

RLI INVESTOR PRESENTATION

4th Quarter, 2020



INTRODUCTION

RLI[®]
DIFFERENT WORKS



STRATEGY

From our niche product offerings to our business model, our culture to our results — we're different. We will continue to:

Be a premier specialty underwriting company that achieves long-term industry leading combined ratios and book value growth.



Seek out difficult markets while maintaining a highly diverse product portfolio.



Remain a destination for talented, entrepreneurial underwriters with 'narrow & deep' expertise.



Emphasize profit maximization and enhance our ability to grow over the long term, with a focus on organic opportunities and acquisitions that preserve the unique culture that has made RLI successful.



FINANCIAL STRENGTH AND STABILITY

Our financial track record has been stellar for decades — a testament to our culture and reputation as an excellent underwriting company.



**WARD'S
50 TOP**
P&C PERFORMER
FOR 30 YEARS

4.8/5
STARS ON
glassdoor

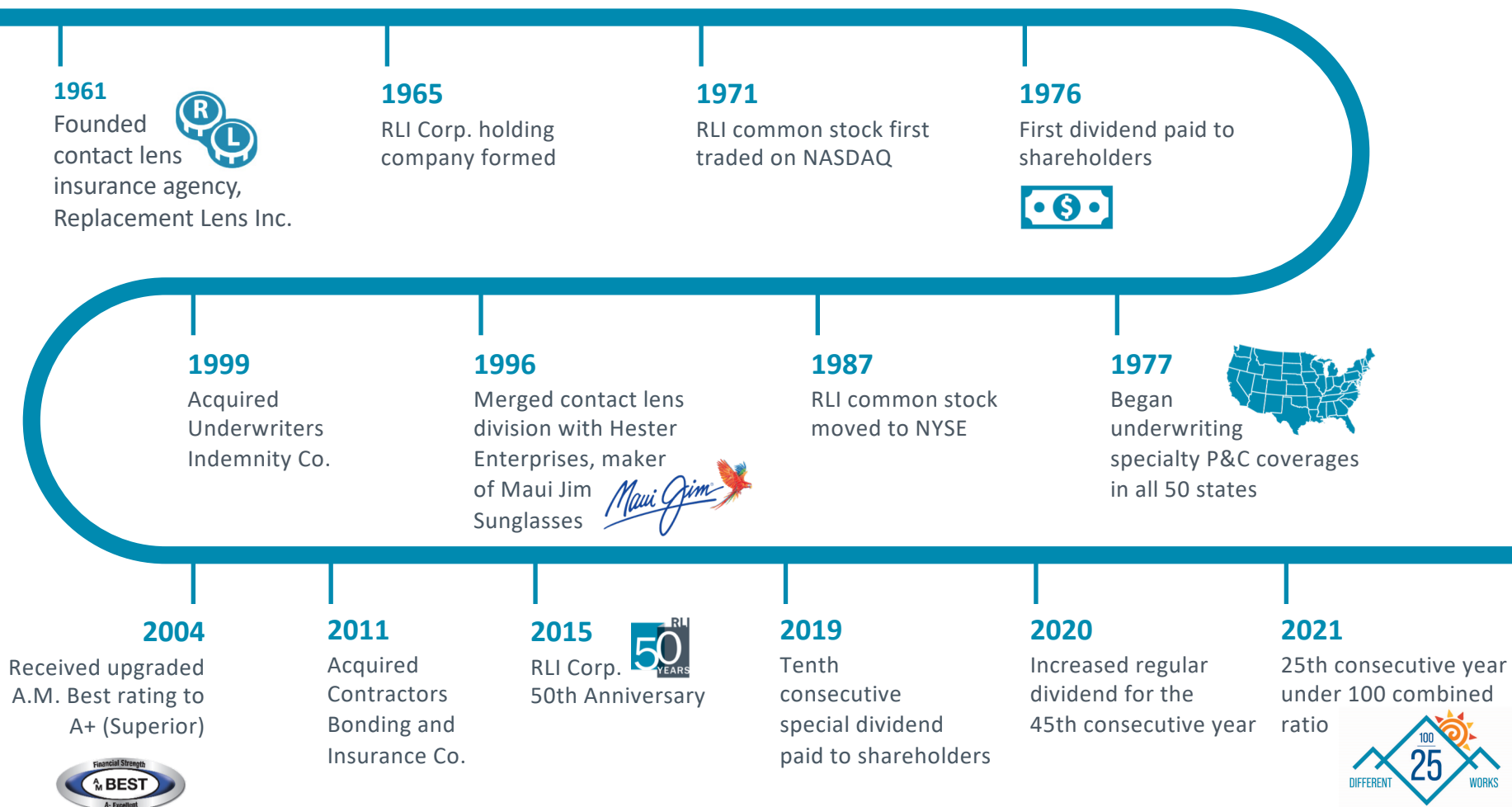
SELECT MARKET INFORMATION

RLI has a rich history as a publicly traded company and consistently creates value for its shareholders.

Ticker / Exchange	RLI / NYSE
Share Price (12/31/2020)	\$104.15
Annual Dividend / Yield	\$0.96 / 0.9%
Market Cap	\$4.70 billion
Annual Gross Premium (Trailing 4 qtr.)	\$1,136 million
Employees	863
20 Year Annual Shareholder Return	16.3%

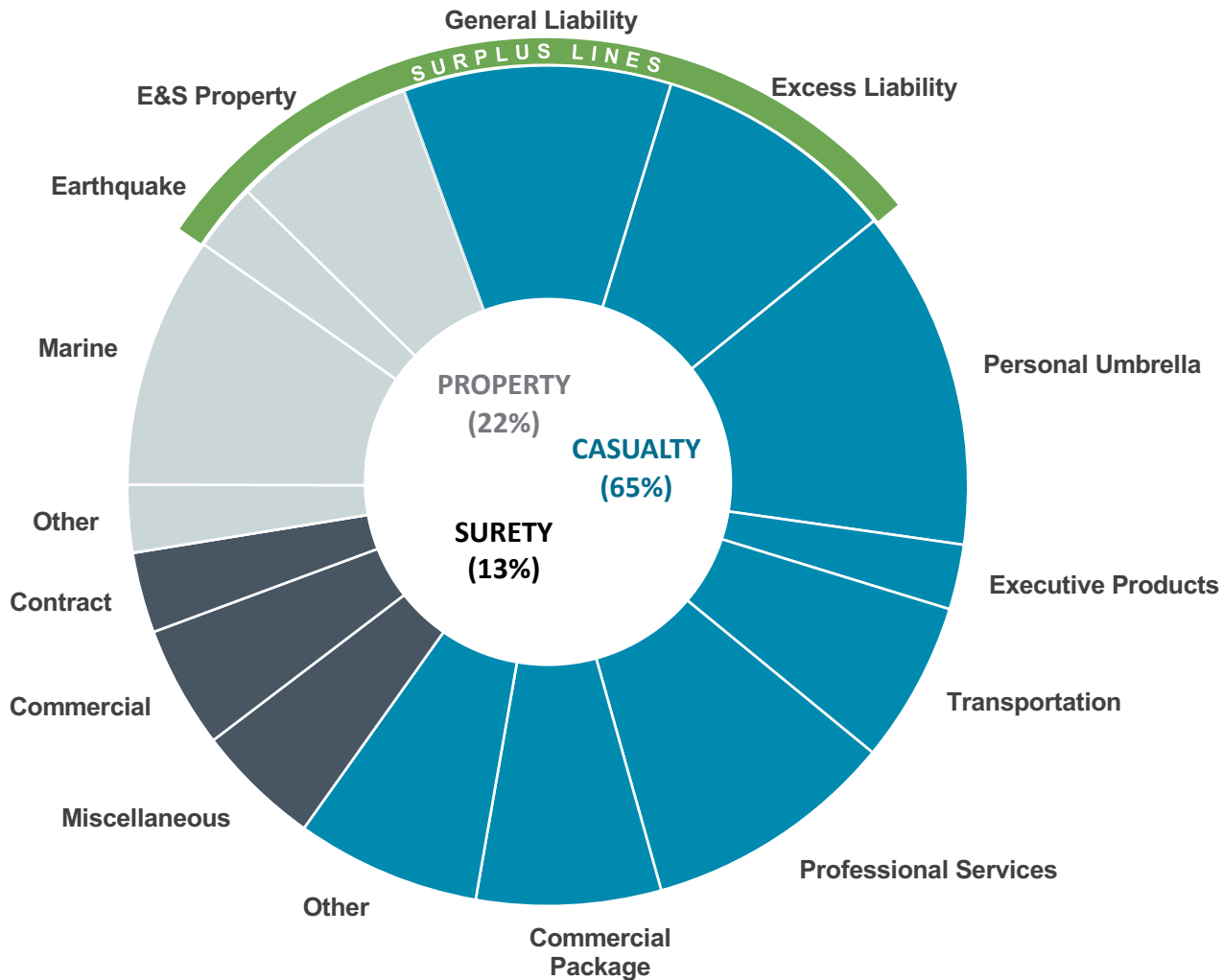
THE RLI STORY

RLI is a specialty insurance company with more than 50 years of experience serving diverse niche, property, casualty and surety markets.



DIVERSIFIED PRODUCT PORTFOLIO – NET PREMIUM

Product diversification has fueled our growth & financial success.



PRODUCT DISTRIBUTION

Our strong customer relationships extend across a diverse distribution network.

	Retail agent / broker	Wholesale Broker	General agency
CASUALTY	General liability	●	
	Excess liability	●	
	Personal umbrella	●	●
	Transportation	●	
	Executive products	●	
	Professional services	●	
	Commercial package	●	
PROPERTY	E&S property & Earthquake	●	
	Marine	●	
	Personal Lines	●	●
SURETY	Miscellaneous	●	
	Energy	●	
	Commercial	●	
	Contract	●	

RLI LOCATIONS

Our offices are located in close proximity to our customers.



STRATEGY

RLI[®]
DIFFERENT WORKS



RLI'S BUSINESS MODEL

RLI is a domestic, specialty insurance company that does its own underwriting.



Underwriting Company

- We hire experienced, entrepreneurial underwriters
- We focus on difficult markets that require unique expertise
- Strong feedback loop between underwriting and claims



Ownership Culture & Compensation

- Underwriter compensation is tied directly to underwriting profit



- 91% Institutions & other public
- 9% Insiders & ESOP



Diversified Insurance Product Portfolio

- Our products are run as stand-alone businesses
- Diversification reduces corporate risk
- Products are convenient and tailored to fill a void in the market



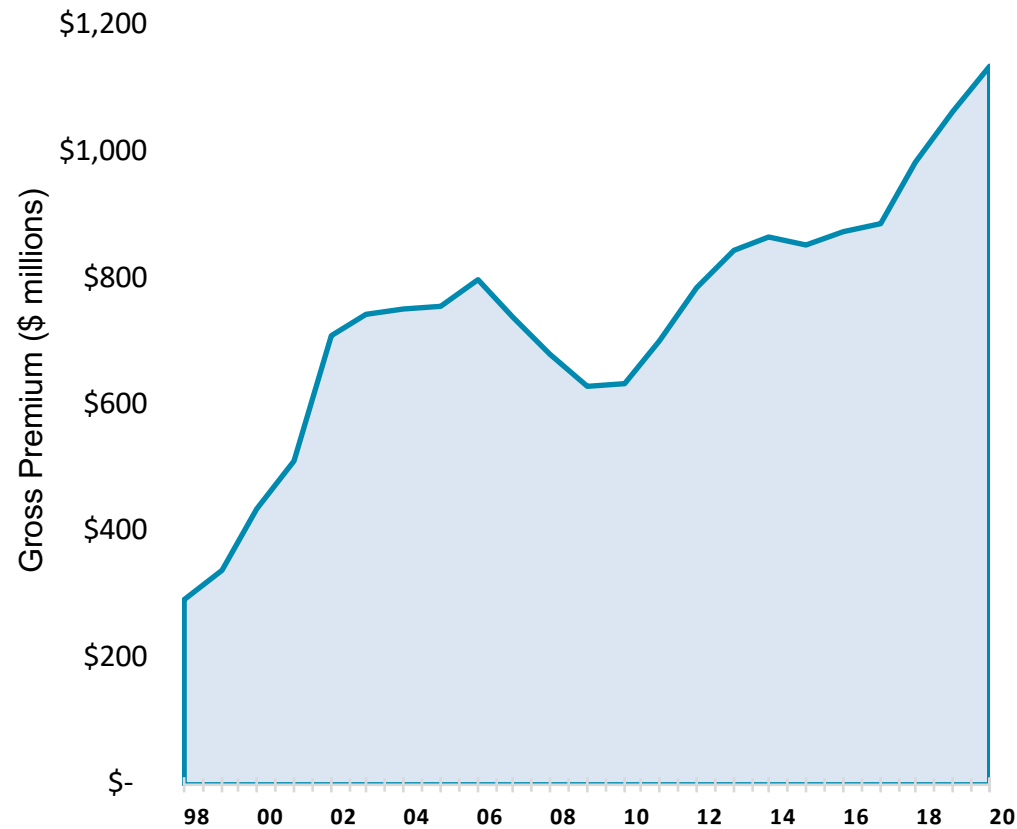
Growth by Design

- Organic product growth
- Talent acquisition & start-ups
- Acquisitions

MARKET CYCLE MANAGEMENT

RLI's strong people, products & processes allow us to effectively manage through any kind of market.

- **INVEST** in new people, products & processes in all markets
- **EMPOWER** underwriters to capitalize to the fullest during hard markets and pull back when necessary during soft markets
- **ENFORCE** strict underwriting discipline throughout
- **MAXIMIZE** financial strength & flexibility



FINANCIAL RESULTS

RLI[®]
DIFFERENT WORKS



MEASUREMENTS OF OUR SUCCESS⁽¹⁾

Combined Ratio

25

consecutive
years under 100
combined ratio

13

margin (points) by
which we beat the
industry ⁽²⁾

Book Value Growth⁽²⁾

17.6%

average annual growth
in book
value per share
(including dividends)

Operating Return on Equity

12.2%

average OROE ⁽²⁾

Capital Management

45

consecutive years
of increased
dividend (May 2020)

**\$493
million**

amount returned
to shareholders
since 2016

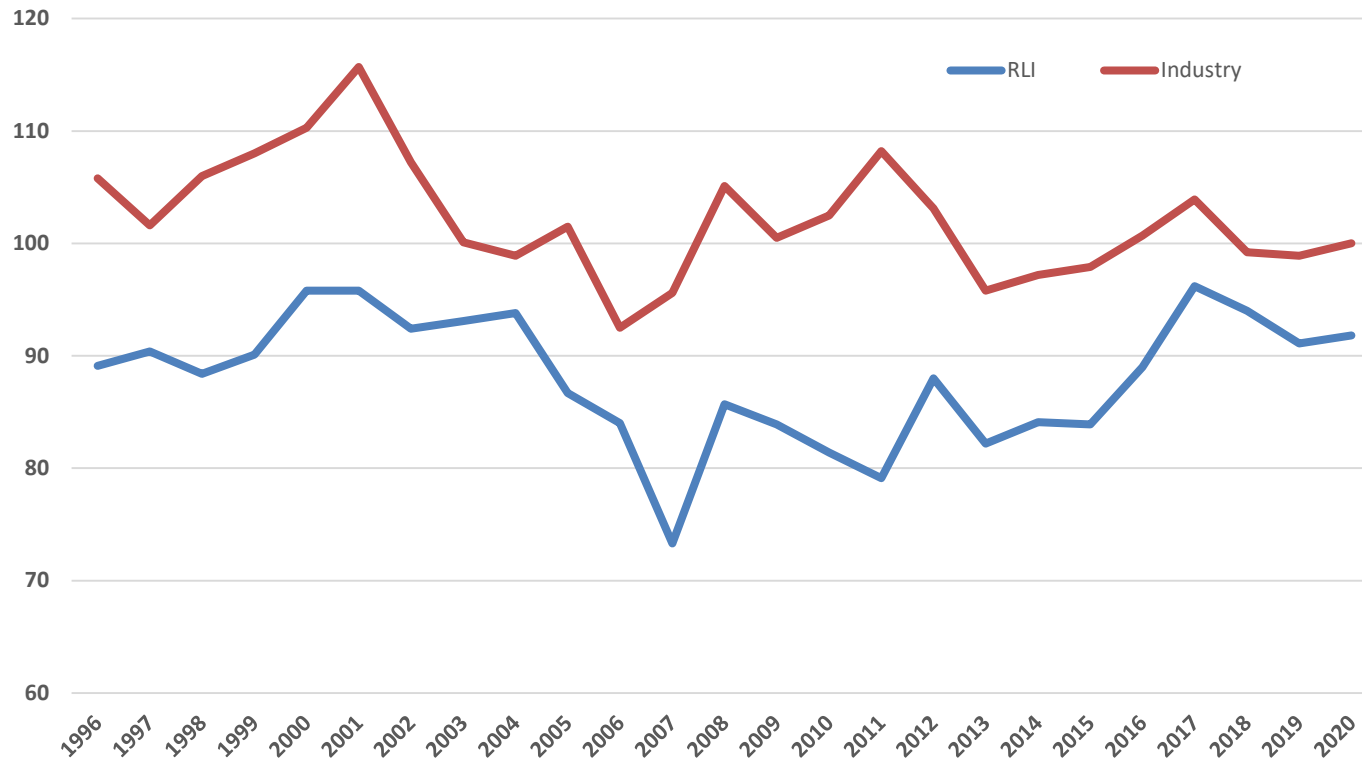
Reserve Consistency

**\$307
million**

reserve releases
2016 through 2020

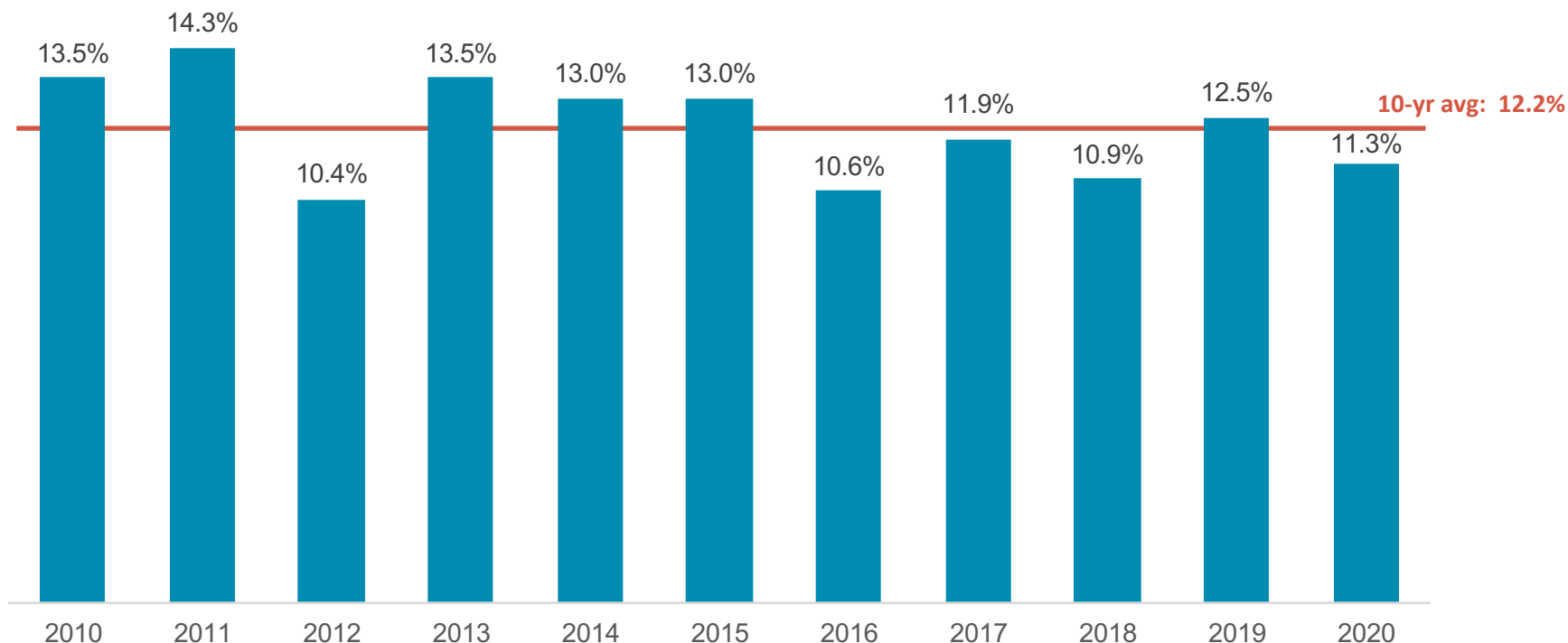
UNDERWRITING PROFIT

RLI has achieved 25 straight years of a combined ratio below 100, and has beaten the industry ratio by an average of 13 points* over the last 10 years



OPERATING RETURN ON EQUITY

RLI has averaged a 12.2% return on equity over the past 10 years.*



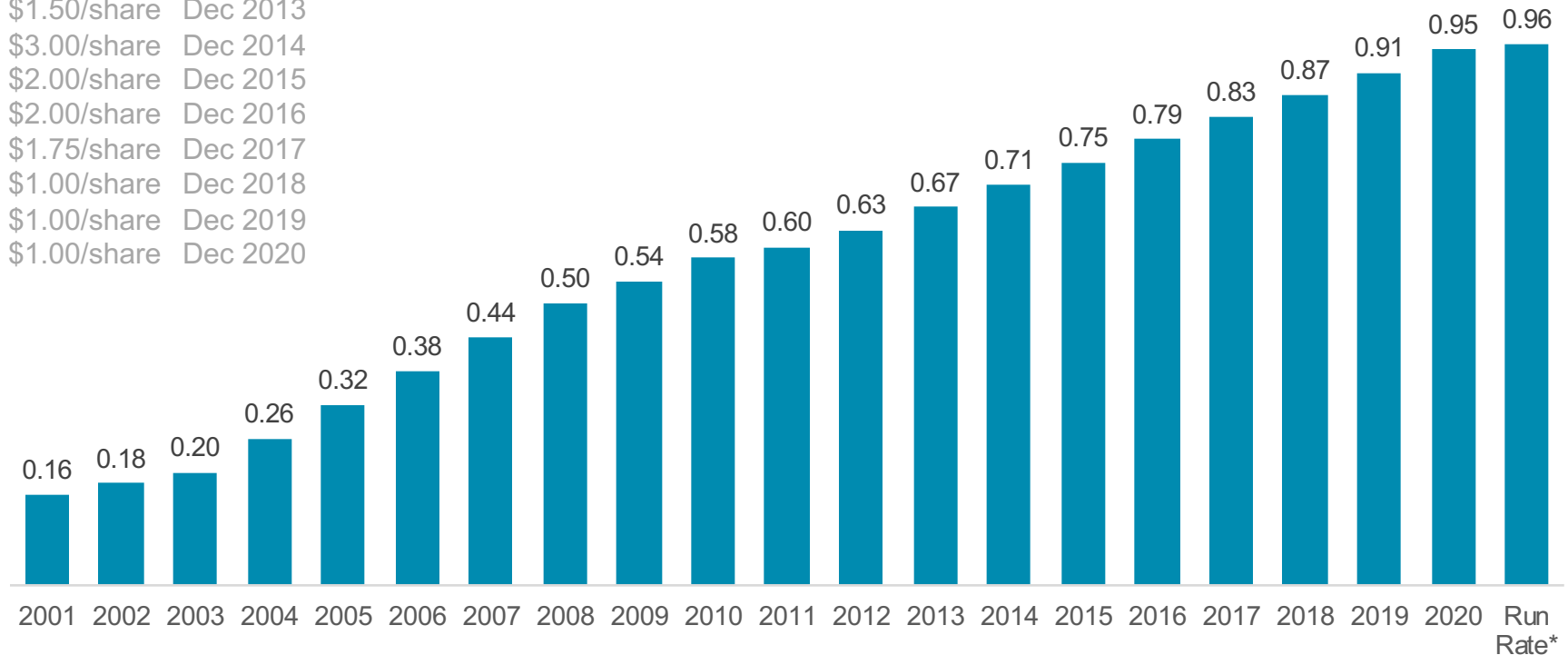
*Operating earnings is a non-GAAP financial measure and consists of our GAAP net earnings adjusted by net realized gains/(losses), net unrealized gains/(losses) on equity securities that are recognized through net earnings in 2018 and forward and taxes related thereto. Net earnings is the most directly comparable financial measure to operating earnings. See our quarterly earnings releases for a reconciliation of net earnings to operating earnings.

DIVIDEND GROWTH

RLI has a distinguished track record of success: 45 straight years of dividend increases* and a 5.2% growth rate over the last 10 years

SPECIAL DIVIDENDS

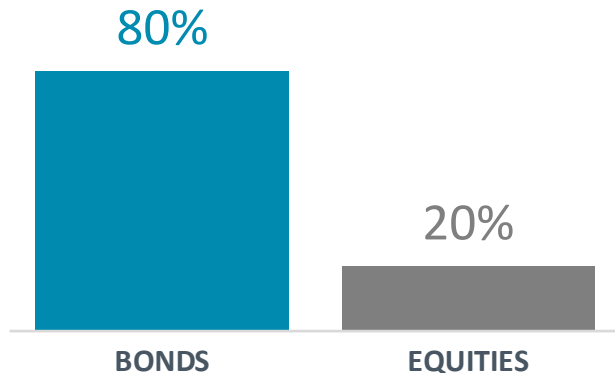
\$3.50/share Dec 2010
\$2.50/share Dec 2011
\$2.50/share Dec 2012
\$1.50/share Dec 2013
\$3.00/share Dec 2014
\$2.00/share Dec 2015
\$2.00/share Dec 2016
\$1.75/share Dec 2017
\$1.00/share Dec 2018
\$1.00/share Dec 2019
\$1.00/share Dec 2020



INVESTMENT PORTFOLIO

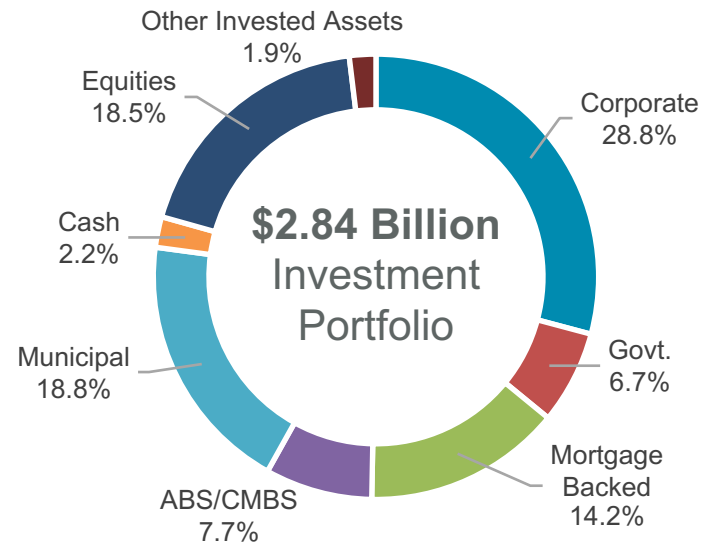
Investing for the long term: A diversified, highly-rated bond portfolio complemented by active and passive equities.

TARGET ASSET ALLOCATION



- **BONDS:** AA quality; 4.7 duration
- **EQUITIES:** ETFs and active large-cap; dividend yield of 2.1%
- Emphasis on consistency of income and low turnover, not market timing

PORTFOLIO ALLOCATION



MAUI JIM SUNGLASSES

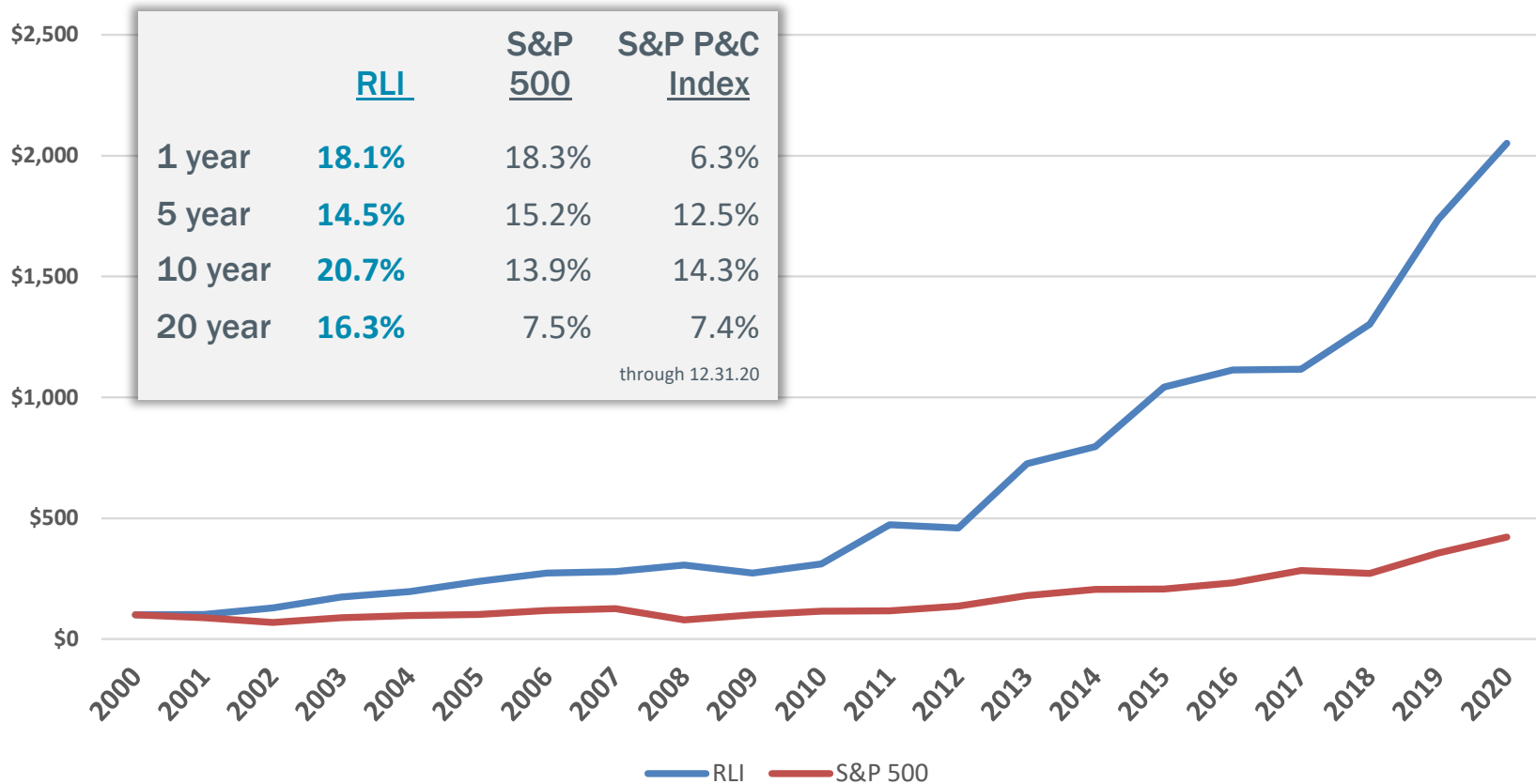
A unique private-equity legacy investment from RLI's contact lens insurance business.

- An industry leader in the high-end global sunglass market
- RLI owns 40%; carried at \$90.9 million
- \$10.4 million of income in 2020
- \$67.3 million of dividends 2010-2020
- Significant excess value not recognized on the balance sheet
- Long-term exit candidate



TOTAL SHAREHOLDER RETURN

Shareholder returns validate the RLI story.



THE FUTURE

RLI[®]
DIFFERENT WORKS



VALUE CREATION OPPORTUNITIES

RLI is pursuing multiple initiatives designed to create value.

Cycle management

- Maximize margins throughout the cycle, organic growth enriched by market conditions

Platform enhancements

- Investing in technology to leverage distribution and increase efficiency

Talent acquisition

- Growth supported by hiring the best underwriters into the RLI model

Acquisitions of niche P&C companies

- Capitalize on opportunities in niche spaces

COMPETITIVE ADVANTAGES

RLI will capitalize on its competitive advantages to drive profitable growth.

- Capital strength
- Underwriting expertise
- Ownership mentality & aligned compensation
- Product and distribution diversification
- Leveragable infrastructure to support existing and new product growth
- A reputation for excellence among customers built over many years
- A track record that attracts opportunity – ‘nothing succeeds like success’

SELECTED FINANCIAL DATA

(Amounts in millions)

OPERATING RESULTS	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Gross premiums written	\$1,136.4	1,065.0	983.2	885.3	874.9	853.6	863.8	843.2	784.8	702.1	636.3
Consolidated revenue	\$983.6	1,003.6	818.1	797.2	816.3	794.6	775.2	705.6	660.8	619.2	583.4
Net earnings	\$157.1	191.6	64.2	105.0	114.9	137.5	135.4	126.3	103.3	126.6	128.2
Comprehensive earnings (loss)	\$213.3	258.7	30.2	140.3	113.8	89.9	170.8	119.1	129.2	147.9	146.8

FINANCIAL CONDITION	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Total investments	\$2,837.1	2,560.4	2,194.2	2,140.8	2,021.8	1,951.5	1,964.3	1,922.1	1,840.9	1,900.3	1,803.0
Total assets	\$3,938.5	3,545.7	3,105.1	2,947.2	2,777.6	2,735.5	2,774.3	2,738.9	2,644.5	2,654.6	2,480.1
Unpaid losses and settlement expenses	\$1,750.0	1,574.4	1,461.3	1,271.5	1,139.3	1,103.8	1,121.0	1,129.4	1,158.5	1,150.7	1,173.9
Total debt	\$149.5	149.3	149.1	148.9	148.7	148.6	148.4	148.2	99.9	99.8	99.7
Total shareholders' equity	\$1,136.0	995.4	806.8	853.6	823.6	823.5	845.1	829.0	796.4	792.6	769.2
Statutory surplus	\$1,121.6	1,029.7	829.8	864.6	860.0	865.3	849.3	859.2	684.1	710.2	732.4

SELECTED FINANCIAL DATA

(Amounts in thousands, except per share data)

SHARE INFORMATION	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net earnings per share: Diluted	\$3.46	4.23	1.43	2.36	2.59	3.12	3.09	2.90	2.39	2.95	3.02
Comprehensive earning (losses) per share: Diluted	\$4.70	5.72	0.67	3.15	2.56	2.04	3.90	2.74	2.99	3.45	3.46
Cash dividends declared per share: Ordinary	\$0.95	0.91	0.87	0.83	0.79	0.75	0.71	0.67	0.63	0.60	0.58
Special	1.00	1.00	1.00	1.75	2.00	2.00	3.00	1.50	2.50	2.50	3.50
Book value per share	\$25.16	22.18	18.13	19.33	18.74	18.91	19.61	19.29	18.73	18.73	18.34
Closing stock price	\$104.15	90.02	68.99	60.66	63.13	61.75	49.40	48.69	32.33	36.43	26.29
Stock split								200%			
Weighted average shares outstanding: Diluted	45,376	45,257	44,835	44,500	44,432	44,131	43,819	43,514	43,160	42,869	42,482
Common shares outstanding	45,143	44,869	44,504	44,148	43,945	43,544	43,103	42,982	42,525	42,324	41,929
OTHER FINANCIAL INFORMATION	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011	2010
Net premiums written (T4Q) to statutory surplus	80%	84%	99%	87%	86%	83%	83%	78%	87%	77%	66%
GAAP combined ratio	92.0	91.9	94.7	96.4	89.5	84.5	84.5	83.1	89.0	79.6	80.4

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DIFFERENT WORKS

RLICORP.COM

