Equity Research

WELLS FARGO

Price Target Change — January 24, 2024

Commercial Lines Insurance

W.R. Berkley Corporation (WRB)

WRB: Much of the Pig Is Through the Python; Q4 and Conference Call Roundup

Our Call

WRB reported Q4 EPS of $1.45, above our $1.32 and consensus of $1.38 higher investment income, lower cats, and better underlying results. Both gross and net premium written growth picked up to 11% and 12%, respectively.

Estimate and price target changes: We are raising our 2024 est. to $6.10 (from $6.05) reflecting higher NII and better premium growth while our 2025 est. is unchanged at $6.80. We are introducing an initial 2026 EPS estimate of $7.50. Our price target is now $92 (from $84) based on 13.5x our 2025 EPS estimate (previously it was based on 2024).

The stock: Shares should trade up on the earnings beat and improved top-line growth in the quarter as well as the improvement in the underlying loss ratio.

Takes for the group: WRB had a positive view on pricing and the market in general (away from some pockets of professional liability). They also pointed to growth remaining in the double-digits in 2024, and seemed positive about potentially seeing some opportunities to extend their duration in their fixed book (from the current 2.4 years). As reinsurers focus on some liability lines (particularly in umbrella and auto liability), this should lead to further discipline in the casualty market.

The good: The underlying loss ratio was 58.8% beating our 59.4% and improving 50 bps from last year due to mix, lower attritional property losses, and absence of fire losses this year. From a growth perspective, the 12% net written premium growth is the strongest quarterly growth since Q2 2022 and WRB alluded to growth being in-line with (or better than) this level in 2024. WRB was positive about the overall market environment, with price increases of 8% ex workers' comp, exceeding loss trend.

The bad: Investment funds added $11M in Q4, down from $23M last year due to market value adjustments in the real-estate area, but up from $4.5M In Q3 and better than our $4M estimate. WRB saw $1 million of favorable development (which was better than our estimate for modest adverse) and pointed to similar trends to the other quarters of the year - which implies they most likely released on more recent accident years, which offset some reserve additions for the softer market years (2015-2019).

The ugly: Not much was "ugly" in the quarter with good growth, margins, and low cats.

Other conference call highlights: WRB does not provide much in the way of guidance. They have said that the expense ratio should be comfortably below 30% in 2024 even when accounting for investments in technology, data & analytics, and new start-up operating unit expenses. See inside for highlights of key issues for WRB.

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Rating	Overweight
Ticker	WRB
Price Target/Prior:	$92.00/$84.00
Upside/(Downside) to Target	**18.4%**
Price (01/24/2024)	**$77.69**
52 Week Range	$54.69 - 77.69
Shares Outstanding	257,872,034
Market Cap (MM)	$20,034
Enterprise Value (MM)	$21,225
Average Daily Volume	635,396
Average Daily Value (MM)	49
Dividend (NTM)	$1.94
Dividend Yield	2.5%
Net Debt (MM) - last reported	$1,191
ROIC - Current year est.	20%
3 Yr EPS CAGR from current year (unless otherwise noted)	15%

$ EPS	2023E	2024E Curr.	2024E Prior	2025E Curr.	2025E Prior
Q1 (Mar)	1.00 A	1.50 E	1.46E	1.67 E	1.66E
Q2 (Jun)	1.14 A	1.44 E	1.47E	1.62 E	1.66E
Q3 (Sep)	1.35 A	1.43 E	1.50E	1.61 E	1.68E
Q4 (Dec)	1.45 A	1.74 E	1.63E	1.92 E	1.82E
FY	4.92 A	6.10 E	6.05E	6.80 E	NC
P/E	15.8x	12.7x		11.4x	

Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.
NA = Not Available, Volatility = Historical trading volatility

Wells Fargo Express Takeaways

W.R. Berkley Corporation (WRB) | Rating: Overweight | Price Target: $92.00
Analyst: Elyse Greenspan

Financials

FY (Dec) $ ESTIMATES	2023E	2024E	2025E
EPS			
Q1	1.00 A	1.50 E	1.67 E
Q2	1.14 A	1.44 E	1.62 E
Q3	1.35 A	1.43 E	1.61 E
Q4	1.45 A	1.74 E	1.92 E
AN	4.92 A	6.10 E	6.80 E
Rev. (MM)	12,142.9 A	13,666.3 E	15,072.4 E
Net Premiums Written (MM)	10,954.5 A	12,340.1 E	13,546.7 E
Underlying Combined Ratio	87.6% A	87.7% E	87.5% E
Underlying Loss Ratio	59.2% A	59.3% E	59.2% E
Book Value/Share	29.06 A	34.47 E	40.44 E

WELLS FARGO vs. CONSENSUS			
Consensus Estimate	4.82 E	5.85 E	6.37 E
Difference from Consensus		4.3%	6.9%

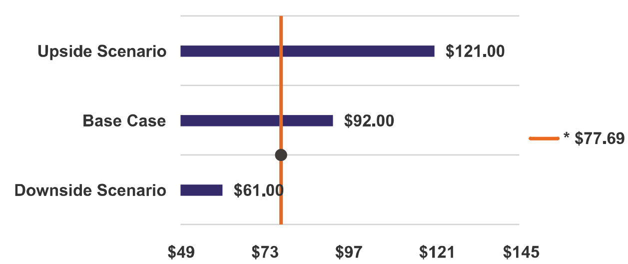
VALUATION			
P/E	15.8x	12.7x	11.4x
P/Book Value	2.7x	2.3x	1.9x

Consensus Estimate: Consensus EPS Estimate; Source: FactSet
Source: Company Data, Wells Fargo Securities estimates, and Refinitiv.
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 in 2024, particularly as they lean in on property insurance and reinsurance, which should translate into a good level of premium growth, which we do not believe is currently reflected in consensus expectations.

Risk vs. Reward – Upside/Downside Price Target Scenarios



**As of 01/24/24*
Source: Wells Fargo Securities, LLC estimates and Refinitiv.

Base Case | $92.00

- Our price target of $92 is based on just around a 2.3x multiple of our year-end 2025 book value estimate
- Our price target also represents a ~13.5x multiple against our 2025 EPS estimate.
- The 13.5x is a slight discount to where WRB has historically traded as we look to be conservative given social inflation.

Upside Scenario | $121.00

- In the upside scenario we use a multiple of 3x 2025 book value, close to peak valuation levels.
- We assume WRB is able to see consistent double-digit premium growth, margin expansion and good investment returns resulting in industry leading returns.
- Assumes lack of significant adverse development in its reserves.

Downside Scenario | $61.00

- In the downside scenario we use a multiple of 9x 2025 EPS (which translates into 1.5x book value) and is below trough levels (although those multiples were in lower interest rate environments).
- In this scenario WRB could see lower premium growth, margin compression and volatility within its investment returns.
- Also the downside scenario could include volatility within its reserves and potential adverse development on the softer market years (2015-2019).

Upcoming Catalysts

- **WRB's 10-K** which comes out after earnings and will give additional color on its reserve development for the quarter
- **Monthly pricing surveys,** which will highlight the overall strength (or lack thereof) of the commercial lines pricing environment

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 (as of 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 Highlights

In a Nutshell. WRB reported Q4 EPS of $1.45, beating our $1.32 and consensus of $1.38. The upside was due to higher investment income (investment income came in at $313.3 million, higher than our $276.0 million estimate), lower cats, and better underlying results. Catastrophe losses came in at $32 million (1.2 pts), lower than our $50 million (1.9 pts). Prior year favorable reserve development was $1 million, relative to estimate for $3 million of adverse development (0.1 pts). WRB does not call out the level of prior year development by segment until the 10-K, but on its call they did say that there was nothing notable to call out in either segment. Investment income came in at $313.3 million, better than our $276 million estimate, with the core portfolio, arbitrage trading account and investment funds all coming in above us. There were FX losses of $33.6 million that offset earnings by $0.10 per share.

The underlying combined ratio of 87.2% a bit below our 87.6% estimate; the underlying loss ratio came in 60bps better than us with the 50 bps of Y/Y improvement due to business mix and lower attritional property losses. The expense ratio was 28.4%, 30 basis points higher than us. WRB bought back $106.7 million of shares in the quarter, relative to our $100 million estimate. The average diluted share count of 271.0 million was less than our 271.2 million estimate. The operating ROE was 21.9%, and the net income ROE was 23.6%. Book value per share grew by 8.4% sequentially to $29.06.

Exhibit 1 - WRB Q4 2023 Estimates Versus Actual

	Q4 2023		Delta Vs. WFS	
($ in millions, except as noted)	**Actual**	**WFS Estimate**	***Absolute Delta***	***% Delta***
Summary				
Insurance	251.7	232.3	*19.4*	*8.4%*
Reinsurance & Monoline Excess	62.4	49.8	*12.6*	*25.3%*
Underwriting Income	**314.1**	**282.1**	***32.0***	***11.4%***
Net Investment Income	313.3	276.0	*37.4*	*13.5%*
Corporate & Other Ex. Realized Gains/(Losses)	(134.0)	(104.7)	*(29.3)*	*28.0%*
Pre-Tax Operating Income	**493.4**	**453.3**	***40.1***	***8.8%***
Taxes	(100.0)	(95.2)	*(4.8)*	*5.1%*
Noncontrolling Interest	(1.6)	(0.6)	*(1.0)*	*159.8%*
Adjusted After-Tax Operating Income	**391.8**	**357.5**	***34.3***	***9.6%***
Operating EPS	**$1.45**	**$1.32**	***$0.13***	***9.7%***
YoY Change in Operating EPS	*24.7%*	*13.7%*	*11.0%*	-
Tax Rate	20.3%	21.0%	*(73bps)*	*(3.5%)*
GAAP Book Value per Share	**$29.06**	**$29.58**	***($0.52)***	***(1.8%)***
Operating Return on Equity	**23.2%**	**19.7%**	***3.5%***	***18.0%***
Net Income ROE	23.6%	22.7%	*+88bps*	*3.9%*
Revenues				
Gross premiums written	3,232.7	3,187.4	*45.3*	*1.4%*
y/y change	10.9%	9.3%	*1.6%*	-
Net premiums written	2,719.7	2,648.3	*71.3*	*2.7%*
y/y change	12.0%	9.1%	*2.9%*	-
Net premiums earned	**2,714.6**	**2,693.2**	***21.4***	***0.8%***
y/y change	8.0%	7.2%	*0.9%*	-
Net investment income	**313.3**	**276.0**	***37.4***	***13.5%***
y/y change	35.5%	19.3%	*16.2%*	-
Total revenues	**3,221.4**	**3,166.1**	***55.3***	***1.7%***
Underwriting Profitability				
Loss Ratio	60.0%	61.4%	*(1.5pts)*	*(2.4%)*
Expense Ratio	28.4%	28.1%	*+0.3pts*	*1.0%*
Combined Ratio	**88.4%**	**89.5%**	***(1.2pts)***	***(1.3%)***
Cats Points on Combined Ratio	1.2%	1.9%	*(0.7pts)*	*(36.5%)*
PYD Points on Combined Ratio	(0.0%)	0.1%	*(0.1pts)*	*(133.1%)*
Underlying Loss Ratio	***58.8%***	***59.4%***	***(0.6pts)***	***(1.1%)***
Underlying Combined Ratio	***87.2%***	***87.6%***	***(0.3pts)***	***(0.4%)***
Catastrophe Losses ($)	32.0	50.0	*(18.0)*	*(36.0%)*
Reserve Development ($)	(1.0)	3.0	*(4.0)*	*(133.3%)*
Capital Return				
Common Dividends	157.1	28.3	*128.8*	*4.6*
Share Repurchases	106.7	100.0	*6.7*	*0.1*
Total Capital Return	**263.8**	**128.3**	***135.5***	***1.1***
Total Payout Ratio (% of Operating Income)	67.3%	35.9%	*31.4%*	-

Source: Company reports and Wells Fargo Securities, LLC estimates

What the Companies Are Saying - WRB

WRB's call focused on pricing, margins, prior year reserve development, capital return and investments

WRB does not provide much in the way of guidance. They have said that the expense ratio should be comfortably below 30% in 2024

Outlook

WRB only provides guidance around its expense ratio (which is expected to be below 30%). They did point to premium growth continuing from here and our sense is that net written premium growth in 2024 should be in-line with (or exceed) the 12% they saw in the Q4.

Pricing

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.

Within professional lines, D&O rates have been in a free fall and WRB is not chasing this business as they do not view rates at adequate levels. Some other professional lines including medical professional, hospital professional liability, and architects and engineering do not make sense to them from a rate adequacy perspective. They do see some opposite moves on the non-standard side. They did say that as reinsurers focus on some liability lines (particularly in umbrella and auto liability), this should lead to further discipline in the casualty market.

Guidance

WRB does not provide much in the way of guidance. They have said that the expense ratio should be comfortably below 30% in 2024 even when accounting for investments in technology, data & analytics, and new start-up operating unit expenses.

Investments

The duration of its portfolio is 2.4 years and WRB would look to take this up when they see a window of opportunity, and they said they could potentially see the duration go to 2.5-2.7 years. They are putting new money to work at rates of 5%+, with the core book yield around 4.7% in the quarter. The fixed income investment income in the quarter did get a little bit of an uptick from some securities in Argentina that are inflation-adjusted, but it sounds like the majority is run-ratable. Further, with where interest rates are currently, they view traditional fixed income attractive and alternative investments as less attractive. Investment funds added $11M in Q4, down from $23M last year due to market value adjustments in the real-estate area, but up from $4.5M In Q3. Generally, the investment funds are reported on a one quarter lag.

Liquidity and Capital

WRB's debt to capital ratio ended Q4 at 27.6%, which is below the YE 2022 level of 29.6%, and flat vs. 29.1% at the end of Q3 2023. Repurchases in the quarter totaled $107 million, just above our $100 million estimate and higher than $2.9 million in Q3. There was also $128.8 million of dividends, including $106.7 million from special dividends. The company's payout ratio was 67.3%, relative to 44% in Q3 and over 100% in Q1 and Q2. Even with the capital return in 2023, WRB sees themselves as having more than adequate capital to support the ongoing growth in the business.

Exhibit 2 - WRB Historical Pricing Commentary

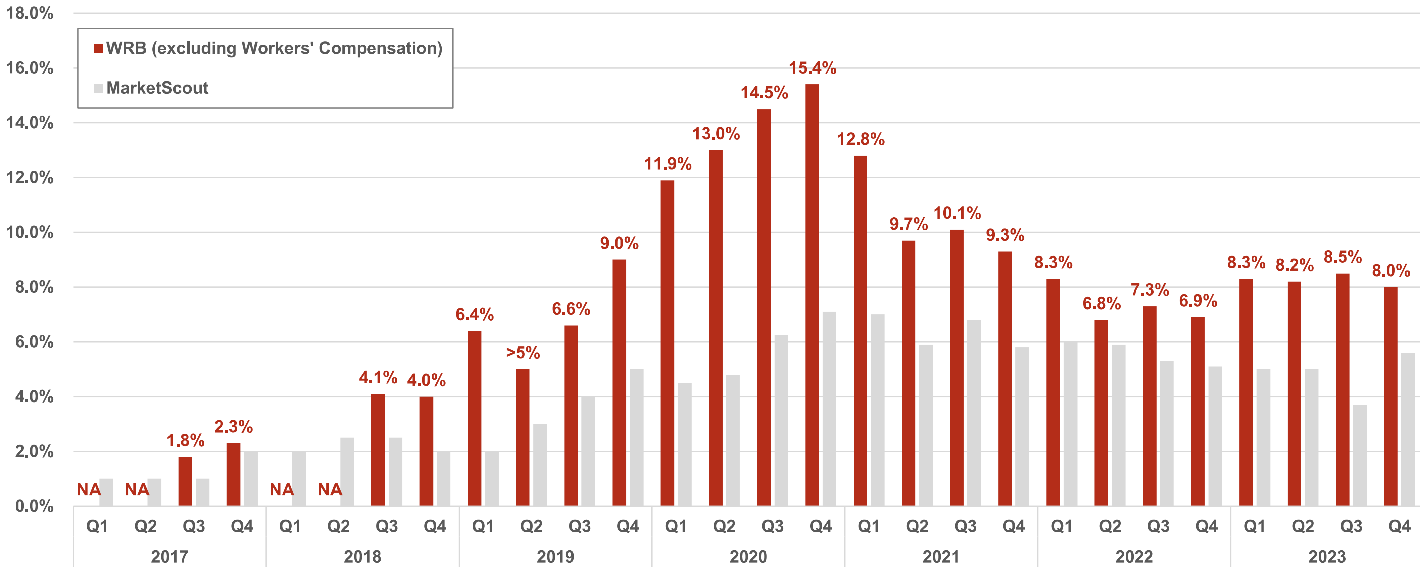
Period	Pricing Comments
Q4 2023	Rate excluding workers' compensation was 8% in Q4, a touch below 8.5% in Q3, due to business mix. Overall they view this 8% as exceeding any reasonable assumption around loss trend. Within property cat reinsurance, WRB viewed the market at 1/1/24 as very attractive, but 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.
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.

Period	Pricing Comments
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.
Q4 2021	There's nothing that leads us to believe that we will not continue to see rate increases that outpace trend by something measured in the hundreds of basis points. Opportunities remain in the workers comp market, but one needs to be very cautious and most of the growth seen is really being driven by payroll growth. We are starting so to see some folks being very aggressive on WC pricing in addition to leaning through on commissions. Submission flow in the E&S market is pretty overwhelming at this stage, particularly in January, and we don't really see standard carriers entering the market eroding any current opportunities.
Q3 2021	It's a good moment for the P&C space. Quite frankly, most of the workers' comp market, which continues to feel a bit of a growing headwind. Obviously, property felt some pain in the quarter, but just general market conditions are reasonably attractive. And we don't see that trend changing. More specifically, it is a good moment for specialty writers, particularly casualty-related specialty writers and even more so the E&S market. We continue to see a growing flow of opportunities, both in specialty and even more so in E&S, and there's nothing that leads us to believe that, that tide is going to reverse anytime soon. So that's definitely encouraging.
Q2 2021	And as far as drilling down into the market a little bit more, when we look at the major product lines with the exception of workers; compensation all of them continued to get rate increases that outpace our view of loss trend. And that is even as we have been factoring in a bit more for financial inflation. It's important that people not read too deeply into as I suspect some might as the rate increase and what does this mean relative to what the rate increase was last quarter or the same time in the prior year. The simple fact is that when we think about our economic model it is multi-dimensional. We look at the margins that are available in the business. And as we become pleased with the available margins we start to think about possibly how we re-prioritize exposure of growth versus pushing further on rate.
June 2021 Non-Deal Roadshow (6/21/21)	WRB described the current market environment as one that it has only seen two times previously, with the prior two being the early 2000's hard market and the 1985-1986 hard market. The company sounded very optimistic about its outlook and looks to take advantage of the hardening market environment where some lines are seeing rate on rate compounding for just shy of three years, while most lines are approaching rate adequacy. Further, the company called out seeing continued tailwinds in the E&S market, driven by: (1) the standard market revisiting its appetite for the specialty market; (2) expectations for increased audit premiums; and (3) new ventures. In addition to E&S tailwinds, WRB indicated that most all lines are at or approaching rate adequacy with the exception of workers' comp. Not all of the lines, however, are seeing the same increases and gave the example of professional liability having seen rate increases for quite some time, while commercial auto has started to firm more recently and workers' comp is in a soft market.

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 8.0% vs. MarketScout of 5.6%. This compares to Q3 2023 WRB rate of 8.5%, Q2 2023 rate of 8.2%, Q1 2023 rate of 8.3%, Q4 2022 rate of 6.9%, and the 2022 average rate of 7.5%.

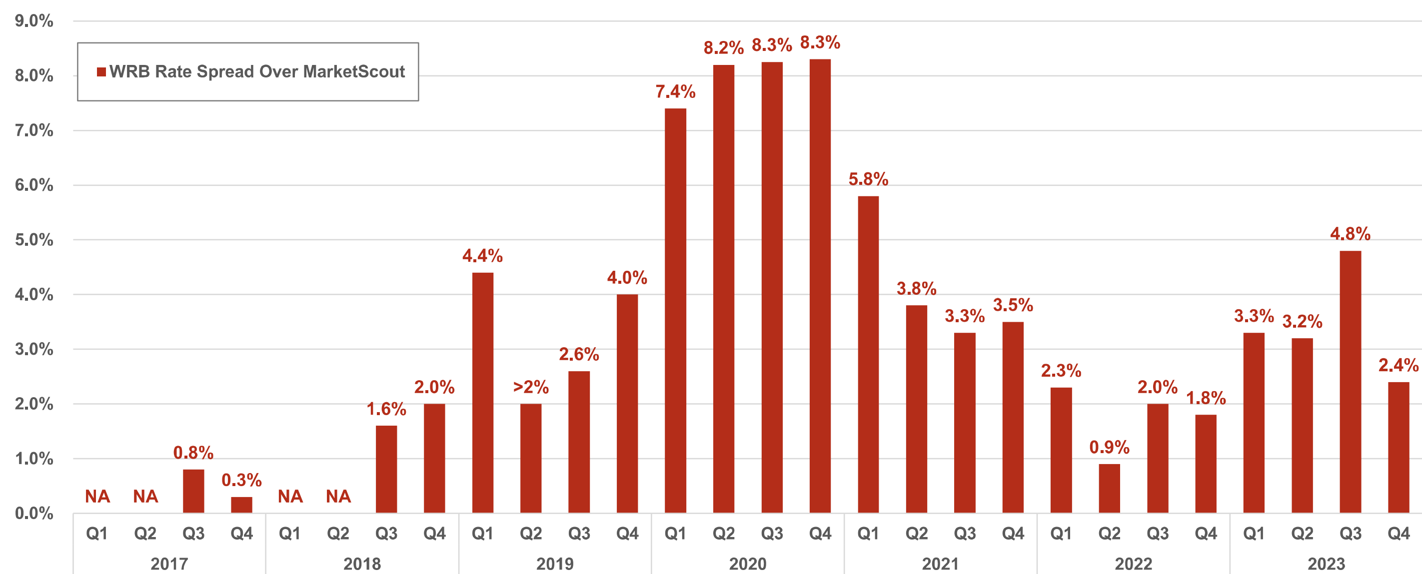
Exhibit 3 - WRB Pricing (excluding Workers' Compensation) vs. MarketScout



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 240bps above the MarketScout index. This compares to the Q3 2023 spread of 480bps, Q2 2023 spread of 320 bps, Q1 2023 spread of 330 bps, and Q4 2022 spread of 180 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 2023 earnings.

- **2024 EPS is up modestly to $6.10 (from $6.05)** reflecting higher investment income and higher premium growth, partially offset by higher cats and modestly weaker underlying margins.
- **2025 EPS is roughly unchanged at $6.80** as higher investment income and higher premiums growth fully offset higher cats and modestly weaker underlying margins.
- **We introduce an initial EPS estimate of $7.50 for 2026.**

Our 2024 estimate goes up to $6.10 to reflect higher fixed income and higher premium growth while 2025 is unchanged, respectively. We introduce an initial 2026 EPS estimate of $7.50.

Summary of Estimate Changes

Exhibit 5 - WRB Estimate Changes

	Current			Prior			Absolute Change			Percentage Change		
($ in millions, except as noted)	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E	2024E	2025E	2026E
Summary												
Insurance	961.5	1,096.0	1,204.1	1,010.0	1,129.7	NE	(48.6)	(33.6)	NE	(4.8%)	(3.0%)	NE
Reinsurance & Monoline Excess	211.2	227.0	247.6	224.5	244.6	NE	(13.3)	(17.6)	NE	(5.9%)	(7.2%)	NE
Underwriting Income	**1,172.6**	**1,323.0**	**1,451.7**	**1,234.6**	**1,374.3**	**NE**	**(61.9)**	**(51.2)**	**NE**	**(5.0%)**	**(3.7%)**	**NE**
Net Investment Income	1,344.9	1,464.1	1,592.4	1,263.6	1,402.1	NE	81.4	62.0	NE	6.4%	4.4%	NE
Corporate & Other Ex. Realized Gains/(Losses)	(429.6)	(475.9)	(516.7)	(425.1)	(467.8)	NE	(4.5)	(8.2)	NE	1.1%	1.8%	NE
Pre-Tax Operating Income	**2,088.0**	**2,311.2**	**2,527.4**	**2,073.0**	**2,308.6**	**NE**	**14.9**	**2.6**	**NE**	**0.7%**	**0.1%**	**NE**
Taxes	(438.5)	(485.4)	(530.7)	(435.3)	(484.8)	NE	(3.1)	(0.5)	NE	0.7%	0.1%	NE
Noncontrolling Interest	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	NE	0.0	0.0	NE	0.0%	0.0%	NE
Adjusted After-Tax Operating Income	**1,647.0**	**1,823.4**	**1,994.1**	**1,635.2**	**1,821.3**	**NE**	**11.8**	**2.1**	**NE**	**0.7%**	**0.1%**	**NE**
Operating EPS	**$6.10**	**$6.80**	**$7.50**	**$6.05**	**$6.80**	**NE**	**$0.05**	**$0.01**	**NE**	**0.8%**	**0.1%**	**NE**
YoY Change in Operating EPS	*23.9%*	*11.5%*	*10.2%*	*26.2%*	*12.3%*	*NE*	*(2.2%)*	*(0.7%)*	*NE*	*-*	*-*	*NE*
Tax Rate	21.0%	21.0%	21.0%	21.0%	21.0%	NE	(0bps)	(0bps)	NE	0.0%	0.0%	NE
GAAP Book Value per Share	**$34.47**	**$40.44**	**$47.24**	**$35.54**	**$42.13**	**NE**	**($1.07)**	**($1.68)**	**NE**	**(3.0%)**	**(4.0%)**	**NE**
Operating Return on Equity	**22.1%**	**20.9%**	**19.7%**	**19.7%**	**18.6%**	**NE**	**2.4%**	**2.3%**	**NE**	**12.3%**	**12.2%**	**NE**
Net Income ROE	23.4%	22.0%	20.7%	22.8%	21.3%	NE	+64bps	+74bps	NE	2.8%	3.5%	NE
Revenues												
Gross premiums written	14,722.2	16,179.6	17,423.2	14,512.2	15,841.8	NE	210.0	337.8	NE	1.4%	2.1%	NE
y/y change	13.5%	9.9%	7.7%	12.3%	9.2%	NE	1.2%	0.7%	NE	-	-	NE
Net premiums written	12,340.1	13,546.7	14,587.5	12,153.3	13,264.4	NE	186.8	282.2	NE	1.5%	2.1%	NE
y/y change	12.6%	9.8%	7.7%	11.7%	9.1%	NE	1.0%	0.6%	NE	-	-	NE
Net premiums earned	**11,647.8**	**12,934.7**	**14,065.0**	**11,521.5**	**12,705.6**	**NE**	**126.3**	**229.1**	**NE**	**1.1%**	**1.8%**	**NE**
y/y change	12.0%	11.0%	8.7%	11.0%	10.3%	NE	1.0%	0.8%	NE	-	-	NE
Net investment income	**1,344.9**	**1,464.1**	**1,592.4**	**1,263.6**	**1,402.1**	**NE**	**81.4**	**62.0**	**NE**	**6.4%**	**4.4%**	**NE**
y/y change	27.7%	8.9%	8.8%	24.4%	11.0%	NE	3.3%	(2.1%)	NE	-	-	NE
Total revenues	**13,666.3**	**15,072.4**	**16,330.9**	**13,458.7**	**14,781.3**	**NE**	**207.7**	**291.1**	**NE**	**1.5%**	**2.0%**	**NE**
Underwriting Profitability												
Loss Ratio	61.5%	61.4%	61.3%	60.9%	60.8%	NE	+0.7pts	+0.6pts	NE	1.1%	1.1%	NE
Expense Ratio	28.4%	28.3%	28.3%	28.4%	28.4%	NE	(0.0pts)	(0.1pts)	NE	(0.1%)	(0.2%)	NE
Combined Ratio	**89.9%**	**89.8%**	**89.7%**	**89.3%**	**89.2%**	**NE**	**+0.6pts**	**+0.6pts**	**NE**	**0.7%**	**0.7%**	**NE**
Cats Points on Combined Ratio	2.2%	2.2%	2.1%	1.8%	1.8%	NE	+0.4pts	+0.4pts	NE	20.0%	21.3%	NE
PYD Points on Combined Ratio	0.1%	0.1%	0.1%	0.1%	0.1%	NE	(0.0pts)	(0.0pts)	NE	(1.1%)	(1.8%)	NE
Underlying Loss Ratio	***59.3%***	***59.2%***	***59.1%***	***58.9%***	***58.9%***	***NE***	***+0.3pts***	***+0.3pts***	***NE***	***0.5%***	***0.5%***	***NE***
Underlying Combined Ratio	***87.7%***	***87.5%***	***87.5%***	***87.4%***	***87.3%***	***NE***	***+0.3pts***	***+0.2pts***	***NE***	***0.3%***	***0.2%***	***NE***
Catastrophe Losses ($)	253.4	280.0	301.4	208.8	226.8	NE	44.6	53.2	NE	21.4%	23.5%	NE
Reserve Development ($)	12.0	12.0	12.0	12.0	12.0	NE	0.0	0.0	NE	0.0%	0.0%	NE
Capital Return												
Common Dividends	264.1	268.6	265.5	112.3	118.6	NE	151.8	150.1	NE	1.4	1.3	NE
Share Repurchases	200.0	260.0	260.0	200.0	260.0	NE	0.0	0.0	NE	0.0	0.0	NE
Total Capital Return	**464.1**	**528.6**	**525.5**	**312.3**	**378.6**	**NE**	**151.8**	**150.1**	**NE**	**0.5**	**0.4**	**NE**
Total Payout Ratio (% of Operating Income)	28.2%	29.0%	26.4%	19.1%	20.8%	NE	9.1%	8.2%	NE	-	-	NE

Source: Company reports and Wells Fargo Securities, LLC estimates

Valuation

Current Valuation. WRB trades at 2.67x Q4 2023 book value, which is above the 5-year and 10-year average multiples of 2.19x and 1.83x, respectively. The 5-year minimum is 1.42x and 10-year minimum is 1.11x. The 5-year and 10-year max is 2.99x, which is well above where the shares are currently trading. We do note that for the P&C sector price-to-book valuations are fuller given the unrealized losses we have seen in this rising interest rate environment. For WRB, if we exclude AOCI, the shares are trading at just around 2.38x adjusted Q4 book. On a P/E basis, WRB is trading at 9.2x consensus 2025 EPS estimate, which compares favorably to the 5-year and 10-year average multiples of 16.9x and 16.8x, respectively. The 5-year and 10-year max is 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	2022	Q1 2023	Q2 2023	Q3 2023	Q4 2023	2023	Q1 2024E	Q2 2024E	Q3 2024E	Q4 2024E	2024E	Q1 2025E	Q2 2025E	Q3 2025E	Q4 2025E	2025E	Q1 2026E	Q2 2026E	Q3 2026E	Q4 2026E	2026E
Summary																					
Insurance	902.3	185.5	199.1	207.9	251.7	844.1	237.3	219.7	215.9	288.6	961.5	270.8	253.5	251.3	320.4	1,096.0	300.5	281.2	277.8	344.4	1,204.1
Reinsurance & Monoline Excess	122.4	49.5	65.2	49.7	62.4	226.9	56.1	50.7	38.6	65.7	211.2	61.5	54.1	41.0	70.5	227.0	67.4	59.2	44.5	76.6	247.6
Underwriting Income	**1,024.7**	**235.0**	**264.3**	**257.5**	**314.1**	**1,070.9**	**293.4**	**270.5**	**254.4**	**354.3**	**1,172.6**	**332.3**	**307.6**	**292.3**	**390.8**	**1,323.0**	**367.9**	**340.4**	**322.3**	**421.0**	**1,451.7**
Net Investment Income	779.2	223.4	245.2	270.9	313.3	1,052.8	326.7	331.8	339.9	346.5	1,344.9	355.2	362.2	369.6	377.2	1,464.1	385.1	393.5	402.4	411.3	1,592.4
Corporate & Other Ex. Realized Gains/(Losses)	(281.3)	(105.3)	(110.2)	(66.1)	(134.0)	(415.6)	(106.1)	(109.2)	(106.2)	(108.0)	(429.6)	(118.7)	(121.3)	(117.2)	(118.7)	(475.9)	(129.7)	(132.0)	(127.0)	(128.1)	(516.7)
Pre-Tax Operating Income	**1,522.5**	**353.1**	**399.3**	**462.4**	**493.4**	**1,708.2**	**514.0**	**493.1**	**488.1**	**592.8**	**2,088.0**	**568.9**	**548.4**	**544.7**	**649.3**	**2,311.2**	**623.4**	**602.0**	**597.7**	**704.3**	**2,527.4**
Tax Rate	19.3%	21.4%	22.3%	20.7%	20.3%	21.1%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%	21.0%
Taxes	(293.2)	(75.5)	(89.0)	(95.9)	(100.0)	(360.5)	(107.9)	(103.5)	(102.5)	(124.5)	(438.5)	(119.5)	(115.2)	(114.4)	(136.3)	(485.4)	(130.9)	(126.4)	(125.5)	(147.9)	(530.7)
Noncontrolling Interest	(3.9)	(1.6)	0.6	0.2	(1.6)	(2.5)	(0.6)	(0.6)	(0.6)	(0.6)	(2.5)	(0.6)	(0.6)	(0.6)	(0.6)	(2.5)	(0.6)	(0.6)	(0.6)	(0.6)	(2.5)
Adjusted After-Tax Operating Income	**1,225.4**	**276.0**	**310.9**	**366.6**	**391.8**	**1,345.2**	**405.5**	**388.9**	**385.0**	**467.7**	**1,647.0**	**448.8**	**432.6**	**429.7**	**512.3**	**1,823.4**	**491.8**	**475.0**	**471.6**	**555.8**	**1,994.1**
Operating EPS	**$4.38**	**$1.00**	**$1.14**	**$1.35**	**$1.45**	**$4.92**	**$1.50**	**$1.44**	**$1.43**	**$1.74**	**$6.10**	**$1.67**	**$1.62**	**$1.61**	**$1.92**	**$6.80**	**$1.85**	**$1.79**	**$1.78**	**$2.10**	**$7.50**
YoY Change in After-Tax Operating Income	28.7%	(10.1%)	(0.8%)	30.1%	21.2%	9.8%	46.9%	25.1%	5.0%	19.4%	22.4%	10.7%	11.2%	11.6%	9.5%	10.7%	9.6%	9.8%	9.8%	8.5%	9.4%
YoY Change in Operating EPS	**28.9%**	**(9.5%)**	**1.5%**	**34.0%**	**24.7%**	**12.2%**	**50.8%**	**26.7%**	**5.9%**	**20.3%**	**23.9%**	**11.4%**	**12.1%**	**12.5%**	**10.4%**	**11.5%**	**10.5%**	**10.7%**	**10.6%**	**9.3%**	**10.2%**
Consensus EPS							$1.45	$1.41	$1.42	$1.58	$5.85	$1.60	$1.54	$1.56	$1.74	$6.37	$1.79	$1.70	$1.69	$1.87	$7.05
WFS Estimate versus Consensus							3.8%	2.5%	0.4%	10.0%	4.3%	4.3%	4.7%	3.0%	10.7%	6.9%	3.4%	5.0%	5.1%	12.5%	6.4%
Premiums																					
YoY Change in Gross Premiums Written	11.3%	6.6%	9.3%	8.8%	10.9%	8.9%	13.1%	12.5%	14.7%	13.6%	13.5%	9.7%	9.7%	10.0%	10.1%	9.9%	7.8%	7.8%	7.6%	7.6%	7.7%
YoY Change in Premiums Earned	**18.0%**	**10.8%**	**8.3%**	**8.2%**	**8.0%**	**8.8%**	**11.6%**	**12.3%**	**11.9%**	**12.1%**	**12.0%**	**12.2%**	**11.4%**	**10.7%**	**10.1%**	**11.0%**	**9.5%**	**9.0%**	**8.5%**	**7.9%**	**8.7%**
Investment Income (Pre-Tax)																					
Core Portfolio	588.9	203.0	229.3	248.6	285.8	966.7	294.3	301.0	308.2	313.9	1,217.3	321.8	327.8	334.3	340.9	1,324.9	347.9	355.4	363.2	371.1	1,437.5
Investment Funds	145.1	2.2	(1.2)	4.5	11.3	16.7	20.6	21.1	21.7	22.3	85.7	22.9	23.6	24.2	24.9	95.6	25.6	26.3	27.0	27.8	106.6
Arbitrage Trading Account	45.2	18.3	17.0	17.9	16.2	69.4	11.9	9.8	10.0	10.3	41.9	10.5	10.8	11.1	11.3	43.7	11.6	11.9	12.2	12.5	48.2
Total Pre-Tax Net Investment Income	**779.2**	**223.4**	**245.2**	**270.9**	**313.3**	**1,052.8**	**326.7**	**331.8**	**339.9**	**346.5**	**1,344.9**	**355.2**	**362.2**	**369.6**	**377.2**	**1,464.1**	**385.1**	**393.5**	**402.4**	**411.3**	**1,592.4**
Total Pre-Tax NII Annualized Yield	**3.27%**	**3.61%**	**3.90%**	**4.22%**	**4.72%**	**4.12%**	**4.78%**	**4.73%**	**4.72%**	**4.68%**	**4.73%**	**4.68%**	**4.65%**	**4.62%**	**4.59%**	**4.63%**	**4.57%**	**4.55%**	**4.53%**	**4.51%**	**4.54%**
Margins																					
Loss Ratio	61.3%	61.8%	61.5%	61.9%	60.0%	61.3%	60.7%	62.1%	63.0%	60.4%	61.5%	60.6%	62.0%	62.8%	60.3%	61.4%	60.5%	61.8%	62.7%	60.4%	61.3%
Expense Ratio	28.0%	28.8%	28.1%	28.3%	28.4%	28.4%	28.7%	28.5%	28.4%	28.0%	28.4%	28.7%	28.4%	28.3%	28.0%	28.3%	28.7%	28.4%	28.3%	28.0%	28.3%
Combined Ratio	**89.3%**	**90.6%**	**89.6%**	**90.2%**	**88.4%**	**89.7%**	**89.4%**	**90.6%**	**91.4%**	**88.4%**	**89.9%**	**89.3%**	**90.4%**	**91.1%**	**88.3%**	**89.8%**	**89.2%**	**90.2%**	**90.9%**	**88.4%**	**89.7%**
YoY Change in Loss Ratio (Favorable)	0.2%	2.2%	0.6%	(2.1%)	(0.6%)	(0.0%)	(1.0%)	0.6%	1.0%	0.4%	0.3%	(0.1%)	(0.1%)	(0.2%)	(0.0%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	0.0%	(0.1%)
YoY Change in Expense Ratio (Favorable)	(0.5%)	0.6%	0.4%	0.2%	0.6%	0.5%	(0.1%)	0.3%	0.2%	(0.4%)	(0.0%)	(0.0%)	(0.1%)	(0.2%)	0.0%	(0.1%)	(0.0%)	(0.0%)	0.0%	0.0%	0.0%
YoY Change in Combined Ratio (Favorable)	**(0.3%)**	**2.8%**	**1.0%**	**(1.9%)**	**(0.0%)**	**0.4%**	**(1.1%)**	**0.9%**	**1.2%**	**(0.0%)**	**0.3%**	**(0.1%)**	**(0.2%)**	**(0.3%)**	**(0.0%)**	**(0.2%)**	**(0.1%)**	**(0.1%)**	**(0.1%)**	**0.0%**	**(0.1%)**
Catastrophe Losses ($)	**211.7**	**47.9**	**53.5**	**61.5**	**32.0**	**195.0**	**49.4**	**68.0**	**95.0**	**41.0**	**253.4**	**55.0**	**75.0**	**103.0**	**47.0**	**280.0**	**59.4**	**80.0**	**110.0**	**52.0**	**301.4**
Cats Points on Combined Ratio	2.2%	1.9%	2.1%	2.3%	1.2%	1.9%	1.8%	2.4%	3.2%	1.3%	2.2%	1.8%	2.3%	3.1%	1.4%	2.2%	1.7%	2.3%	3.1%	1.4%	2.1%
Reserve Development ($)	**35.7**	**24.0**	**(3.0)**	**(1.0)**	**(1.0)**	**19.0**	**3.0**	**3.0**	**3.0**	**3.0**	**12.0**	**3.0**	**3.0**	**3.0**	**3.0**	**12.0**	**3.0**	**3.0**	**3.0**	**3.0**	**12.0**
PYD Points on Combined Ratio	0.4%	1.0%	(0.1%)	(0.0%)	(0.0%)	0.2%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%	0.1%
Adjusted Margins																					
Underlying Loss Ratio	58.7%	58.9%	59.5%	59.6%	58.8%	59.2%	58.9%	59.6%	59.6%	58.9%	59.3%	58.8%	59.5%	59.6%	58.8%	59.2%	58.7%	59.5%	59.5%	58.8%	59.1%
Underlying Combined Ratio	**86.7%**	**87.7%**	**87.6%**	**87.9%**	**87.2%**	**87.6%**	**87.6%**	**88.1%**	**88.1%**	**86.9%**	**87.7%**	**87.5%**	**87.9%**	**87.8%**	**86.8%**	**87.5%**	**87.4%**	**87.8%**	**87.7%**	**86.8%**	**87.5%**
YoY Change in Loss Ratio (Favorable)	0.0%	0.6%	1.0%	1.0%	(0.5%)	0.5%	(0.0%)	0.1%	(0.0%)	0.1%	0.0%	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.1%)	(0.0%)	(0.1%)
YoY Change in Combined Ratio (Favorable)	**(0.5%)**	**1.1%**	**1.4%**	**1.2%**	**0.0%**	**0.9%**	**(0.1%)**	**0.4%**	**0.2%**	**(0.3%)**	**0.0%**	**(0.1%)**	**(0.2%)**	**(0.3%)**	**(0.1%)**	**(0.1%)**	**(0.1%)**	**(0.1%)**	**(0.1%)**	**(0.0%)**	**(0.1%)**
Book Value and Return on Equity																					
GAAP Book Value per Share	**$25.51**	**$26.45**	**$26.74**	**$26.80**	**$29.06**	**$29.06**	**$30.57**	**$31.96**	**$33.35**	**$34.47**	**$34.47**	**$36.07**	**$37.62**	**$39.16**	**$40.44**	**$40.44**	**$42.26**	**$44.01**	**$45.75**	**$47.24**	**$47.24**
Operating Return on Equity	**18.4%**	**16.4%**	**18.4%**	**21.7%**	**23.2%**	**19.9%**	**24.0%**	**23.1%**	**22.8%**	**27.7%**	**22.1%**	**20.5%**	**19.8%**	**19.7%**	**23.5%**	**20.9%**	**19.4%**	**18.7%**	**18.6%**	**21.9%**	**19.7%**
Share Count																					
Ending Common Shares	264.5	262.5	257.5	258.0	256.5	256.5	255.4	254.8	254.2	253.5	253.5	252.8	252.1	251.3	250.5	250.5	249.8	249.1	248.4	247.7	247.7
Weighted Average Diluted Shares	**279.5**	**277.3**	**273.1**	**271.4**	**271.0**	**273.3**	**270.1**	**269.7**	**269.3**	**268.8**	**270.0**	**268.3**	**267.7**	**267.2**	**266.6**	**268.0**	**266.1**	**265.6**	**265.1**	**264.6**	**265.8**
Capital Return to Shareholders																					
Common Dividends	235.2	158.6	28.3	157.4	157.1	501.4	28.1	28.0	28.0	180.0	264.1	27.8	30.2	30.2	180.4	268.6	27.5	29.9	29.8	178.3	265.5
Share Repurchases	94.1	135.2	292.5	2.9	106.7	537.3	50.0	50.0	50.0	50.0	200.0	65.0	65.0	65.0	65.0	260.0	65.0	65.0	65.0	65.0	260.0
Total Capital Returned	**329.3**	**293.8**	**320.8**	**160.3**	**263.8**	**1,038.7**	**78.1**	**78.0**	**78.0**	**230.0**	**464.1**	**92.8**	**95.2**	**95.2**	**245.4**	**528.6**	**92.5**	**94.9**	**94.8**	**243.3**	**525.5**
Dividend Payout Ratio	19.2%	57.5%	9.1%	42.9%	40.1%	37.3%	6.9%	7.2%	7.3%	38.5%	16.0%	6.2%	7.0%	7.0%	35.2%	14.7%	5.6%	6.3%	6.3%	32.1%	13.3%
Share Repurchase Payout Ratio	7.7%	49.0%	94.1%	0.8%	27.2%	39.9%	12.3%	12.9%	13.0%	10.7%	12.1%	14.5%	15.0%	15.1%	12.7%	14.3%	13.2%	13.7%	13.8%	11.7%	13.0%
Total Payout Ratio (% of Operating Income)	**26.9%**	**106.5%**	**103.2%**	**43.7%**	**67.3%**	**77.2%**	**19.3%**	**20.1%**	**20.2%**	**49.2%**	**28.2%**	**20.7%**	**22.0%**	**22.1%**	**47.9%**	**29.0%**	**18.8%**	**20.0%**	**20.1%**	**43.8%**	**26.4%**
Equity Rollforward and Leverage																					
Beginning GAAP Equity	6,653.0	6,748.3	6,944.0	6,887.2	6,915.6	6,748.3	7,455.4	7,807.8	8,143.7	8,475.7	7,455.4	8,738.4	9,119.3	9,481.7	9,841.2	8,738.4	10,133.1	10,557.5	10,962.5	11,364.3	10,133.1
Net Income	1,381.1	294.1	356.3	333.6	397.3	1,381.4	430.5	413.9	410.0	492.7	1,747.0	473.8	457.6	454.7	537.3	1,923.4	516.8	500.0	496.6	580.8	2,094.1
Common Dividends	(235.2)	(158.6)	(28.3)	(157.4)	(157.1)	(501.4)	(28.1)	(28.0)	(28.0)	(180.0)	(264.1)	(27.8)	(30.2)	(30.2)	(180.4)	(268.6)	(27.5)	(29.9)	(29.8)	(178.3)	(265.5)
Share Repurchases	(94.1)	(135.2)	(292.5)	(2.9)	(106.7)	(537.3)	(50.0)	(50.0)	(50.0)	(50.0)	(200.0)	(65.0)	(65.0)	(65.0)	(65.0)	(260.0)	(65.0)	(65.0)	(65.0)	(65.0)	(260.0)
Change in AOCI	(983.0)	186.0	(102.0)	(142.0)	397.0	339.0	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	26.6	9.4	9.7	(2.9)	9.3	25.4	(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	**6,748.3**	**6,944.0**	**6,887.2**	**6,915.6**	**7,455.4**	**7,455.4**	**7,807.8**	**8,143.7**	**8,475.7**	**8,738.4**	**8,738.4**	**9,119.3**	**9,481.7**	**9,841.2**	**10,133.1**	**10,133.1**	**10,557.5**	**10,962.5**	**11,364.3**	**11,701.7**	**11,701.7**
Leverage																					
Debt/Capital	29.6%	29.0%	29.2%	29.1%	27.6%	27.6%	26.7%	25.8%	25.1%	24.5%	24.5%	23.7%	23.0%	22.4%	21.9%	21.9%	21.2%	20.6%	20.0%	19.5%	19.5%

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 in 2024, particularly as they lean in on property insurance and reinsurance, which should translate into a good level of premium growth, which we do not believe is currently reflected in consensus expectations.

Target Price Valuation for WRB: $92.00 from $84.00

- Our price target of $92 is based on just around a 2.3x multiple of our year-end 2025 book value estimate
- Our price target also represents a ~13.5x multiple against our 2025 EPS estimate.
- The 13.5x is a slight discount to where WRB has historically traded as we look to be conservative given social inflation.

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

2) No part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed by me in this research report.

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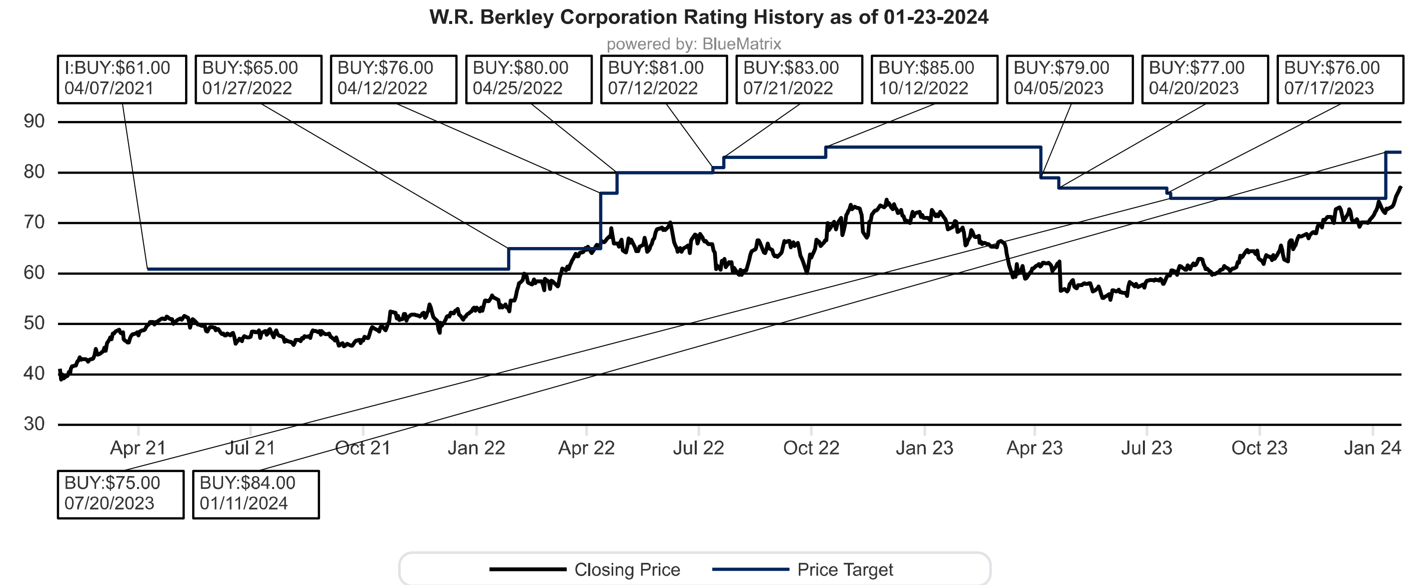

Initiation (I); Drop Coverage (D); Overweight (BUY); Equal Weight (HOLD); Underweight (SELL); Suspended (SR); Not Rated (NR); No Estimate (NE)

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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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