

A Year of Milestones for Forge Group

The dust has settled and the books here at Forge Insurance closed last month for 2024. I am pleased to share with our agency partners that it was a year of positive milestones across the board. Forge made meaningful progress on our key business KPIs. It is rewarding to see confirmation of that progress in our financial statements. The investments made in technology and people are generating the intended business ROI. We are grateful for our distribution partners and our employees that contributed to the positive results last year and we look forward to what we can achieve together in 2025.

Forge Growth & Loss Ratio Milestones

In 2024, Forge's countrywide premiums increased 41% compared to 2023. In our Public Auto segment, premiums grew by 24% compared to 2023. We had success growing our book in various public-auto classes outside the taxi niche. In our Small Business Auto segment our premiums were up by 727%! In fairness, the Small Business Auto segment in 2023 was tiny, so the percentage is driven by a small denominator in the prior period. Nonetheless, if the tough COVID years taught us anything here we've learned to accept victories without disclaimer! We are pleased with the trajectory of this growth in this new segment and are hungry to keep this momentum up. The growth in Small Business Auto complements our larger Public Auto book and builds a more resilient and diversified Commercial Auto carrier.

One driver of the 2024 growth was the rollout of our FIRE portal 🔥...the Forge Insurance Rating Engine. We elevated this agent-facing technology in January, and it provided the runway to accelerate our growth in Small Business auto premiums. Like most insurance technology, it remains a work in progress, but Forge will continue to invest in FIRE to increase its stability and add new features and functionality that enhance your agent-experience. We want to make it easier for you to build and manage your book of business here at Forge. The positive feedback we hear from agencies is that it is the team of people that stand behind the technology that make the difference...It is mutual, the Forge team enjoys serving you and your clients and we value the relationships we have built.

While growing premium has been a focus at Forge, we've also been focused on ensuring that growth is profitable. Profitable growth requires two components: 1) a good Loss Ratio and 2) a good Expense Ratio. When you add those two together you get the Combined Ratio which assesses an Insurance Carrier's underwriting profitability. Just like golf, lower Combined Ratio scores are better here and below 100% means you are generating an Underwriting Profit.



Forge posted a Combined Ratio of 104.8% in 2024 versus the Industry at Combined Ratio of 109%. While we are pleased to outperform the Industry, we still have work to do. We have our sights set on breaking a 100% Combined Ratio in 2025 and reporting an underwriting profit for the full year. As a monoline Commercial Auto company, we don't have supporting lines to subsidize our Auto results so we must be materially better than the Industry on a Combined Ratio basis.

Our Loss Ratios have consistently been quite good for many years now. In 2024 our Loss Ratio was 52%. As a comparison, S&P is projecting industrywide Loss Ratios at 71% for 2024. Our Expense Ratio however remains elevated, and it was also 52% in 2024, as compared to an Industry average Expense Ratio of 26% in 2024. The good news here is that our Expense Ratio decreased 11% compared to 2023, and we expect this trend to continue in the future. The only viable path to improve our Expense Ratio is to grow into our expenses by increasing our earned premiums more quickly than our expenses grow. With your help, we can succeed by earning more of your business auto insurance here at Forge. The faster we grow premiums, the more resources we will have to reinvest in the agent and customer experience and the flywheel effect becomes self-reinforcing. Let's go and grow!

Thank You and Forge On in 2025!

We are grateful for the trust you've placed in Forge to serve your client's insurance needs in 2024. We expect new challenges in 2025, but when you have great agency partners you can always find a way to Forge On!

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