

Amerisafe Inc. (AMSF)

\$38.62 (Stock Price as of 12/24/2025)

Price Target (6-12 Months): **\$42.00**

Long Term: 6-12 Months

Zacks Recommendation:

Neutral

(Since: 07/19/24)

Prior Recommendation: Underperform

Short Term: 1-3 Months

Zacks Rank: (1-5)

3-Hold

Zacks Style Scores:

VGM: D

Value: C

Growth: F

Momentum: B

Summary

AMERISAFE's specialization in high-hazard risk insurance establishes it as a niche player in the market. It boasts a strong policy retention rate. With a clean, debt-free balance sheet, it enjoys ample financial flexibility to support operations, fulfil financial obligations and navigate unforeseen challenges. It repurchased shares worth \$1.3 million in the third quarter of 2025. In July, the company reauthorized the \$25 million share repurchase program. Its loss ratio improved 20 basis points year over year in the first nine months of 2025. Its ROA is higher than the industry average. However, the workers' compensation market has experienced pressure on premium rates, negatively impacting premium & revenue growth. Also, it is overvalued at current levels, despite shares declining YTD. As such, the stock warrants a cautious stance.

Data Overview

52 Week High-Low	\$53.27 - \$36.34
20 Day Average Volume (sh)	172,495
Market Cap	\$730.9 M
YTD Price Change	-25.1%
Beta	0.37
Dividend / Div Yld	\$1.56 / 4.0%
Industry	Insurance - Accident and Health
Zacks Industry Rank	Bottom 20% (195 out of 243)

Last EPS Surprise	0.0%
Last Sales Surprise	-0.5%
EPS F1 Est- 4 week change	0.0%
Expected Report Date	02/25/2026
Earnings ESP	0.0%

P/E TTM	16.4
P/E F1	13.7
PEG F1	-1.9
P/S TTM	2.4

Price, Consensus & Surprise⁽¹⁾



Sales and EPS Growth Rates (Y/Y %)⁽¹⁾



Sales Estimates (millions of \$)⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	80 E	82 E	83 E	85 E	330 E
2025	76 A	76 A	78 A	80 E	310 E
2024	76 A	76 A	75 A	74 A	300 A

EPS Estimates⁽¹⁾

	Q1	Q2	Q3	Q4	Annual*
2026	0.54 E	0.55 E	0.54 E	0.55 E	2.18 E
2025	0.60 A	0.53 A	0.55 A	0.57 E	2.25 E
2024	0.69 A	0.58 A	0.58 A	0.67 A	2.53 A

*Quarterly figures may not add up to annual.

(1) The data in the charts and tables, including the Zacks Consensus EPS and sales estimates, is as of 12/24/2025.

(2) The report's text and the price target are as of 12/16/2025.

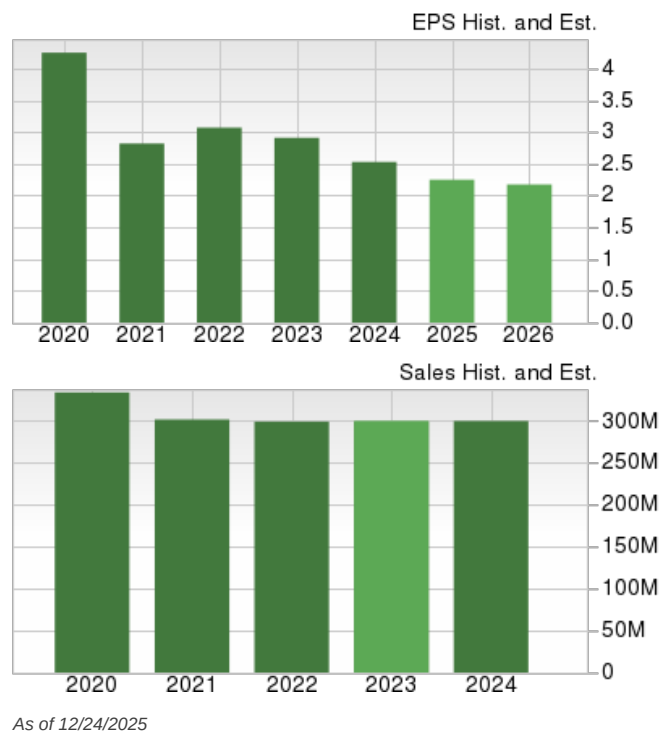
Overview

Incorporated in 1985 and headquartered in DeRidder, LA, AMERISAFE, Inc. is a specialty provider of workers' compensation insurance, which markets and underwrites its insurance through subsidiaries. Workers' compensation insurance covers statutorily prescribed benefits that employers are obligated to provide to employees injured in the course and scope of their employment.

The company focuses on providing coverage to small to mid-sized employers engaged in hazardous industries, principally construction, trucking, logging, agriculture, oil and gas, maritime, and sawmills. AMERISAFE's workers' compensation insurance policies provide benefits to injured employees primarily for temporary or permanent disability, death, medical and hospital expenses. The company operates through three insurance subsidiaries — American Interstate Insurance Company of Nebraska and Texas, and Silver Oak Casualty in Louisiana.

In addition to its voluntary workers' compensation business, the company underwrites workers' compensation policies for employers and assumes reinsurance premiums from mandatory pooling arrangements. AMERISAFE has an efficient operating platform with an expense ratio of 29.6% in 2024, enabling it to generate a higher underwriting profit.

The company is licensed to provide workers' compensation insurance in 47 states, the District of Columbia and the U.S. Virgin Islands. It operates on a geographically diverse basis, with 14.7% or less of its gross premiums written in 2024 derived from any one state. The top three states providing a higher percentage of gross premiums written are Georgia, Florida and Louisiana.



Reasons To Buy:

- ▲ **Intensified Focus on Hazardous Industries:** AMERISAFE has spent nearly four decades specializing in workers' compensation insurance for small and mid-sized businesses in high-hazard sectors—an underserved niche with higher premium potential. Operating in 27 U.S. states, it boasts a strong 93.8% voluntary policy retention rate. Its long-standing focus has led to advanced risk analysis tools that enhance underwriting precision. While AMSF shares have lagged the industry in the past year, solid fundamentals position the company for a potential rebound.
- ▲ **High-Quality Investment Portfolio:** Amerisafe's investment portfolio is primarily composed of high-quality, fixed-income securities designed to generate stable returns while preserving capital. The portfolio mainly includes corporate bonds, municipal securities, U.S. Treasury obligations, and mortgage-backed securities, with an emphasis on maintaining a conservative risk profile. AMERISAFE has delivered solid net investment income in recent years, driven largely by high interest rates on its fixed-income portfolio. In 2022, income rose 7% year over year, followed by a 15.1% increase in 2023 to \$31.3 million. However, it dipped slightly to \$29.2 million in 2024 and by 10.7% in the first nine months of 2025 due to reduced investable assets as a result of the special dividend paid in the fourth quarter of 2024. Nevertheless, the company continues to benefit from the long lag between premium collection and claim settlement, allowing it to earn more through compounded returns than peers with faster claim cycles.
- ▲ **Cost-Cutting Initiatives:** AMERISAFE has actively pursued cost-control measures to strengthen profitability. In 2022, it successfully reduced total expenses by 4.1% to \$227 million, primarily by cutting loss adjustment expenses and policyholder dividends. The trend continued in 2023, with loss and loss adjustment expenses falling another 2.7% year over year. Although total expenses rose 4.6% in 2024 and 3.7% year over year in the first nine months of 2025. Ongoing cost-management efforts are expected to drive future savings. Notably, the company's loss ratio in the first nine months of 2025 improved by 20 basis points year over year to 58.5%, reflecting continued operational efficiency.
- ▲ **Strong Balance Sheet:** AMERISAFE maintains a robust, debt-free balance sheet, offering significant financial flexibility for operations and unexpected costs. As of Sept. 30, 2025, it held \$817 million in investments and cash, comfortably exceeding minimum capital requirements. This solid liquidity enables shareholder-friendly actions—such as a 5.4% dividend increase announced in February 2025, extending its uninterrupted dividend record since 2013. The company repurchased \$5.1 million in shares in 2024 and \$1.3 million in 3Q 2025. In July, the company reauthorized the \$25 million share repurchase program, which replaced its prior program. Also, its return on assets (ROA) of 3.9% for the trailing 12 months, is higher than the industry average of 3.2%, reflecting its efficient use of assets for generating income.

Solid policy retention rates, robust balance sheet and strong return on assets are some of the positives.

Reasons To Sell:

- ▼ **Revenues Under Pressure:** The company's revenues have declined since 2015 sans 2018. In 2022 and 2023, the same was down 7.2% and 1.7%, respectively, year over year due to a corresponding 0.8% and 4.5% decline in net premiums earned. Net premiums earned were \$270.6 million in 2024. The metric rose 0.3% in the first nine months of 2025. We remain skeptical about the company's ability to grow revenues due to its concentration in the workers' compensation insurance line, which is suffering from stiff competition and constrained premium rates.
- ▼ **Product Concentration:** Since its founding in 1986, AMERISAFE has remained exclusively focused on workers' compensation insurance. While this specialization has helped it build a strong reputation and expand across multiple states, it also exposes the company to heightened risk. The lack of product diversification makes AMERISAFE more vulnerable to industry-specific challenges, such as pressure on premium rates, which can constrain its premium growth. Unlike diversified insurers that can offset weakness in one segment with strength in another, AMERISAFE's singular focus leaves it more exposed to cyclical fluctuations in the workers' compensation market.
- ▼ **Cash Flow Situation:** AMERISAFE has experienced a worrying trend of decreasing free cash flow (FCF) from 2018 to 2022, signaling potential operational challenges. While it achieved a notable 12.2% rise in this metric in 2023, the sustainability of this improvement remains uncertain, raising questions about the company's future performance. In fact, in 2024, its FCF declined 20.3% year over year. The metric dropped 60.2% in the trailing 12-month period.
- ▼ **Overvaluation:** It appears overvalued and relatively expensive at its current level. The company's price-to-earnings (P/E) ratio is a notable indicator, and investors may be hesitant to pay an additional premium. Currently, it holds a forward 12-month P/E ratio of 17.98X, surpassing the industry average of 12.48X.

Product concentration, lower free cash flows and declining revenues pose a concern.

Last Earnings Report

AMERISAFE Q3 Earnings Met Estimates, New Business Growth Aids

AMERISAFE reported third-quarter 2025 adjusted earnings per share of 55 cents, which matched the Zacks Consensus Estimate. The bottom line fell 5.2% year over year.

Operating revenues improved 4% year over year to \$78 million. Yet, the top line missed the consensus mark by 0.5%.

The quarterly results gained from strong policy retention rates, new business growth and improved underwriting efficiency, which contributed to a rise in net premiums earned and an improved net combined ratio. However, the upside was partly offset by a decline in net investment income and an elevated expense level.

AMSF's Q3 Performance

Net premiums earned of \$71.2 million advanced 6.2% year over year on the back of strong policy retention rates and new business growth. However, the metric fell short of the Zacks Consensus Estimate of \$72 million.

Net investment income decreased 12.3% year over year to \$6.6 million due to reduced investable assets following the special dividend paid in the fourth quarter of 2024. The reported figure marginally missed the consensus mark.

Fee and other income tumbled 24.8% year over year in the quarter under review.

AMERISAFE's pre-tax underwriting profit amounted to \$6.7 million, which rose 9.1% year over year.

Total expenses escalated 5.9% year over year to \$64.5 million due to higher loss and loss adjustment expenses incurred, and underwriting and other operating costs.

Operating net income of \$10.6 million declined 5.2% year over year in the third quarter.

The net combined ratio improved 30 basis points (bps) to 90.6% and met the consensus mark. The metric was aided by an improved net underwriting expense ratio.

Financial Update (As of Sept. 30, 2025)

AMERISAFE exited the third quarter with cash and cash equivalents of \$54.7 million, which advanced 24.3% from the 2024-end level.

Total assets of \$1.2 billion inched up 0.6% from the figure at 2024-end.

Shareholders' equity of \$274.8 million slipped 6.8% from the 2024-end level.

Book value per share was \$14.47 as of Sept. 30, 2025, which decreased 12.3% year over year.

Return on average equity improved 190 bps year over year to 20.5% in the quarter under review.

Capital Deployment Update

AMERISAFE bought back common shares for \$1.3 million in the third quarter of 2025. As of Sept. 30, 2025, the company had a leftover repurchase capacity of \$24.9 million.

Also, management announced a quarterly cash dividend of 39 cents per share as well as approved a special cash dividend of \$1.00 per share. Both the dividends will be paid out on Dec. 12, 2025, to its shareholders of record as of Dec. 5.

FY Quarter Ending 12/31/2024

Earnings Reporting Date	Oct 29, 2025
Sales Surprise	-0.52%
EPS Surprise	0.00%
Quarterly EPS	0.55
Annual EPS (TTM)	2.35

Valuation

AMERISAFE's shares are down 11.7% over the past six months and 25.7% in the past year. Stocks in the Zacks sub-industry and the Zacks Finance sector are up 6% and 10.9% in the past six months, respectively. Over the past year, the Zacks sub-industry and sector are up 8.4% and 14.9%, respectively.

The S&P 500 index is up 15.4% in the past six months and 14.5% in the past year.

The stock is currently trading at 17.98X forward 12-month earnings, which compares to 12.48X for the Zacks sub-industry, 17.40X for the Zacks sector and 23.30X for the S&P 500 index.

Over the past five years, the stock has traded as high as 26.97X and as low as 14.56X, with a 5-year median of 20.19X. Our Neutral recommendation indicates that the stock will perform in-line with the market. Our \$42.00 price target reflects 19.28X forward earnings.

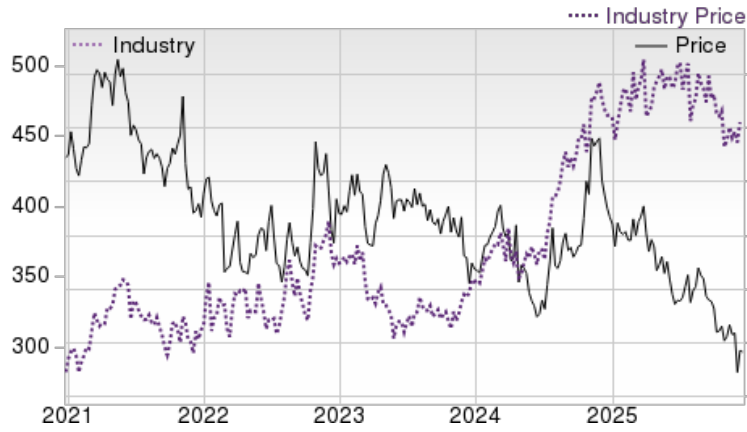
The table below shows summary valuation data for AMSF.

Valuation Multiples - AMSF					
		Stock	Sub-Industry	Sector	S&P 500
P/E F12M	Current	17.98	12.48	17.4	23.3
	5-Year High	26.97	13.03	18.28	23.78
	5-Year Low	14.56	9.5	12.36	15.73
	5-Year Median	20.19	10.93	16.12	21.22
P/S F12M	Current	2.25	2.44	9.08	5.25
	5-Year High	4.14	2.72	10.06	5.5
	5-Year Low	2.1	1.37	6.69	3.83
	5-Year Median	3.27	1.96	8.39	5.05
P/B TTM	Current	2.7	1.77	4.29	8.47
	5-Year High	3.92	2.14	4.37	9.17
	5-Year Low	2.06	0.93	2.87	6.6
	5-Year Median	2.89	1.75	3.52	8.05

As of 12/15/2025

Source: Zacks Investment Research

Industry Analysis⁽¹⁾ Zacks Industry Rank: Bottom 20% (195 out of 243)



Top Peers⁽¹⁾

Company (Ticker)	Rec	Rank
Aflac Incorporated (AFL)	Neutral	3
Assurant, Inc. (AIZ)	Neutral	2
The Hartford Insurance Group (HIG)	Neutral	3
MetLife, Inc. (MET)	Neutral	3
Trupanion, Inc. (TRUP)	Neutral	3
Unum Group (UNM)	Neutral	3
Employers Holdings Inc. (EIG)	Underperform	5
Kemper Corporation (KMPR)	Underperform	5

Industry Comparison⁽¹⁾ Industry: Insurance - Accident And Health

	AMSF	X Industry	S&P 500	AFL	EIG	TRUP
Zacks Recommendation (Long Term)	Neutral	-	-	Neutral	Underperform	Neutral
Zacks Rank (Short Term)	3	-	-	3	5	3
VGM Score	D	-	-	C	C	A
Market Cap	730.86 M	1.62 B	39.21 B	57.98 B	964.80 M	1.62 B
# of Analysts	2	5.5	22	6	1	6
Dividend Yield	4.04%	1.43%	1.39%	2.10%	2.98%	0.00%
Value Score	C	-	-	C	C	D
Cash/Price	0.10	0.18	0.04	0.12	0.18	0.21
EV/EBITDA	9.18	7.18	14.70	8.02	4.88	51.91
PEG Ratio	-1.90	2.41	2.22	3.20	NA	NA
Price/Book (P/B)	2.66	2.02	3.33	2.02	0.93	4.39
Price/Cash Flow (P/CF)	14.45	9.67	15.40	12.48	9.67	130.64
P/E (F1)	13.65	16.05	19.84	14.69	66.03	78.80
Price/Sales (P/S)	2.36	1.17	3.13	3.28	1.07	1.16
Earnings Yield	5.83%	6.26%	5.03%	6.81%	1.51%	1.26%
Debt/Equity	0.00	0.30	0.56	0.30	0.00	0.31
Cash Flow (\$/share)	2.67	4.44	8.98	8.86	4.44	0.29
Growth Score	F	-	-	C	C	A
Hist. EPS Growth (3-5 yrs)	-9.94%	5.26%	8.16%	7.69%	2.83%	NA
Proj. EPS Growth (F1/F0)	11.86%	0.61%	8.50%	4.44%	-82.57%	NA
Curr. Cash Flow Growth	-15.68%	-12.66%	6.86%	8.22%	-12.66%	-137.65%
Hist. Cash Flow Growth (3-5 yrs)	-12.38%	2.23%	7.48%	1.38%	-2.89%	25.98%
Current Ratio	0.44	0.36	1.18	0.11	0.41	1.71
Debt/Capital	0.00%	23.24%	38.01%	23.24%	0.00%	23.59%
Net Margin	16.12%	6.99%	12.78%	23.55%	6.91%	1.10%
Return on Equity	16.94%	13.09%	17.00%	14.97%	3.38%	4.48%
Sales/Assets	0.27	0.26	0.53	0.15	0.26	1.66
Proj. Sales Growth (F1/F0)	0.00%	2.72%	5.83%	2.10%	2.70%	11.80%
Momentum Score	B	-	-	B	A	B
Daily Price Chg	0.13%	-0.05%	0.32%	-0.09%	0.30%	-0.95%
1 Week Price Chg	-0.31%	1.13%	3.13%	0.28%	1.97%	4.54%
4 Week Price Chg	-5.60%	3.94%	1.75%	0.06%	8.38%	6.70%
12 Week Price Chg	-10.79%	-0.06%	3.29%	-0.12%	1.37%	-13.84%
52 Week Price Chg	-25.94%	0.68%	14.77%	7.15%	-16.25%	-26.61%
20 Day Average Volume	180,637	352,751	2,745,060	2,513,281	310,178	395,325
(F1) EPS Est 1 week change	0.00%	0.00%	0.00%	1.69%	0.00%	0.00%
(F1) EPS Est 4 week change	0.00%	0.00%	0.00%	1.69%	0.00%	0.00%
(F1) EPS Est 12 week change	0.00%	0.51%	0.66%	9.75%	-74.51%	32.56%
(Q1) EPS Est Mthly Chg	0.00%	0.00%	0.00%	-0.61%	0.00%	0.00%

Zacks Stock Rating System

We offer two rating systems that take into account investors' holding horizons: Zacks Rank and Zacks Recommendation. Each provides valuable insights into the future profitability of the stock and can be used separately or in combination with each other depending on your investment style.

Zacks Recommendation

The Zacks Recommendation aims to predict performance over the next 6 to 12 months. The foundation for the quantitatively determined Zacks Recommendation is trends in the company's estimate revisions and earnings outlook. The Zacks Recommendation is broken down into 3 Levels; Outperform, Neutral and Underperform. Unlike many Wall Street firms, we have an excellent balance between the number of Outperform and Neutral recommendations. Our team of 70 analysts are fully versed in the benefits of earnings estimate revisions and how that is harnessed through the Zacks quantitative rating system. But we have given our analysts the ability to override the Zacks Recommendation for the 1200 stocks that they follow. The reason for the analyst over-rides is that there are often factors such as valuation, industry conditions and management effectiveness that a trained investment professional can spot better than a quantitative model.

Zacks Rank

The Zacks Rank is our short-term rating system that is most effective over the one- to three-month holding horizon. The underlying driver for the quantitatively-determined Zacks Rank is the same as the Zacks Recommendation, and reflects trends in earnings estimate revisions.

Zacks Style Scores

The Zacks Style Score is as a complementary indicator to the Zacks rating system, giving investors a way to focus on the highest rated stocks that best fit their own stock picking preferences.

Academic research has proven that stocks with the best Value, Growth and Momentum characteristics outperform the market. The Zacks Style Scores rate stocks on each of these individual styles and assigns a rating of A, B, C, D and F. We also produce the VGM Score (V for Value, G for Growth and M for Momentum), which combines the weighted average of the individual Style Scores into one score. This is perfectly suited for those who want their stocks to have the best scores across the board.

Value Score	C
Growth Score	F
Momentum Score	B
VGM Score	D

As an investor, you want to buy stocks with the highest probability of success. That means buying stocks with a Zacks Recommendation of Outperform, which also has a Style Score of an A or a B.

Disclosures

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