. Morgan Securities Philippines Inc. is a Trading Participant of the Philippine Stock Exchange and a member of the Securities Clearing Corporation of the Philippines and the Securities Investor Protection Fund. It is regulated by the Securities and Exchange Commission. **Russia**: CB J.P. Morgan Bank International LLC is regulated by the Central Bank of Russia. **Singapore**: This material is issued and distributed in Singapore by or through J.P. Morgan Securities Singapore Private Limited (JPMSS) [MCI (P) 093/09/2021 and Co. Reg. No.: 199405335R], which is a member of the Singapore Exchange Securities Trading Limited, and/or JPMorgan Chase Bank, N.A., Singapore branch (JPMCB Singapore), both of which are regulated by the Monetary Authority of Singapore. This material is issued and distributed in Singapore only to accredited investors, expert investors and institutional investors, as defined in Section 4A of the Securities and Futures Act, Cap. 289 (SFA). This material is not intended to be issued or distributed to any retail investors or any other investors that do not fall into the classes of "accredited investors," "expert investors" or "institutional investors," as defined under Section 4A of the SFA. Recipients of this material in Singapore are to contact JPMSS or JPMCB Singapore in respect of any matters arising from, or in connection with, the material. As at the date of this material, JPMSS is a designated market maker for certain structured warrants listed on the Singapore

Exchange where the underlying securities may be the securities discussed in this material. Arising from its role as a designated market maker for such structured warrants, JPMSS may conduct hedging activities in respect of such underlying securities and hold or have an interest in such underlying securities as a result. The updated list of structured warrants for which JPMSS acts as designated market maker may be found on the website of the Singapore Exchange Limited: http://www.sgx.com. **South Africa**: J.P. Morgan Equities South Africa Proprietary Limited and JPMorgan Chase Bank, N.A., Johannesburg Branch are members of the Johannesburg Securities Exchange and are regulated by the Financial Services Board. **Taiwan**: J.P. Morgan Securities (Taiwan) Limited is a participant of the Taiwan Stock Exchange (company-type) and regulated by the Taiwan Securities and Futures Bureau. Material relating to equity securities is issued and distributed in Taiwan by J.P. Morgan Securities (Taiwan) Limited, subject to the license scope and the applicable laws and the regulations in Taiwan. According to Paragraph 2, Article 7-1 of Operational Regulations Governing Securities Firms Recommending Trades in Securities to Customers (as amended or supplemented) and/or other applicable laws or regulations, please note that the recipient of this material is not permitted to engage in any activities in connection with the material that may give rise to conflicts of interests, unless otherwise disclosed in the "Important Disclosures" in this material. **Thailand**: This material is issued and distributed in Thailand by JPMorgan Securities (Thailand) Ltd., which is a member of the Stock Exchange of Thailand and is regulated by the Ministry of Finance and the Securities and Exchange Commission, and its registered address is 3rd Floor, 20 North Sathorn Road, Silom, Bangrak, Bangkok 10500. **UK:** Unless specified to the contrary, research is distributed in the UK by J.P. Morgan Securities plc ("JPMS plc") which is a member of the London Stock Exchange and is authorised by the Prudential Regulation Authority and regulated by the Financial Conduct Authority and the Prudential Regulation Authority. JPMS plc is registered in England & Wales No. 2711006, Registered Office 25 Bank Street, London, E14 5JP. This material is directed in the UK only to: (a) persons having professional experience in matters relating to investments falling within article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) (Order) 2005 ("the FPO"); (b) persons outlined in article 49 of the FPO (high net worth companies, unincorporated associations or partnerships, the trustees of high value trusts, etc.); or (c) any persons to whom this communication may otherwise lawfully be made; all such persons being referred to as "UK relevant persons". This material must not be acted on or relied on by persons who are not UK relevant persons. Any investment or investment activity to which this material relates is only available to UK relevant persons and will be engaged in only with UK relevant persons. Research issued by JPMS plc has been prepared in accordance with JPMS plc's policy for prevention and avoidance of conflicts of interest related to the production of Research which can be found at the following link: J.P. Morgan EMEA - Research Independence Policy. **U.S.**: J.P. Morgan Securities LLC ("JPMS") is a member of the NYSE, FINRA, SIPC, and the NFA. JPMorgan Chase Bank, N.A. is a member of the FDIC. Material published by non-U.S. affiliates is distributed in the U.S. by JPMS who accepts responsibility for its content.

General: Additional information is available upon request. The information in this material has been obtained from sources believed to be reliable. While all reasonable care has been taken to ensure that the facts stated in this material are accurate and that the forecasts, opinions and expectations contained herein are fair and reasonable, JPMorgan Chase & Co. or its affiliates and/or subsidiaries (collectively J.P. Morgan) make no representations or warranties whatsoever to the completeness or accuracy of the material provided, except with respect to any disclosures relative to J.P. Morgan and the Research Analyst's involvement with the issuer that is the subject of the material. Accordingly, no reliance should be placed on the accuracy, fairness or completeness of the information contained in this material. Any data discrepancies in this material could be the result of different calculations and/or adjustments. J.P. Morgan accepts no liability whatsoever for any loss arising from any use of this material or its contents, and neither J.P. Morgan nor any of its respective directors, officers or employees, shall be in any way responsible for the contents hereof, apart from the liabilities and responsibilities that may be imposed on them by the relevant regulatory authority in the jurisdiction in question, or the regulatory regime thereunder. Opinions, forecasts or projections contained in this material represent J.P. Morgan's current opinions or judgment as of the date of the material only and are therefore subject to change without notice. Periodic updates may be provided on companies/industries based on company-specific developments or announcements, market conditions or any other publicly available information. There can be no assurance that future results or events will be consistent with any such opinions, forecasts or projections, which represent only one possible outcome. Furthermore, such opinions, forecasts or projections are subject to certain risks, uncertainties and assumptions that have not been verified, and future actual results or events could differ materially. The value of, or income from, any investments referred to in this material may fluctuate and/or be affected by changes in exchange rates. All pricing is indicative as of the close of market for the securities discussed, unless otherwise stated. Past performance is not indicative of future results. Accordingly, investors may receive back less than originally invested. This material is not intended as an offer or solicitation for the purchase or sale of any financial instrument. The opinions and recommendations herein do not take into account individual client circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipients of this material must make their own independent decisions regarding any securities or financial instruments mentioned herein and should seek advice from such independent financial, legal, tax or other adviser as they deem necessary. J.P. Morgan may trade as a principal on the basis of the Research Analysts' views and research, and it may also engage in transactions for its own account or for its clients' accounts in a manner inconsistent with the views taken in this material, and J.P. Morgan is under no obligation to ensure that such other communication is brought to the attention of any recipient of this material. Others within J.P. Morgan, including Strategists, Sales staff and other Research Analysts, may take views that are inconsistent with those taken in this material. Employees of J.P. Morgan not involved in the preparation of this material may have investments in the securities (or derivatives of such securities) mentioned in this material and may trade them in ways different from those discussed in this material. This material is not an advertisement for or marketing of any issuer, its products or services, or its securities in any jurisdiction.

"Other Disclosures" last revised April 09, 2022.

Pablo S. Singzon
(1-212) 622-2295
pablo.s.singzon@jpmorgan.com