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Zacks Small-Cap Research

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Global Indemnity Group (GBLI-NYSE)

UPDATE: The company reported 4th quarter and fiscal 2022 earnings which showed ongoing strength in its Continuing Lines businesses. An update was provided on recent discontinued lines of business.

Utilizing a scenario analysis methodology for future projections of book value per share, we believe GBLI is worth approximately $60.00 per share. Various industry wide dynamics could materially increase or decrease that value.

Current Price (03/21/23)	$27.39
Valuation	**$60.00**

OUTLOOK

Global Indemnity Group, LLC, provides specialty and niche insurance products nationwide. GBLI focuses on small to middle market casualty business. The company has made a concerted effort to reduce its property exposure. The company's largest business, Penn-America Binding, targets small business written on an excess and surplus lines basis. The Continuing Lines business is showing strong growth and the company has excess capital of approximately $150 million. Global Indemnity is expected to return to profitability in 2023.

SUMMARY DATA

52-Week High	**$30.72**
52-Week Low	**$20.52**
One-Year Return (%)	**12.69**
Beta	**0.37**
Average Daily Volume (sh)	**17,394**
Shares Outstanding (mil)	**13.9**
Market Capitalization ($mil)	**$381**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**88**
Insider Ownership (%)	**44**
Annual Cash Dividend	**$1.00**
Dividend Yield (%)	**3.31**
5-Yr. Historical Growth Rates	
Sales (%)	**7.2**
Earnings Per Share (%)	**N/A**
Dividend (%)	**0.0**
P/E using TTM EPS	**N/A**
P/E using 2022 Estimate	**N/A**
P/E using 2023 Estimate	**9.44**
Zacks Rank	**N/A**

Risk Level	**Low**
Type of Stock	**Small-Value**
Industry	**Insurance**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	87 A	179 A	160 A	158 A	584 A
2021	158 A	164 A	167 A	189 A	678 A
2022	130 A	148 A	194 A	156 A	628 A
2023	153 E	148 E	148 E	143 E	593 E

EPS / Loss Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2020	-$3.13 A	$2.61 A	-$1.06 A	$0.08 A	-$1.48 A
2021	$0.37 A	$0.43 A	-$0.54 A	$1.71 A	$1.97 A
2022	-$1.03 A	-$0.84 A	$1.60 A	$0.16 A	-$0.09 A
2023	$0.70 E	$0.52 E	$0.66 E	$0.70 E	$2.58 E

Quarterly revenues may not equal annual revenues due to rounding. Quarterly EPS may not equal annual EPS due to rounding, dilution or intangibles.

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WHAT'S NEW

Financial Review

Global Indemnity Group reported fiscal year 2022 financial and operating results on March 9th. The company continued to show strong growth in its Continuing Lines of business. Gross written premiums, net written premiums, and net earned premiums for the Continuing Lines increased 17.3%, 18.7% and 27.2%, respectively. Consolidated (including exited lines) gross written premiums, net written premiums, and net earned premiums increased 6.7%, 1.9% and 1.2%, respectively.

Underwriting income in the Continuing Lines business was $16.2 million in 2022 compared to $11.3 million in 2021. Consolidated underwriting income was $8.3 million in 2022 compared to a loss of ($10.4) million in 2021. The combined ratio for Continuing Lines was 97.1% in 2022 which was comprised of a Loss Ratio of 59.9% and an Expense Ratio of 37.2%. Consolidated combined ratio was 98.8%.

The company made a concerted effort to lower its catastrophe exposure last year which resulted in catastrophe losses for Continuing Lines of $11.0 million for the year compared to losses of $19.4 million in 2021.

The company provides an adjusted operating income figure in order to provide an underlying metric for the health of the core Continuing Lines businesses. Adjusted operating income excludes exited lines underwriting losses, realized investment losses, as well as other extraordinary gains and losses. The 2022 adjusted operating income was $19.5 million, or $1.30 per diluted shares, compared to $0.97 in the prior year.

Investment income for 2022 came in at $27.6 million in 2022, or $33.6 million if a loss on an alternative investment is excluded. This compared to $37.0 million in 2021, or $26.2 million excluding alternative investments. The company experienced a slightly smaller asset base for investments due to the early retirement of $130 million in debt in April 2022. Book yield on the investment portfolio increased from 2.2% at end of 2021 to 3.5% as of December 31, 2022. Duration of the fixed income portfolio at December 31, 2022 was 1.7 years compared to a duration of 3.0 years at the end of 2021 and 4.5 years as of June 2021.

Book value per share was $44.87 at the end of 2022, a decrease from $48.44 as of 12/31/2021. The decrease was primarily due to the effects of rising interest rates on the company's bond portfolio which created realized losses. The company expects this to be recovered in 2024 due to the current 1.7 year duration on the fixed income portfolio. Shareholders equity also includes $49.5 million of net after-tax unrealized fixed income losses, much of which is anticipated to be recovered by the end of 2024. However, on a sequential basis, book value per share increased by $1.11 from $43.76 as of 9/30/22. This was primarily due to share repurchases described below.

In the 4th quarter of 2022, the company announced it would begin a stock repurchase program before the end of the year. Repurchases of up to $32 million (since increased to $60 million) of GBLI's outstanding Common A Shares were authorized with an expiration of December 31, 2027. Under this program, the company repurchased 907,082 shares from third parties for an aggregate amount of $21.9 million, or $24.17 per share during the 4th quarter of 2022.

New CEO Jay Brown stated, *"My objective for 2023 is to get our company being valued above book value in recognition that our insurance operations are adding value to my fellow owners. As such, my relentless daily focus as CEO will continue to be to work with both the board and the management team to make that happen in the near term."*

Valuation and Estimates

We are updating our full year 2023 EPS estimate to $2.58, which may prove to be conservative if the company's combined ratio on its Continuing Lines continues to decline more rapidly than expected. There are no changes to our valuation target of **$60.00** at this time as we believe that over the long-term, the company can trade at a small premium to future book value per share.

Management Transition

On October 21st, 2022 the company announced that CEO David Charlton and COO Reiner R. Mauer are no longer officers or directors of GBLI. The board of directors appointed Joseph (Jay) Brown as its Chief Executive Officer. Mr. Brown has served as a GBLI director since December 2015 and will remain a board member. Mr. Brown has almost 50 years of insurance industry experience, including prior tenures as a director, chairman, and chief executive officer of MBIA, Inc. (NYSE: MBI), chairman of the board of Safeco, chairman of the board of Talegen Holdings, Inc., chairman of Noblr, and president and CEO of Fireman's Fund Insurance Company.

GBLI also announced that Jason Hurwitz, 50, rejoined GBLI's board of directors. Mr. Hurwitz had previously served on GBLI's board from September 2017 to January 2022. Mr. Hurwitz is a partner with Osier Capital LLC, an investment firm focused on insurance and other long-term investments.

GBLI Chairman Saul Fox, stated*: "I wish to thank David Charlton and Reiner Mauer for their significant contributions to GBLI during their 18-month and 16-month respective tenures with GBLI. However, GBLI's board of directors believes that the company would be best served at this time by Jay Brown as its Chief Executive Officer, given Jay's vast experience as a chief executive and as a board chairman of several prominent and highly esteemed property & casualty insurance companies, where Jay orchestrated enterprise transformative results. Jay's decades of insurance company senior leadership expertise will be of tremendous value to GBLI as it transitions to an information technology and data driven casualty lines focused provider." Jay Brown added: "It has been a terrific experience as a director working with the GBLI board and management team over the past 5 years developing the long-term strategy for our company. I look forward to shifting to the senior executive role at the company leading the effort to make that vision a reality."*

Investor Day Review

Global Indemnity Group (NYSE:GBLI) hosted an in-person investor meeting in New York City on September 21st 2022 which covered a wide range of topics including portfolio shifts, strategic vision, and investment policy actions.

The company is actively moving from a holding company comprised of different entities to one focused branded company with businesses whose names are representative and connected to the company and the GBLI brand. This allows the company to improve trading relationships across multiple constituencies including brokers, partners and customers. This shared brand recognition allows the company to execute as one entity and expand product offerings and solutions, as well as improve the customer experience.

The company reiterated its strong growth in its core businesses as well as the move to more casualty-based business and the reduction of its property-based lines. It's continuing lines businesses increased revenues 30.4% through the 1st six months of 2022 and the mix of casualty business increased from 42% in 2020 to 72% in the 1st six months of 2022 (continuing lines).

Business portfolio changes were also discussed which mentioned the creation of three new core lines that include Professional, Environmental, and Excess Casualty. In early 2023, these lines were discontinued due to a strategic change of focus. Recent sold or exited lines include the Farm, Ranch &

Equine business, Personal/Mobile Home lines, and Property Brokerage (in excess of $10 million). As a result, the company's CAT volatility was greatly reduced. Gross Average Annual Loss was reduced from $56.3 million in 2020 to $10.4 million as of the end of the 2nd quarter of 2022. This reduction in CAT exposure has also reduced the company's reinsurance spending by approximately $14 million.

The company provided details on its advanced technology capabilities that are driving profitable growth. These include ISO-based products that are coupled with proprietary customizations such as precision-level pricing that is aligned to census block and is calculated at the point of sale. The company employs fully integrated 3rd party data that helps with reduced firearm claims, exposure verification for property values, sales and payroll figures. The company also utilizes drones to provide "roof scores" used to identify increased hazards. In addition, artificial intelligence tools are used in identify classes of business and census block data to help underwriters proactively address important trends.

Global Indemnity discussed dramatic actions that were taken in 2021 and early 2022 in order to reposition the investment portfolio in anticipation of rising interest rates and volatility in financial markets. The company sold its common stock portfolio throughout the 1st quarter of 2022 and also sold its low-quality bank loan portfolio in the 2nd quarter of 2022. The duration of the fixed income portfolio was lowered from 4.6 years in May 2021 to 1.7 years in June 2022. This short-duration portfolio is well positioned to diminish losses from interest rate increases as well as generate cash flows to redeploy at higher prevailing rates. This short duration portfolio gives the company a competitive advantage as the average peer duration is approximately 3.7 years (AFG, ARGO, JRVR, KNSL, RLI, SIGI, WRB).

The company continues to maintain a conservative balance sheet with a short-duration portfolio that matches well with the loss reserve duration of 2.2 years. 96% of the fixed income portfolio is invested in assets with an average credit rating of "AA-". The remaining is invested in alternative investments (4%) and preferred stocks (1%).

Global Indemnity has a strong capital base of $626 million of which approximately $150 million is considered to be discretionary capital to support the core business and return capital to shareholders. The company has no debt at this time.

KEY INVESTMENT POINTS

- Global Indemnity Group, LLC (NYSE:GBLI) is a specialty property and casualty insurance company that has been operating nationwide since the early 2000's.
- The company is led by an experienced management team, including a new Chief Executive who has decades of experience in the property & casualty insurance business.
- The company operates through two primary segments: Commercial Specialty and Reinsurance Operations. It also has an Exited Lines segment.
- Commercial Specialty targets specific, defined groups of insureds predominantly in the excess and surplus lines, or non-admitted, small to middle marketplace.
- The Reinsurance Operations segment provides reinsurance solutions through primary writers including insurance and reinsurance companies. The company anticipates that its Reinsurance Operations will comprise a smaller percentage of the overall business going forward.
- Exited Lines represents lines of business that are no longer being written or are in runoff.

- The company has a solid liquidity position as of the end of the 4th quarter with $38.9 million in unrestricted cash and equivalents and $1.3 billion in investments primarily comprised of highly liquid fixed income investments.

- The company has no debt as $130 million of subordinated debt was retired in April 2022.

- GBLI currently has a market capitalization of $381million and we expect the company to generate approximately $593 million in total revenues in 2023 and $542 million in net written premiums.

- Based on the most recent reported results as of 12/31/22, the company is selling at 63.8% of book value. Using a future book value scenario analysis valuation methodology, we place a value for GBLI at **$60.00** per share.

COMPANY OVERVIEW

During the fourth quarter of 2022, the company decided to restructure its insurance operations in an effort to strengthen its market presence and enhance its focus on GBLI's core Wholesale Commercial and InsurTech products. As a result, the company will be exiting its four brokerage divisions: Professional Liability, Excess Casualty, Environmental, and Middle Market Property. The company will cease writing new business and existing renewals will be placed in run-off for these four divisions.

The company provides its insurance products across a full distribution network that includes wholesale general agents, wholesale brokers, and retailers. The company's Commercial Specialty products are distributed through approximately 360 wholesale general agent and wholesale broker offices. One agent provided 10.3% of Commercial Specialty's gross written premiums. No other agent or broker accounted for more than 10% of gross written premiums within the Commercial Specialty segment for the year ended December 31, 2022.

On August 8, 2022, the company sold the renewal rights related to its Farm, Ranch & Stable business for policies written on or after August 8, 2022 to Everett Cash Mutual Insurance Company. During the 2nd quarter of 2022, the company decided that Farm, Ranch & Stable would not be a core business and a decision was made to not allocate additional resources to this segment. Previously, on October 26, 2021, the company sold the renewal rights related to its manufactured and dwelling homes business which were part of the Specialty Property segment.

In 2021, the company decided to cease writing certain Property Brokerage business which was part of the Commercial Specialty segment, as well as exit certain property and catastrophe lines within the Reinsurance Operations segment. In the fourth quarter of 2022, the company also decided it will reduce writings within its Reinsurance Operations segment. Based on the decisions to exit or downsize these lines of business, the company changed the way it manages and analyzes its operating results. The chief operating decision makers decided they will be reviewing the specific results of the Exited Lines in a separate segment. The chief operating decision makers also determined that the small amount of specialty property business that remained from the Specialty Property segment would be included as a product offering in the commercial Specialty segment for purpose of reviewing results and allocating resources. Several smaller reinsurance treaties have also been reclassified from Reinsurance to commercial Specialty. The Reinsurance Operations segment writes casualty treaties as well as individual excess policies.

Accordingly, the company has three reportable segments: Commercial Specialty, Reinsurance Operations, and Exited Lines. Management believes these segments allow users of the Company's financial statements to better understand the company's performance, better assess prospects for future

net cash flows, and make more informed judgments about the Company as a whole. The segment results for 2021 and 2020 have been revised to reflect these changes.

Everett Cash Mutual Insurance Company also acquired the Company's wholly-owned subsidiary, American Reliable Insurance Company, on December 31, 2022 for an amount equal to book value, which was $10.0 million, at the time of closing.

Recent corporate actions:

- Since 2017, shed 59% of 2017's gross written premium ($303 million of $516 million). The eliminated businesses had a combined ratio of 119.8% in 2017. Shed business includes the sale of Manufactured Homes & Dwelling and Farm, Ranch & Equine led by Fox Paine & Company for 1.8 times capital.

- From 2017 to 2021, the company grew Continuing Lines gross written premium from $213 million to $487 million, a 4.5-year Compound Annual Growth Rate (CAGR) of 24%. Gross written premiums for the six months ended June 30, 2022 were 28.4% higher when compared to the same period in 2021.

- Redomesticated to the United States in 2020.

- Eliminated 100% of outstanding subordinated debt.

- Reduced duration and investment risk by selling the common stock portfolio in the 1st quarter of 2022 and lowered the fixed income portfolio duration to 1.8 years as of the end of 2nd quarter 2022.

Results of this corporate activity:

- Continuing Lines have a Combined Ratio of 95.4% for the six-month period ending June 30, 2022 and a 5-year average Combined Ratio in the 80s.

- 80% reduction in 1-in-250 year Probable Maximum Loss (PML).

- Continuing Lines Net Earned Premiums were 72% casualty for the six months ended June 30, 2022 compared to 55% casualty in 2019.

As a result of a redomestication transaction, in which GBLI merged their Bermuda insurance operation into domestic businesses, GBLI was able to free up $150 million of unrestricted capital for the new unregulated parent company, Global Indemnity Group, LLC (treated as a partnership for federal income tax purposes). That capital is available to support all of GBLI's ongoing operations and to pay dividends to shareholders. In addition, the redomestication further simplified GBLI's corporate and operational structure resulting in over $5 million in recurring cost savings.

SEGMENTS & BUSINESS UNITS

Commercial Specialty

Primary businesses under this segment include:

Penn-America Binding – This business distributes property and general liability products for small commercial businesses through a select network of wholesale general agents with specific binding authority. Examples of small businesses served are apartments, bars, contractors and

other small retail operations. GBLI has the technology and the expertise to profitably underwrite over 1,000 classes in 50 states with an average premium of $2,800 per policy. The business is approximately 69% casualty and 31% property.

Programs – This business distributes property, general liability, and professional lines products through program administrators with specific binding authority. The group takes a narrow but deep focus on certain industries as it tries to cover all companies in that field. Examples of its programs include a national premier fast-food franchise, couriers, tattoo parlors, contractors and various other niche businesses. To support these programs, the company utilizes in-house analytics and artificial intelligence tools to allow for superior portfolio management. These programs have standalone multi-disciplinary teams that are engaged in underwriting, analytics, claims, actuarial, legal, and product development.

InsurTech – The InsurTech division currently has two existing profitable product areas that the company is investing in to aggressively grow:

Collectibles Insurance Services – This business insures collections such as comic books, baseball cards, artwork, guns, and stamps. This is a digital, direct-to-consumer product supported by advanced technology and analytics.

Vacant Express – This business distributes products for dwellings that are currently vacant, undergoing renovations, or are under construction through aggregators, brokers, and retail agents. Production has been slow for residential policies recently due to the strong housing market, which has created high turnover of home sales and resulted in fewer vacancies. However, the commercial side of the business has been strong due to the work-from-home trend. Average premiums are typically less than $1,000 for these policies.

The InsurTech business will be actively bringing out additional new products utilizing state of the art technology to improve the insurance buying experience for consumers and agents.

Cannabis – This offering specializes in providing comprehensive property, premises liability, and product liability coverages for seed-to-sale cannabis operators, including dispensaries and retailers, indoor growers, manufacturers, and extractors/processors. This is a growing niche industry segment currently avoided by most standard carriers and has an expected market opportunity of approximately $40 billion in five years. This is also a highly profitable business with historical, industry combined ratios of under 90%.

The company provides its insurance products across a full distribution network that includes wholesale general agents, wholesale brokers, and retailers. The company's Commercial Specialty products are distributed through approximately 360 wholesale general agent and wholesale broker offices. One agent provided 10.3% of Commercial Specialty's gross written premiums. No other agent or broker accounted for more than 10% of gross written premiums within the Commercial Specialty segment for the year ended December 31, 2022.

In 2022, gross written premiums for the Commercial Specialty segment were $401.0 million compared to $373.6 million for 2021. For 2022, surplus lines business accounted for approximately 90% of the business written while specialty admitted business accounted for the remaining 10%.

Reinsurance Operations

The company's Reinsurance Operations segment provides reinsurance solutions through brokers and primary writers, including insurance and reinsurance companies. Prior to the redomestication transaction, the company's Reinsurance Operations consisted solely of the operations of its Bermuda-based wholly owned subsidiary, Global Indemnity Reinsurance. As part of the redomestication transactions, Global

Indemnity Reinsurance was merged into Penn-Patriot Insurance Company with Penn-Patriot being the surviving entity. The business is focused on using its capital capacity to write casualty and specialty-focused contracts.

The company's assumed premiums on one treaty accounted for 93.7% of the Reinsurance Operations' 2022 gross written premiums. This same treaty accounted for 10% or more of the Company's consolidated revenues for the year ended December 31, 2022. To support growth in the Company's Commercial Specialty segment and provide capital for business initiatives including share repurchases, a decision was made to reduce writings in its Reinsurance Operations. The company anticipates that its Reinsurance Operations will comprise a smaller percentage of the company's overall business prospectively.

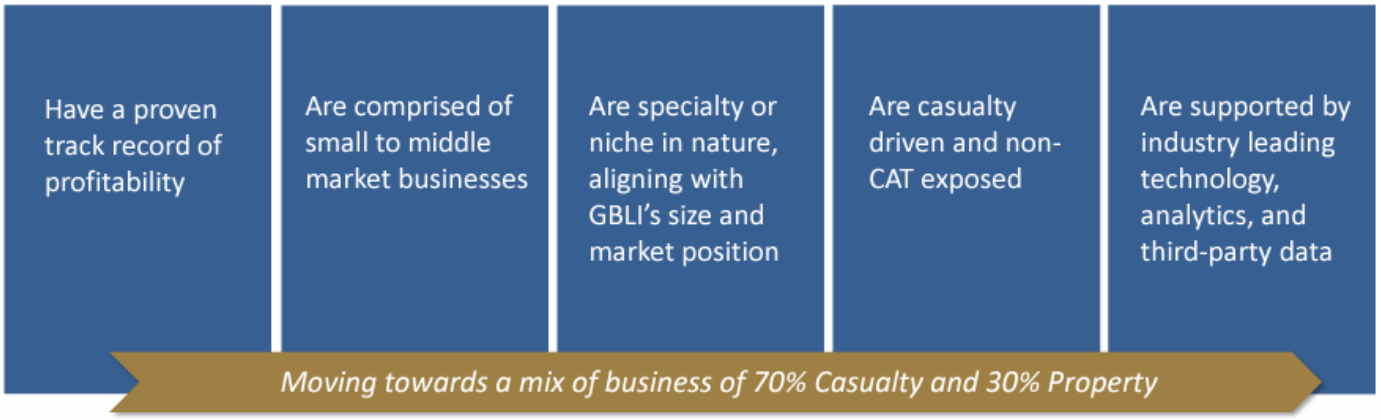
In 2022, gross written premiums were $158.7 million compared to $103.7 million for 2021. In early 2023, a large casualty treaty was not renewed and net written premiums in this segment is expected to decline significantly in 2023.

Exited Lines

The company's Exited Lines segment represents lines of business that are no longer being written or are in runoff. Exited Lines includes specialty personal lines and property and casualty products such as manufactured homes, dwelling, motorcycle, watercraft, certain homeowners' business, certain business within property brokerage, farm, ranch and equine business, and property and catastrophe reinsurance treaties. The renewal rights related to the company's manufactured home and dwelling products, which are included in Exited Lines, were sold during the fourth quarter of 2021. The renewal rights related to the farm, ranch and equine business were sold during the third quarter of 2022 and are also included in Exited Lines.

The manufactured home, dwelling, motorcycle, watercraft, certain homeowners, and farm, ranch and equine products within Exited Lines operated primarily in the standard or admitted markets. These insurance products were either underwritten through limited binding authority or by internal personnel. The property brokerage product within Exited Lines operated predominantly in the excess and surplus lines or non-admitted markets. The property and catastrophe reinsurance treaties within Exited Lines were distributed through brokers on a direct basis. GBLI made a concerted effort to reduce its catastrophe exposure, particularly in areas prone to hurricanes and wildfires.

In addition, the discontinued lines of Environmental, Excess Casualty and Professional were added to Excess Lines in early 2023.



Source: GBLI Investor Presentation

RECENT STRATEGY & OBJECTIVES

The company is restructuring its insurance operations in an effort to strengthen its market presence and enhance its focus on GBLI's core Wholesale Commercial and InsurTech products. As a result, the company is exiting its four brokerage divisions: Professional Liability, Excess Casualty, Environmental, and Middle Market Property. The Company will cease writing new business and existing renewals will be placed in run-off for these four divisions. To support growth in thecompany's Commercial Specialty segment and provide capital for business initiatives including share repurchases, a decision was made to reduce writings in its Reinsurance Operations.

The company anticipates that its Reinsurance Operations will comprise a smaller percentage of the Company's overall business prospectively. The restructuring plan was initiated in the fourth quarter of 2022 and is expected to be completed in the first quarter of 2023. The Company incurred restructuring charges of $3.4 million in the 4th quarter of 2022 and $2.1 million in the 1st quarter of 2023 for a total of $5.5 million. The Company anticipates recurring annual expense savings of $16.0 million beginning in 2023. Professional Liability, Excess Casualty, Environmental, and Middle Market Property will be reported in the Exited Lines Segment. Any information technology initiatives related to business lines within Exited Lines have been discontinued.

RISKS

- If actual claims payments exceed the company's reserves for losses and loss adjustment expenses, the company's financial condition and results of operations could be adversely affected. The company's ultimate success depends upon its ability to accurately assess the risks associated with the insurance and reinsurance policies that it writes. The company establishes reserves on an undiscounted basis to cover its estimated liability for the payment of all losses and loss adjustment expenses incurred with respect to premiums earned on the insurance policies that it writes. Reserves do not represent an exact calculation of liability, but reserves are estimates of what the company expects to be the ultimate cost of resolution and administration of claims under the insurance policies that it writes.

- The occurrence of natural or man-made disasters, as well as global pandemics, could result in declines in business and increases in claims that could adversely affect the company's business, financial condition, and results of operations. The company is exposed to various risks arising out of natural disasters, including earthquakes, hurricanes, fires, floods, landslides, tornadoes, typhoons, tsunamis, hailstorms, explosions, climate events, public health crises, illness, epidemics or pandemic health events. In addition, man-made disasters may occur which include acts of terrorism, military actions, cyber-terrorism, explosions, and biological, chemical or radiological events.

- A decline in ratings for any of the company's insurance or reinsurance subsidiaries could adversely affect its position in the insurance market by making it more difficult to sell its insurance products which would cause premiums and earnings to decrease. If the rating of any of the company's insurance companies is reduced from its current level of "A" (Excellent) by AM Best, the company's competitive position in the insurance industry could suffer, and it could be more difficult to market its insurance products. A downgrade could result in a significant reduction in the number of insurance contracts the company writes and in a substantial loss of business as that business could move to other competitors with higher ratings.

- The company's investment performance may suffer as a result of adverse capital market developments or other factors, which would in turn adversely affect its financial condition and results of operations. The company derives a significant portion of its income from its invested assets, therefore, the company's overall operating results depend, in part, on the performance of its investment portfolio. The company's operating results are subject to a variety of investment risks, including risks relating to general economic conditions, market volatility, interest rate fluctuations, liquidity risk and credit and default risk.

- The company competes with numerous domestic and international insurance and reinsurance companies, mutual companies, specialty insurance companies, underwriting agencies, diversified financial services companies, Lloyd's syndicates, risk retention groups, insurance buying groups, risk securitization products and alternative self-insurance mechanisms. In particular, the company competes against insurance subsidiaries of the groups in the specialty insurance market including:

  - American International Group
  - Argo Group International Holdings, Ltd.
  - Ategrity Specialty Holdings LLC
  - Atlantic Casualty Insurance Company
  - Berkshire Hathaway
  - Canopius US Insurance, Inc.
  - CapSpecialty Insurance Group
  - Everest Re Group, Ltd.
  - Great American Insurance Group
  - Hallmark Financial Services, Inc.
  - HCC Insurance Holdings, Inc.
  - IFG Companies
  - James River Group Holdings
  - Kinsale Capital Group, Inc.
  - Markel Corporation
  - Nationwide Insurance
  - RLI Corporation
  - RSUI Group
  - Selective Insurance Group, Inc.
  - The Hartford
  - The Travelers Companies, Inc.
  - Westchester Surplus Lines Insurance Co
  - W.R. Berkley Corporation

  In addition to the companies mentioned above, the company is facing competition from other standard line companies who are continuing to write risks that traditionally had been written by excess and surplus lines carriers, Bermuda companies who are establishing relationships with wholesale brokers and purchasing carriers, and other excess and surplus lines competitors.

  Competition may take the form of lower prices, broader coverage, greater product flexibility, higher quality services, reputation and financial strength or higher ratings by independent rating agencies. The company differentiates itself from the competition by distributing Wholesale Commercial and InsurTech products that are not readily available in the market. Each of the company's products has its own distinct competitive environment. The company seeks to compete through innovative products, appropriate pricing, niche underwriting expertise, and quality service to policyholders, general agencies and brokers.

VALUATION

We believe Global Indemnity can continue to generate profitable growth and produce Net Written Premium growth within the 6.0%-8.0% range. This is due to the company's ability to create new lines of businesses in niche markets and as well as continuing to efficiently operate and nurture the core and legacy businesses. We expect the company's total combined ratio to decline going forward from current levels.

Our base case assumes the company is able to achieve the mid-range of performance objectives which is 7.0% compound annual growth rate (CAGR) of net written premiums for the five-year period between 2023 and 2027. That produces EPS in 2027 of approximately $4.34 and book value per share of $57.00. Return on equity would be in the range of 9.5%-10.0% towards the end of that time frame.

Currently, GBLI is currently selling at 63.8% of book value based on shareholders' equity of $626.2 million as of December 31, 2022. Average industry Price/Book multiples are approximately 1.50x for quality large cap operators and closer to 1.0x for small cap insurers with a median of 1.05x.

In addition, companies with low-mid double-digit ROE's often trade at a premium to industry averages. Currently Price/Book industry valuations for high ROE companies is approximately 1.50x.

Simply achieving the sector median of 1.05x to the weighted average future BVPS estimate (2027) would produce a value of approximately **$60.00**, which is our current target valuation.

The company currently pays an annualized dividend of $1.00 which equates to a dividend yield of 3.41%. The payout ratio is well below 50% based on 2023 estimated EPS and is expected to decrease significantly over time as the company's earnings continue to grow.

SUMMARY

We believe Global Indemnity is entering a robust new growth phase based on new business lines, actively developing its core business, and by utilizing the expertise of its new management team. If the company was to meet the low end of performance objectives, a substantial amount of shareholder equity would be created over the next five years.

The company is currently selling at a Price/Book value that does not reflect the future growth opportunities for the company over the next 3-5 years. GBLI may likely experience multiple expansion that approaches industry averages. Even with potential volatile earnings that can often be associated with P&C insurance companies, Global Indemnity can continue to add earnings to shareholders equity and increase book value over time.

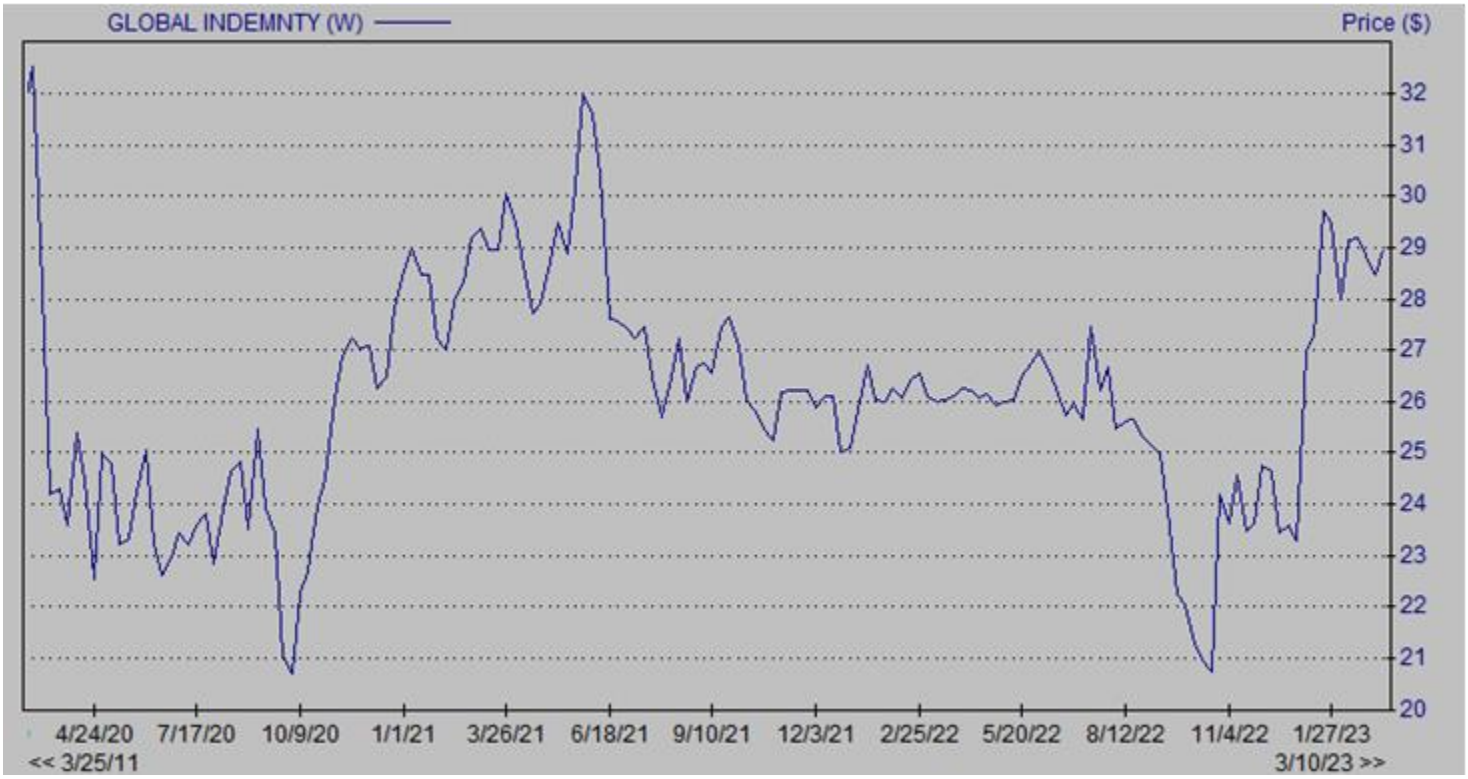
The company's pays a dividend that offers an above market average dividend yield which should offer some level of stability for equity investors.

Investors may be getting the rare opportunity to get in on the ground floor of a dynamic P&C insurance company that is poised for rapid growth and increase in book value. With the company trading at such a large discount to book value, a margin of safety appears to exist at this time.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Income Statement		Dec-21	Dec-22	Dec-23	Dec-24	Dec-25
Combined Ratio		102.0%	98.9%	98.0%	97.0%	96.0%
Net Written Premiums		**580,068**	**591,331**	**542,632**	**481,681**	**524,537**
Growth		*5.8%*	*1.9%*	*-8.2%*	*-11.2%*	*8.9%*
Net Earned Premiums		**595,610**	**602,471**	**538,277**	**514,911**	**501,218**
Growth		*4.9%*	*1.2%*	*-10.7%*	*-4.3%*	*-2.7%*
Net Investment Income		**37,020**	**27,627**	**53,123**	**55,332**	**54,114**
%		*6.2%*	*4.6%*	*9.9%*	*10.7%*	*10.8%*
Investment Gains & Other		**45,638**	**(1,564)**	**1,637**	**1,156**	**1,226**
TOTAL REVENUES		**678,268**	**628,534**	**593,037**	**571,399**	**556,557**
Growth		*16.2%*	*-7.3%*	*-5.6%*	*-3.6%*	*-2.6%*
Net losses and loss adjustment expenses		**384,964**	**359,228**	**314,087**	**297,878**	**287,450**
% of sales		*64.6%*	*59.6%*	*58.4%*	*57.9%*	*57.4%*
Acquisition costs and other underwriting expenses		**222,841**	**236,381**	**213,255**	**201,423**	**193,560**
% of sales		*37.4%*	*39.2%*	*39.6%*	*39.1%*	*38.6%*
SG&A		**27,179**	**24,421**	**20,300**	**18,988**	**17,382**
% of sales		*4.6%*	*3.9%*	*3.4%*	*3.3%*	*3.1%*
Amortization		**0**	**0**	**0**	**0**	**0**
% of sales		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Operating Income		**43,284**	**8,504**	**45,396**	**53,110**	**58,165**
Margin		*6.4%*	*1.4%*	*7.7%*	*9.3%*	*10.5%*
EBITDA		**88,922**	**6,940**	**47,032**	**54,267**	**59,390**
Margin		*14.9%*	*1.2%*	*8.7%*	*10.5%*	*11.8%*
Other Expenses/(Income)		**0**	**3,529**	**0**	**0**	**0**
%		*0.0%*	*0.6%*	*0.0%*	*0.0%*	*0.0%*
EBIT		**43,284**	**4,975**	**45,396**	**53,110**	**58,165**
%		*7.3%*	*0.8%*	*8.4%*	*10.3%*	*11.6%*
Total Interest Exp (net)		**10,481**	**3,004**	**0**	**0**	**0**
%		*1.8%*	*0.5%*	*0.0%*	*0.0%*	*0.0%*
Net Profit Before Tax		**32,803**	**1,971**	**45,396**	**53,110**	**58,165**
%		*5.5%*	*0.3%*	*8.4%*	*10.3%*	*11.6%*
Income Tax		**3,449**	**2,821**	**9,553**	**11,177**	**12,241**
% Effective Rate		*10.5%*	*143.1%*	*21.0%*	*21.0%*	*21.0%*
% Cash Tax Rate		*10.5%*	*143.1%*	*21.0%*	*21.0%*	*21.0%*
Minority Interests or Preferred Stock		**440**	**440**	**440**	**440**	**440**
Net Profit		**28,914**	**(1,290)**	**35,402**	**41,493**	**45,484**
%		*4.9%*	*-0.2%*	*6.6%*	*8.1%*	*9.1%*
Non-recurring income (expense)						
Average Diluted Shares Outstanding		14,664	14,482	13,713	13,713	13,713
Reported FD EPS						
Zacks Cash EPS		**2.00**	**(0.09)**	**2.58**	**3.03**	**3.32**
Zacks EPS		**2.00**	**(0.09)**	**2.58**	**3.03**	**3.32**

HISTORICAL STOCK PRICE



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