FED NAT

**FEDNAT HOLDING COMPANY ANNOUNCES RENEWAL OF 2019-2020 CATASTROPHE REINSURANCE PROGRAM**

*Company offers update on the closing of pending acquisition*

Sunrise, Florida, July 1, 2019 – FedNat Holding Company (NASDAQ: FNHC) ("FedNat" or the "Company"), an insurance holding company, today announced its 2019-2020 reinsurance program (the "Program") for its wholly owned subsidiaries FedNat Insurance Company ("FNIC"), and Monarch National Insurance Company ("Monarch"), as well as Maison Insurance Company ("Maison"), which the Company does not yet own, but is the target of the previously announced acquisition, and which remains subject to receipt of required regulatory approvals and satisfaction of closing conditions. The Program covers the period from July 1, 2019 to June 30, 2020.

In commenting on the new reinsurance program, Michael H. Braun, Chief Executive Officer, said, "We continued to see strong support from our reinsurance partners throughout this year's renewal process. We appreciate the ongoing commitment from our long-term partners amidst an evolving view of their risk profile, and we welcome several new partners into this year's program."

Mr. Braun added, "We have made significant progress over the past years to reduce our exposure to the Florida market and broadened our diversification in other coastal states throughout the Southeast, both organically and via our pending acquisition of Maison. Maison's homeowners line of business in Texas was recently approved for a 30.5% rate increase and we continue to prepare our integration efforts to incorporate Maison into FedNat's operations at the appropriate time, subject to continued regulatory review. Looking ahead, we believe that our enhanced reinsurance programs, the addition of Maison and the expected benefits of Assignment of Benefits reform in the Florida market will benefit our overall portfolio and strengthen our earnings profile."

Given the pending acquisition of Maison, FedNat and PIH have agreed to combine FNIC, Monarch, and Maison under a single reinsurance program. The joint agreement capitalizes on efficiencies as well as spread of risk and scale.

The public hearing required in connection with the approval by the Louisiana Department of Insurance of the Maison acquisition is scheduled for July 1, 2019. Under the Purchase Agreement, if the transaction does not close on or before June 30, 2019, then the transaction closing is to occur as soon after November 30, 2019 as reasonably practicable. The Company and 1347 Property Insurance Holdings, Inc. (PIH) are currently discussing the timing of closing, assuming all required regulatory approvals are in place during the third quarter of 2019.

**Highlights of the 2019-2020 Reinsurance Agreement:**

- The aggregate reinsurance limit purchased increased from $1.79 billion to $1.84 billion and the aggregate private market reinsurance limit purchased increased roughly $147 million due to less Florida Hurricane Catastrophe Fund (FHCF) protection from a smaller Florida book. The maximum single event coverage totals approximately $1.28 billion.
- The projected treaty year ceded premium to gross written premium ratio increased 230 basis points from 28.2% (including Maison for comparison purposes) to 30.5%, representing an 8.1% year-over-year increase.
- Based on policy count as of March 31, 2019, 18.3% of the Company's exposure is non-Florida, up from 13.4% at inception of last year's program. With the pending Maison acquisition, non-Florida's exposure would increase to 34.7% of the total.
- The program includes $162.2 million of private market spend and $42.5 million of FHCF contribution for a total program spend of $204.7 million.

- FNIC and Monarch maintained their FHCF participation at 75% for the 2019 wind season and obtained similar private market protection for an additional 15%. Maison purchased FHCF protection for 90% for the same period.
- FNIC maintained its retention at $20 million and Maison's retention is $5 million, but Monarch lowered it retention from $3 million to $2 million. FNIC increased its non-Florida first event retention from $15 million to $20 million and maintained its second event retention of $2 million for hurricane-only events. FNIC's non-Florida retentions are reduced by 50% after taking into account the profit-sharing agreement between FNIC and its non-affiliated managing general underwriter.
- All layers of the agreement are cascading and include prepaid automatic premium reinstatement protection. The program is provided by reinsurers with an A.M. Best Company or Standard & Poor's rating of "A-" or better, or have fully collateralized their maximum potential obligations in dedicated trusts.
- FNIC also renewed its quota share treaty through June 30, 2020, which excludes named storms, for another twelve months at terms similar to those in effect for the treaty year ending June 30, 2019.

The full details of the program are also noted in a Current Report on Form 8-K filed with the Securities and Exchange Commission, which can be viewed on the investor relations portion of the FedNat website.

**About the Company**

The Company is an insurance holding company that controls substantially all aspects of the insurance underwriting, distribution and claims processes through our subsidiaries and contractual relationships with independent agents and general agents. The Company, through our wholly owned subsidiaries, are authorized to underwrite, and/or place homeowners multi-peril, 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, mobile homeowners, and fire property and casualty insurance business, which currently operates in Florida, Alabama, Texas, Louisiana and South Carolina. The "Other" line of business primarily consists of our federal flood businesses, along with corporate and investment operations.

**Forward-Looking Statements**

Certain statements made by FedNat Holding Company or on its behalf may contain "forward-looking statements" within 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 and its ability to integrate the operations to be acquired; 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; the timing of and ability to obtain regulatory approval of applications for transactions and 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. The Company does 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.

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