

FOR IMMEDIATE RELEASE CONTACT:
Michael H. Braun, CEO (954) 308-1322,
Ronald Jordan, CFO (954) 308-1363,
or Erick A. Fernandez, CAO (954) 308-1341
Federated National Holding Company

FEDERATED NATIONAL HOLDING COMPANY REPORTS
FOURTH QUARTER AND FULL YEAR 2017 RESULTS

Sunrise, Florida, March 13, 2018 – Federated National Holding Company (the “Company”) (Nasdaq: FNHC) today reported results for the three and twelve months ended December 31, 2017.

Q4 2017 highlights (as measured against the same three-month period last year, except where noted):

- Net income of \$6.3 million or \$0.48 per diluted share.
- Homeowners net premiums earned of \$80.4 million, up 18.6%.
- Gross written premiums of \$133.9 million.
- Florida homeowners policies of approximately 272,000.
- 49.9% increase in non-Florida homeowners’ policies to approximately 30,600.
- 13.1% increase in total revenue to \$101.8 million.
- \$1.5 million of claims, net of recoveries including reinsurance, from Hurricane Nate and other severe weather events during the fourth quarter of 2017.
- Book value per share, excluding noncontrolling interest, of \$16.29, as compared to \$16.01 as of December 31, 2016.
- Repurchased 75,667 shares of common stock at an average price of \$16.11, during the fourth quarter of 2017.

Mr. Michael H. Braun, the Company’s Chief Executive Officer, with reference to the quarter’s results, said, “Our fourth quarter financial results represent a solid end to the year, which was impacted from weather-related events and challenges in our non-core business model. Excluding realized gains, fourth quarter revenue grew by 10% and 14%, respectively, compared with the third quarter and prior-year fourth quarter, driven by 13% and 21% increases in our core Homeowners business line over those respective periods. Net income comparisons with the third quarter and prior-year fourth quarter are strong, given hurricane activity that occurred in each period, with Homeowners results up over \$15 million in each case. We’ve entered 2018 in a strong position in our core operations, with enhanced strategic focus on our Homeowners business. We recently completed the acquisition of the minority interests in Monarch, and previously announced our exit from our non-core Automobile operations. We have also decided to exit from our commercial general liability lines, a non-core business that represents less than 2% of our gross written premium. We believe we have a unique opportunity in 2018 and beyond to build on our strong presence in the Florida market, expand selectively in other coastal states, and invest in initiatives to drive further improvements in underwriting profitability and operational efficiency.”

Revenues

- Total revenues increased \$11.8 million, or 13.1%, to \$101.8 million for the three months ended December 31, 2017, compared with \$89.9 million for the same three-month period last year.
- Gross written premiums decreased \$3.2 million, or 2.3%, to \$133.9 million in the quarter, compared with \$137.1 million for the same three-month period last year. The decrease was driven by Automobile, which decreased \$6.9 million, partially offset by an increase in Homeowners of \$3.6 million. The Automobile decrease was due to management actions to reduce the size of our overall program consistent with our previously disclosed plans to exit the Automobile line of business. As of December 31, 2017, the Company has only 2 remaining Automobile programs that will generate premiums earned in 2018. Homeowners’ non-Florida has continued its significant growth in 2017, specifically in Louisiana, Texas and South Carolina.

- Gross premiums earned decreased \$0.5 million, or 0.3 %, to \$151.9 million. The results include \$7.5 million of Homeowners growth spanning several states offset by an \$8.0 million decrease in Automobile as a result of management actions to reduce premiums written in this line of business.
- Ceded premiums decreased \$11.1 million, or 14.7%, to \$64.4 million in the quarter, compared with the same three-month period last year. The decrease in ceded premiums earned was driven by lower ceded premiums from Automobile as a result of lower gross premiums discussed above. Additionally, Homeowners ceded premiums decreased due to the expiration of the retrospectively-rated 10% and 30% Florida-only property quota share treaties, which ended on July 1, 2017 and 2016, respectively. The effect of these expirations was partially offset by a new 10% Florida-only property quota share treaty, which became effective on July 1, 2017.
- Other income increased \$2.9 million, or 58.1%, to \$8.0 million in the quarter, compared with the same three-month period last year. The increase was driven by \$1.8 million of partnership income from Southeast Catastrophe Consulting Company, our 33% owned investee, as well as \$1.3 million of additional brokerage income generated from the reinstatement of an XOL layer as a result of Hurricane Irma losses.

Expenses

- Losses and loss adjustment expenses (“LAE”) decreased \$12.7 million, or 17.8%, to \$ 58.9 million for the three months ended December 31, 2017, compared with \$71.6 million for the same three-month period last year. Lower ceded losses from the combination of the retrospectively-rated 10% and 30% Florida-only property quota share treaties and the new 10% Florida-only property quota share treaty drove losses higher in the fourth quarter of 2017 by approximately \$8.5 million. Additionally, during the quarter, we strengthened net loss reserves by approximately \$4.7 million of additional losses above the attritional rates across our lines of business. The Company was also impacted by claims, net of reinsurance, of \$1.5 million related to Hurricane Nate and other severe weather events in the Homeowners line of business. Lastly, during the quarter, we recognized \$1.6 million of income for catastrophe claims handling, which represents a reduction to net losses. These impacts were offset by fourth quarter 2016 activity which included approximately \$21.4 million of losses, net of reinsurance, related to the impact of Hurricane Matthew and approximately \$4.0 million of additional losses above the attritional rates across our lines of business.
- Commissions and other underwriting expenses decreased \$0.3 million, or 1.1%, to \$27.9 million for the three months ended December 31, 2017, compared with \$28.3 million for the three months ended December 31, 2017.

2017 vs. 2016 Full Year Results

- The Company reported \$8.0 million, or \$0.60 per diluted share, of net income for 2017 as compared to net income of \$1.0 million, or \$0.07 per diluted share, for 2016. Full year earnings in our Homeowners business were \$3.2 million in 2017, as compared to a loss of \$3.5 million in 2016. See the Company’s 2017 Form 10-K, which is being filed contemporaneously with this press release, for further analysis of full year results.

Stock Repurchase Program

- During the fourth quarter of 2017, the Company repurchased approximately 76,000 shares of common stock for \$1.2 million at an average price of \$16.11.
- During the full year 2017, the Company repurchased approximately 654,000 shares of common stock for \$10.6 million at an average price of \$16.23.
- During the first quarter of 2018 thus far, the Company repurchased approximately 280,000 shares of common stock for \$4.3 million at an average price of \$15.40.

Revisions to Previously Disclosed Financial Information

- As further explained in Note 1 to our consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2017, management identified certain errors in the previously issued consolidated financial statements for fiscal years 2016 and 2015, as well as the first three quarters of fiscal year 2017. The corrections primarily relate to the up-front recognition of direct written policy fees across all our lines of business and fee income generated through the Company's personal automobile business, the over-amortization of deferred acquisition costs and the accounting for certain limits in our automobile reinsurance agreements, related to ceded premiums and other items. The Company has concluded that the errors are not material to any of the Company's previously-issued financial statements. Accordingly, the Company has concluded that an amendment of previously-filed periodic reports is not required.

Conference Call Information

The Company will hold an investor conference call at 9:00 AM (ET) Wednesday, March 14, 2018. The Company's CEO, Michael Braun and its CFO, Ronald Jordan will discuss the financial results and review the outlook for the Company. Messrs. Braun and Jordan invite interested parties to participate in the conference call.

Listeners interested in participating in the Q&A session may access the conference call as follows:

Toll-Free Dial-in: (877) 303-6913

Conference ID: 8988958

A live webcast of the call will be available online via the "Conference Calls" section of the Company's website at FedNat.com or interested parties can click on the following link:

<http://www.fednat.com/investors/conference-calls/>

Please call at least five minutes in advance to ensure that you are connected prior to the presentation. A webcast replay of the conference call will be available shortly after the live webcast is completed and may be accessed via the Company's website.

About the Company

The Company, through our wholly owned subsidiaries, is authorized to underwrite, and/or place homeowners multi-peril, personal automobile, commercial general liability, federal flood and other lines of insurance in Florida and other states. We market, distribute and service our own and third-party insurers' products and other services through a network of independent and general agents.

The Company's supplemental line of business information is designed to afford users greater transparency into our results. The "Homeowners" line of business consists of our homeowners and fire property and casualty insurance business, which currently operates in Florida, Alabama, Texas, Louisiana and South Carolina. The "Automobile" line of business consists of our nonstandard personal automobile insurance business which currently operates in Georgia, Texas, Alabama, and Florida. The "Other" line of business primarily consists of our commercial general liability and federal flood businesses, along with corporate and investment operations.

Forward-Looking Statements /Safe Harbor Statements

Safe harbor statement under the Private Securities Litigation Reform Act of 1995:

Statements that are not historical fact are forward-looking statements that are subject to certain risks and uncertainties that could cause actual events and results to differ materially from those discussed herein. Without limiting the generality of the foregoing, words such as “anticipate,” “believe,” “budget,” “contemplate,” “continue,” “could,” “envision,” “estimate,” “expect,” “guidance,” “indicate,” “intend,” “may,” “might,” “plan,” “possibly,” “potential,” “predict,” “probably,” “pro-forma,” “project,” “seek,” “should,” “target,” or “will” or the negative or other variations thereof, and similar words or phrases or comparable terminology, are intended to identify forward-looking statements.

Forward-looking statements might also include, but are not limited to, one or more of the following:

- Projections of revenues, income, earnings per share, dividends, capital structure or other financial items or measures;*
- Descriptions of plans or objectives of management for future operations, insurance products or services;*
- Forecasts of future insurable events, economic performance, liquidity, need for funding and income; and*
- Descriptions of assumptions or estimates underlying or relating to any of the foregoing.*

The risks and uncertainties include, without limitation, risks and uncertainties related to estimates, assumptions and projections generally; the nature of the Company’s business; the adequacy of its reserves for losses and loss adjustment expense; claims experience; weather conditions (including the severity and frequency of storms, hurricanes, tornadoes and hail) and other catastrophic losses; reinsurance costs and the ability of reinsurers to indemnify the Company; raising additional capital and our compliance with minimum capital and surplus requirements; potential assessments that support property and casualty insurance pools and associations; the effectiveness of internal financial controls; the effectiveness of our underwriting, pricing and related loss limitation methods; changes in loss trends, including as a result of insureds’ assignment of benefits; court decisions and trends in litigation; our potential failure to pay claims accurately; ability to obtain regulatory approval applications for requested rate increases, or to underwrite in additional jurisdictions, and the timing thereof; the impact that the results of our subsidiaries’ operations may have on our results of operations; inflation and other changes in economic conditions (including changes in interest rates and financial markets); pricing competition and other initiatives by competitors; legislative and regulatory developments; the outcome of litigation pending against the Company, and any settlement thereof; dependence on investment income and the composition of the Company’s investment portfolio; insurance agents; ratings by industry services; the reliability and security of our information technology systems; reliance on key personnel; acts of war and terrorist activities; and other matters described from time to time by the Company in releases and publications, and in periodic reports and other documents filed with the United States Securities and Exchange Commission.

In addition, investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including claims and litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when a reserve is established for a contingency. Reported results may therefore appear to be volatile in certain accounting periods.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligation to update publicly or revise any forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.

FEDERATED NATIONAL HOLDING COMPANY AND SUBSIDIARIES
Consolidated Statements of Operations
(Unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|---------------------------------------|-------------------|-------------------------|-----------------|
| | 2017 | 2016 | 2017 | 2016 |
| | <u>As Adjusted</u> | | <u>As Adjusted</u> | |
| | (in thousands, except per share data) | | | |
| Revenue: | | | | |
| Gross premiums written | \$ 133,892 | \$ 137,106 | \$ 603,417 | \$ 605,485 |
| Gross premiums earned | 151,873 | 152,366 | 603,193 | 565,423 |
| Ceded premiums earned | (64,370) | (75,444) | (269,712) | (304,054) |
| Net premiums earned | 87,503 | 76,922 | 333,481 | 261,369 |
| Net investment income | 2,773 | 2,665 | 10,254 | 9,063 |
| Net realized investment gains | (96) | 985 | 8,548 | 3,045 |
| Direct written policy fees | 3,556 | 4,328 | 17,173 | 16,619 |
| Other income | 8,016 | 5,071 | 22,206 | 17,429 |
| Total revenue | 101,752 | 89,971 | 391,662 | 307,525 |
| Costs and expenses: | | | | |
| Losses and loss adjustment expenses | 58,874 | 71,594 | 247,557 | 197,810 |
| Commissions and other underwriting expenses | 27,984 | 28,290 | 114,867 | 90,378 |
| General and administrative expenses | 5,226 | 3,975 | 19,963 | 17,186 |
| Interest expense | 101 | 89 | 348 | 348 |
| Total costs and expenses | 92,185 | 103,948 | 382,735 | 305,722 |
| Income (loss) before income taxes | 9,567 | (13,977) | 8,927 | 1,803 |
| Income taxes | 3,943 | (5,191) | 3,585 | 542 |
| Net Income (loss) | 5,624 | (8,786) | 5,342 | 1,261 |
| Net (loss) income attributable to noncontrolling interest | (672) | 7 | (2,647) | 246 |
| Net income (loss) attributable to Federated National Holding Company shareholders | <u>\$ 6,296</u> | <u>\$ (8,793)</u> | <u>\$ 7,989</u> | <u>\$ 1,015</u> |
| Net income (loss) per share: | | | | |
| Basic | \$ 0.48 | \$ (0.65) | \$ 0.61 | \$ 0.07 |
| Diluted | \$ 0.48 | \$ (0.65) | \$ 0.60 | \$ 0.07 |
| Number of shares used to calculate net income per share: | | | | |
| Basic | 13,131 | 13,611 | 13,170 | 13,758 |
| Diluted | 13,197 | 13,611 | 13,250 | 13,922 |
| Dividends declared per share of common stock | \$ 0.08 | \$ 0.08 | \$ 0.32 | \$ 0.27 |

FEDERATED NATIONAL HOLDING COMPANY AND SUBSIDIARIES
Selected Operating Metrics
(Unaudited)

| | Three Months Ended | | Year Ended | |
|--------------------------------|---------------------------|-------------------|---------------------|-------------------|
| | December 31, | | December 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| <u>Gross premiums written:</u> | (in thousands) | | | |
| Homeowners Florida | \$ 108,106 | \$ 109,680 | \$ 482,038 | \$ 477,489 |
| Homeowners non-Florida | 14,393 | 9,210 | 54,717 | 35,248 |
| Personal automobile | 6,416 | 13,271 | 43,505 | 69,479 |
| Commercial general liability | 2,280 | 2,763 | 11,048 | 13,256 |
| Federal flood | 2,697 | 2,182 | 12,109 | 10,013 |
| Total gross premiums written | <u>\$ 133,892</u> | <u>\$ 137,106</u> | <u>\$ 603,417</u> | <u>\$ 605,485</u> |

| | Three Months Ended | | Year Ended | |
|-------------------------------|---------------------------|-------------------|---------------------|-------------------|
| | December 31, | | December 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| <u>Gross premiums earned:</u> | (in thousands) | | | |
| Homeowners Florida | \$ 122,188 | \$ 119,216 | \$ 481,541 | \$ 455,252 |
| Homeowners non-Florida | 13,125 | 8,604 | 43,983 | 29,101 |
| Personal automobile | 10,747 | 18,733 | 54,679 | 58,312 |
| Commercial general liability | 2,877 | 3,350 | 12,216 | 13,675 |
| Federal flood | 2,936 | 2,463 | 10,774 | 9,083 |
| Total gross premiums earned | <u>\$ 151,873</u> | <u>\$ 152,366</u> | <u>\$ 603,193</u> | <u>\$ 565,423</u> |

| | Three Months Ended | | Year Ended | |
|------------------------------|---------------------------|--------------------|---------------------|--------------------|
| | December 31, | | December 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| | | As Adjusted | | As Adjusted |
| <u>Net premiums earned:</u> | (in thousands) | | | |
| Homeowners | \$ 80,435 | \$ 67,825 | \$ 298,255 | \$ 234,381 |
| Personal automobile | 4,339 | 5,921 | 23,642 | 14,021 |
| Commercial general liability | 2,729 | 3,176 | 11,584 | 12,967 |
| Total net premiums earned | <u>\$ 87,503</u> | <u>\$ 76,922</u> | <u>\$ 333,481</u> | <u>\$ 261,369</u> |

| | Three Months Ended | | Year Ended | |
|---|---------------------------|--------------------|---------------------|--------------------|
| | December 31, | | December 31, | |
| | 2017 | 2016 | 2017 | 2016 |
| | | As Adjusted | | As Adjusted |
| <u>Commissions and other underwriting expenses:</u> | (in thousands) | | | |
| Homeowners | \$ 18,092 | \$ 16,874 | \$ 69,124 | \$ 62,378 |
| All other lines of business | 3,207 | 6,194 | 20,132 | 21,712 |
| Ceding commissions | (4,688) | (5,451) | (19,199) | (36,445) |
| Total commissions and other fees | 16,611 | 17,617 | 70,057 | 47,645 |
| Salaries and wages | 3,160 | 3,330 | 14,521 | 13,748 |
| Other underwriting expenses | 8,213 | 7,343 | 30,289 | 28,985 |
| Total commissions and other underwriting expenses | <u>\$ 27,984</u> | <u>\$ 28,290</u> | <u>\$ 114,867</u> | <u>\$ 90,378</u> |

FEDERATED NATIONAL HOLDING COMPANY AND SUBSIDIARIES
Selected Operating Metrics (continued)
(Unaudited)

| | Three Months Ended December 31, | | Year Ended December 31, | |
|---|--|--------------------|--------------------------------|--------------------|
| | 2017 | 2016 | 2017 | 2016 |
| | | As Adjusted | | As Adjusted |
| Net loss ratio | 67.3% | 93.1% | 74.2% | 75.7% |
| Net expense ratio | 38.0% | 41.9% | 40.4% | 41.2% |
| Combined ratio | 105.3% | 135.0% | 114.6% | 116.9% |
| Gross loss ratio | 77.4% | 79.6% | 108.3% | 57.0% |
| Gross expense ratio | 25.0% | 24.8% | 25.5% | 25.5% |
| Book value per share excluding noncontrolling interest | \$ 16.29 | \$ 16.01 | \$ 16.29 | \$ 16.01 |

FEDERATED NATIONAL HOLDING COMPANY AND SUBSIDIARIES
Consolidated Balance Sheets
(Unaudited)

| | December 31, 2017 | December 31, 2016 |
|---|------------------------------------|------------------------------------|
| | | As Adjusted |
| (in thousands, except share and per share data) | | |
| ASSETS | | |
| Investments | | |
| Debt securities, available-for-sale, at fair value | \$ 423,238 | \$ 374,756 |
| Debt securities, held-to-maturity, at amortized cost | 5,349 | 5,551 |
| Equity securities, available-for-sale, at fair value | 15,434 | 29,375 |
| Total investments | 444,021 | 409,682 |
| Cash and cash equivalents | 86,228 | 74,593 |
| Prepaid reinsurance premiums | 135,492 | 156,932 |
| Premiums receivable, net of allowance | 46,393 | 54,854 |
| Reinsurance recoverable, net | 124,601 | 47,863 |
| Deferred acquisition costs | 40,893 | 41,892 |
| Income taxes receivable | 9,510 | 13,871 |
| Deferred tax assets, net | 307 | - |
| Property and equipment, net | 4,025 | 4,194 |
| Other assets | 13,403 | 11,509 |
| TOTAL ASSETS | \$ 904,873 | \$ 815,390 |
| LIABILITIES | | |
| Loss and loss adjustment expense reserves | \$ 230,515 | \$ 158,110 |
| Unearned premiums | 294,423 | 294,022 |
| Reinsurance payable | 71,944 | 79,154 |
| Long-term debt, net of deferred financing cost of \$749 and \$91, respectively | 49,251 | 4,909 |
| Deferred revenue | 6,222 | 6,834 |
| Deferred tax liabilities, net | - | 253 |
| Other liabilities | 25,059 | 37,643 |
| Total liabilities | \$ 677,414 | \$ 580,925 |
| SHAREHOLDERS' EQUITY | | |
| Preferred stock, \$0.01 par value: 1,000,000 shares authorized | - | - |
| Common stock, \$0.01 par value: 25,000,000 shares authorized; 12,988,247 and 13,473,120 shares issued and outstanding, respectively | \$ 130 | \$ 134 |
| Additional paid-in capital | 139,728 | 136,779 |
| Accumulated other comprehensive income | 1,770 | 1,941 |
| Retained earnings | 70,009 | 76,884 |
| Total Federated National Holding Company shareholders' equity | 211,637 | 215,738 |
| Noncontrolling interest | 15,822 | 18,727 |
| Total shareholders' equity | 227,459 | 234,465 |
| TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY | \$ 904,873 | \$ 815,390 |

FEDERATED NATIONAL HOLDING COMPANY AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
Statements of Operations and Operating Metrics by Line of Business
(Unaudited)

| | Three Months Ended December 31, | | | | | | | |
|---|---------------------------------|------------|----------|--------------|--------------------|------------|----------|--------------|
| | 2017 | | | | 2016 - As Adjusted | | | |
| | Homeowners | Automobile | Other | Consolidated | Homeowners | Automobile | Other | Consolidated |
| | (in thousands) | | | | | | | |
| Revenue: | | | | | | | | |
| Gross premiums written | \$ 122,499 | \$ 6,416 | \$ 4,977 | \$ 133,892 | \$ 118,890 | \$ 13,271 | \$ 4,945 | \$ 137,106 |
| Gross premiums earned | 135,313 | 10,747 | 5,813 | 151,873 | 127,820 | 18,733 | 5,813 | 152,366 |
| Ceded premiums earned | (54,878) | (6,408) | (3,084) | (64,370) | (59,995) | (12,812) | (2,637) | (75,444) |
| Net premiums earned | 80,435 | 4,339 | 2,729 | 87,503 | 67,825 | 5,921 | 3,176 | 76,922 |
| Net investment income | — | — | 2,773 | 2,773 | — | — | 2,665 | 2,665 |
| Net realized investment (losses) gains | — | — | (96) | (96) | — | — | 985 | 985 |
| Direct written policy fees | 2,214 | 1,194 | 148 | 3,556 | 2,065 | 2,101 | 162 | 4,328 |
| Other income | 4,957 | 616 | 2,443 | 8,016 | 2,452 | 1,604 | 1,015 | 5,071 |
| Total revenue | 87,606 | 6,149 | 7,997 | 101,752 | 72,342 | 9,626 | 8,003 | 89,971 |
| Costs and expenses: | | | | | | | | |
| Losses and loss adjustment expenses | 47,345 | 7,633 | 3,896 | 58,874 | 58,709 | 7,658 | 5,227 | 71,594 |
| Commissions and other underwriting expenses | 25,038 | 1,885 | 1,061 | 27,984 | 23,301 | 3,774 | 1,215 | 28,290 |
| General and administrative expenses | 4,115 | 150 | 961 | 5,226 | 2,952 | 150 | 873 | 3,975 |
| Interest expense | 101 | — | — | 101 | 89 | — | — | 89 |
| Total costs and expenses | 76,599 | 9,668 | 5,918 | 92,185 | 85,051 | 11,582 | 7,315 | 103,948 |
| Income (loss) before income taxes | 11,007 | (3,519) | 2,079 | 9,567 | (12,709) | (1,956) | 688 | (13,977) |
| Income taxes | 4,246 | (1,358) | 1,055 | 3,943 | (4,901) | (754) | 464 | (5,191) |
| Net income (loss) | 6,761 | (2,161) | 1,024 | 5,624 | (7,808) | (1,202) | 224 | (8,786) |
| Net (loss) income attributable to noncontrolling interest | (672) | — | — | (672) | 7 | — | — | 7 |
| Net income (loss) attributable to Federated National Holding Company shareholders | \$ 7,433 | \$ (2,161) | \$ 1,024 | \$ 6,296 | \$ (7,815) | \$ (1,202) | \$ 224 | \$ (8,793) |
| Net loss ratio | 58.9% | 175.9% | 142.8% | 67.3% | 86.6% | 129.3% | 164.6% | 93.1% |
| Net expense ratio | 36.2% | | | 38.0% | 38.7% | | | 41.9% |
| Combined ratio | 95.1% | | | 105.3% | 125.3% | | | 135.0% |

FEDERATED NATIONAL HOLDING COMPANY AND SUBSIDIARIES
SUPPLEMENTAL INFORMATION
Statements of Operations and Operating Metrics by Line of Business
(Unaudited)
(Continued)

| | Year Ended December 31, | | | | 2016 - As Adjusted | | | |
|---|-------------------------|------------|-----------|--------------|--------------------|------------|-----------|--------------|
| | 2017 | | 2016 | | 2016 | | 2015 | |
| | Homeowners | Automobile | Other | Consolidated | Homeowners | Automobile | Other | Consolidated |
| | (in thousands) | | | | | | | |
| Revenue: | | | | | | | | |
| Gross premiums written | \$ 536,755 | \$ 43,505 | \$ 23,157 | \$ 603,417 | \$ 512,737 | \$ 69,479 | \$ 23,269 | \$ 605,485 |
| Gross premiums earned | 525,524 | 54,679 | 22,990 | 603,193 | 484,353 | 58,312 | 22,758 | 565,423 |
| Ceded premiums earned | (227,269) | (31,037) | (11,406) | (269,712) | (249,972) | (44,291) | (9,791) | (304,054) |
| Net premiums earned | 298,255 | 23,642 | 11,584 | 333,481 | 234,381 | 14,021 | 12,967 | 261,369 |
| Net investment income | - | - | 10,254 | 10,254 | - | - | 9,063 | 9,063 |
| Net realized investment gains | - | - | 8,548 | 8,548 | - | - | 3,045 | 3,045 |
| Direct written policy fees | 8,715 | 7,846 | 612 | 17,173 | 7,844 | 8,171 | 604 | 16,619 |
| Other income | 13,662 | 3,277 | 5,267 | 22,206 | 9,106 | 5,479 | 2,844 | 17,429 |
| Total revenue | 320,632 | 34,765 | 36,265 | 391,662 | 251,331 | 27,671 | 28,523 | 307,525 |
| Costs and expenses: | | | | | | | | |
| Losses and loss adjustment expenses | 206,842 | 32,752 | 7,963 | 247,557 | 169,920 | 14,885 | 13,005 | 197,810 |
| Commissions and other underwriting expenses | 97,111 | 12,976 | 4,780 | 114,867 | 73,215 | 12,471 | 4,692 | 90,378 |
| General and administrative expenses | 15,403 | 650 | 3,910 | 19,963 | 13,079 | 600 | 3,507 | 17,186 |
| Interest expense | 348 | - | - | 348 | 348 | - | - | 348 |
| Total costs and expenses | 319,704 | 46,378 | 16,653 | 382,735 | 256,562 | 27,956 | 21,204 | 305,722 |
| Income (loss) before income taxes | 928 | (11,613) | 19,612 | 8,927 | (5,231) | (285) | 7,319 | 1,803 |
| Income taxes | 360 | (4,481) | 7,706 | 3,585 | (2,015) | (111) | 2,668 | 542 |
| Net income (loss) | 568 | (7,132) | 11,906 | 5,342 | (3,216) | (174) | 4,651 | 1,261 |
| Net (loss) income attributable to noncontrolling interest | (2,647) | - | - | (2,647) | 246 | - | - | 246 |
| Net income (loss) attributable to Federated National Holding Company shareholders | \$ 3,215 | \$ (7,132) | \$ 11,906 | \$ 7,989 | \$ (3,462) | \$ (174) | \$ 4,651 | \$ 1,015 |
| Net loss ratio | 69.4% | 138.5% | 68.7% | 74.2% | 72.5% | 106.2% | 100.3% | 75.7% |
| Net expense ratio | 37.7% | | | 40.4% | 36.8% | | | 41.2% |
| Combined ratio | 107.1% | | | 114.6% | 109.3% | | | 116.9% |