



**Second Quarter 2014 Conference Call  
August 6, 2014**

## Safe Harbor

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When discussing our business operations, we may use certain terms of art which are not defined under U.S. GAAP. In the event of any unintentional difference between presentation materials and our GAAP results, investors should rely on the financial information in our public filings.

## Atlas Snapshot

NASDAQ: AFH (at 6/30/2014)	
Corporate Headquarters	Elk Grove Village, IL (Chicago suburb)
Subsidiaries / Brands (see below)	American Country American Service Gateway (including Alano)
Core Target Markets	Taxi / Limo / Paratransit
Cash and Investments	\$177.7M
Total Assets	\$256.2M
Total Shareholders' Equity	\$96.2M
Common Shares Outstanding	11.8 million
Book Value Per Common Share	\$7.96



**COMMITMENT**  
since 1978

**EXPERTISE**  
specialty commercial auto

## 2014 Second Quarter Underwriting / Financial Highlights

### Premium Growth

GPW increased by 37.7% to \$22.8 million

- 42.2% increase core light commercial auto business
- 57.1% increase in NWP related to target accounts

### Strong Underwriting Results

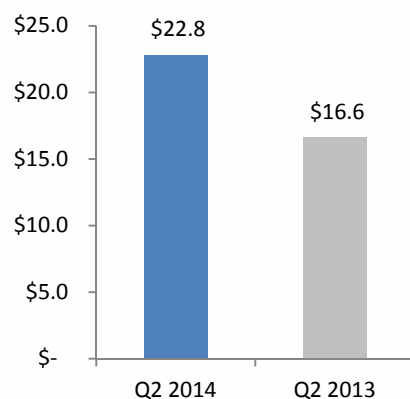
Combined ratio improved by 3.1 percentage points year-over-year to 91.9%

- 5th straight quarter under 95%

### Recent Capital Raise Expected to Accelerate Growth

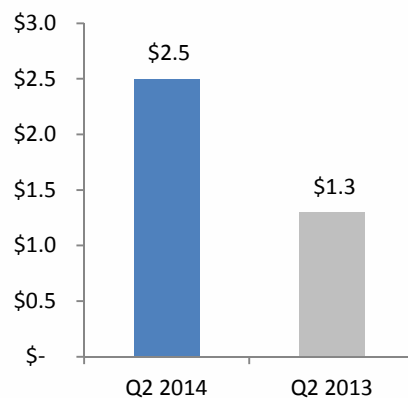
Atlas has increased book value in each of the past 6 quarters

Gross Written Premium



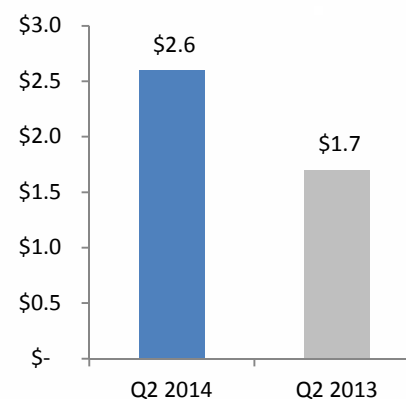
**% Growth**  
**37.7%**

Operating Income



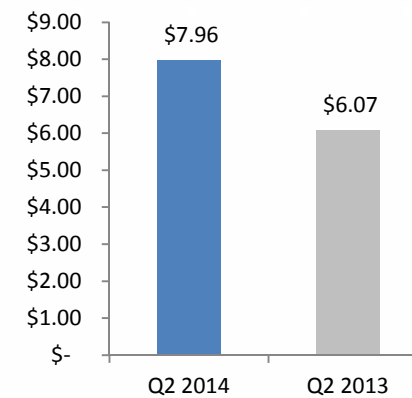
**88.9%**

Net Income



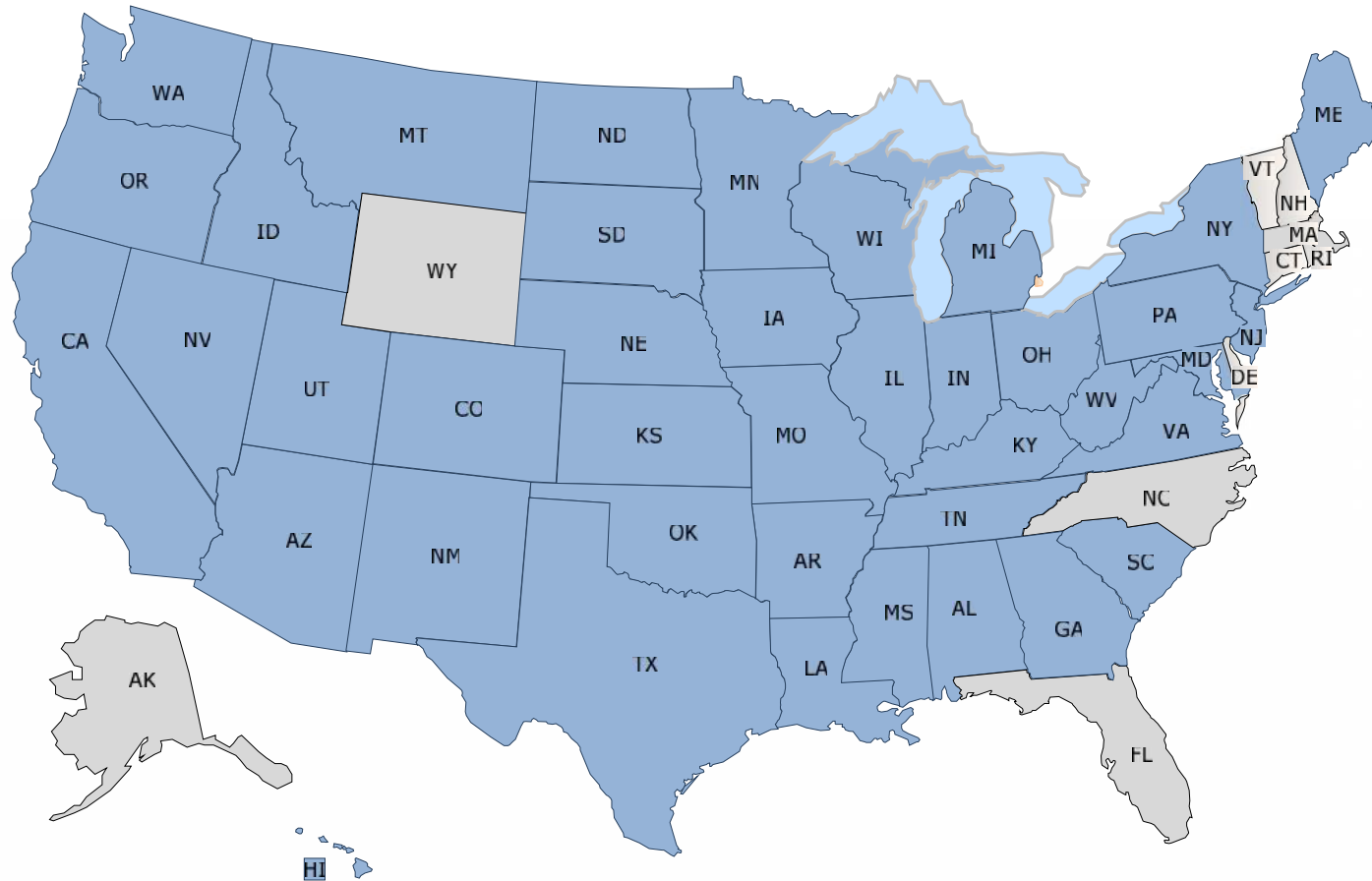
**50.4%**

Book Value



**31.1%**

## Geographic Expansion



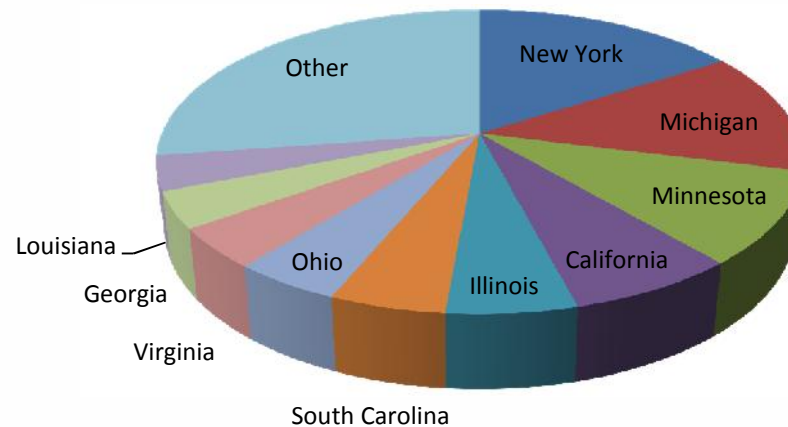
- Distributing products in 40 states plus Washington D.C.
- Licensed to write P&C insurance in 49 states and the District of Columbia
- Currently distributing in all states that meet established criteria
  - market size
  - Competitive environment
  - Underwriting profit

## Geographic Diversification

Gross premium written by state (\$ in '000s)

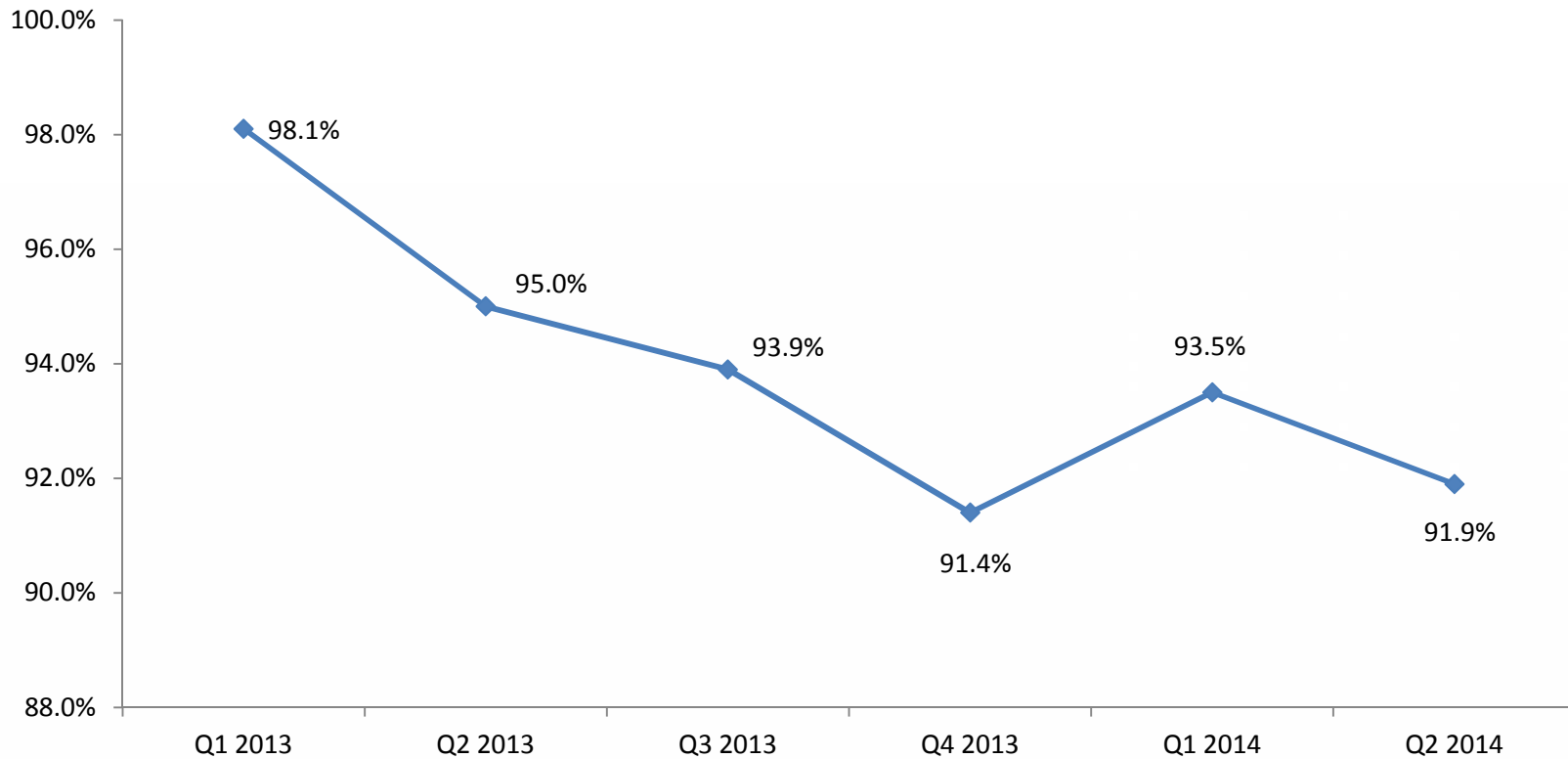
	Three Month Periods Ended					Six Month Periods Ended				
	June 30, 2014			June 30, 2013			June 30, 2014		June 30, 2013	
New York	\$ 3,624	15.9%		\$ 1,951	11.8%		\$ 8,668	16.0%	\$ 4,446	11.4%
Michigan	\$ 2,971	13.0%		\$ 2,052	12.4%		\$ 5,905	10.9%	\$ 4,112	10.6%
Minnesota	\$ 2,233	9.8%		\$ 1,429	8.6%		\$ 3,736	6.9%	\$ 2,261	5.8%
California	\$ 1,644	7.2%		\$ 563	3.4%		\$ 2,591	4.8%	\$ 1,585	4.1%
Illinois	\$ 1,252	5.5%		\$ 1,156	7.0%		\$ 10,948	20.3%	\$ 7,978	20.5%
South Carolina	\$ 1,118	4.9%		\$ 659	4.0%		\$ 1,758	3.3%	\$ 888	2.3%
Ohio	\$ 1,046	4.6%		\$ 698	4.2%		\$ 2,180	4.0%	\$ 1,356	3.5%
Virginia	\$ 967	4.2%		\$ 550	3.3%		\$ 1,746	3.2%	\$ 1,072	2.8%
Georgia	\$ 880	3.9%		\$ 653	3.9%		\$ 2,208	4.1%	\$ 1,889	4.9%
Louisiana	\$ 841	3.7%		\$ 986	6.0%		\$ 1,580	2.9%	\$ 1,608	4.1%
Other	\$ 6,225	27.3%		\$ 5,864	35.4%		\$ 12,705	23.6%	\$ 11,720	30.0%
Total	\$ 22,801	100%		\$ 16,561	100%		\$ 54,025	100%	\$ 38,915	100%

Gross premium written by state (\$ in '000s)  
Three Months Ended 6/30/2014

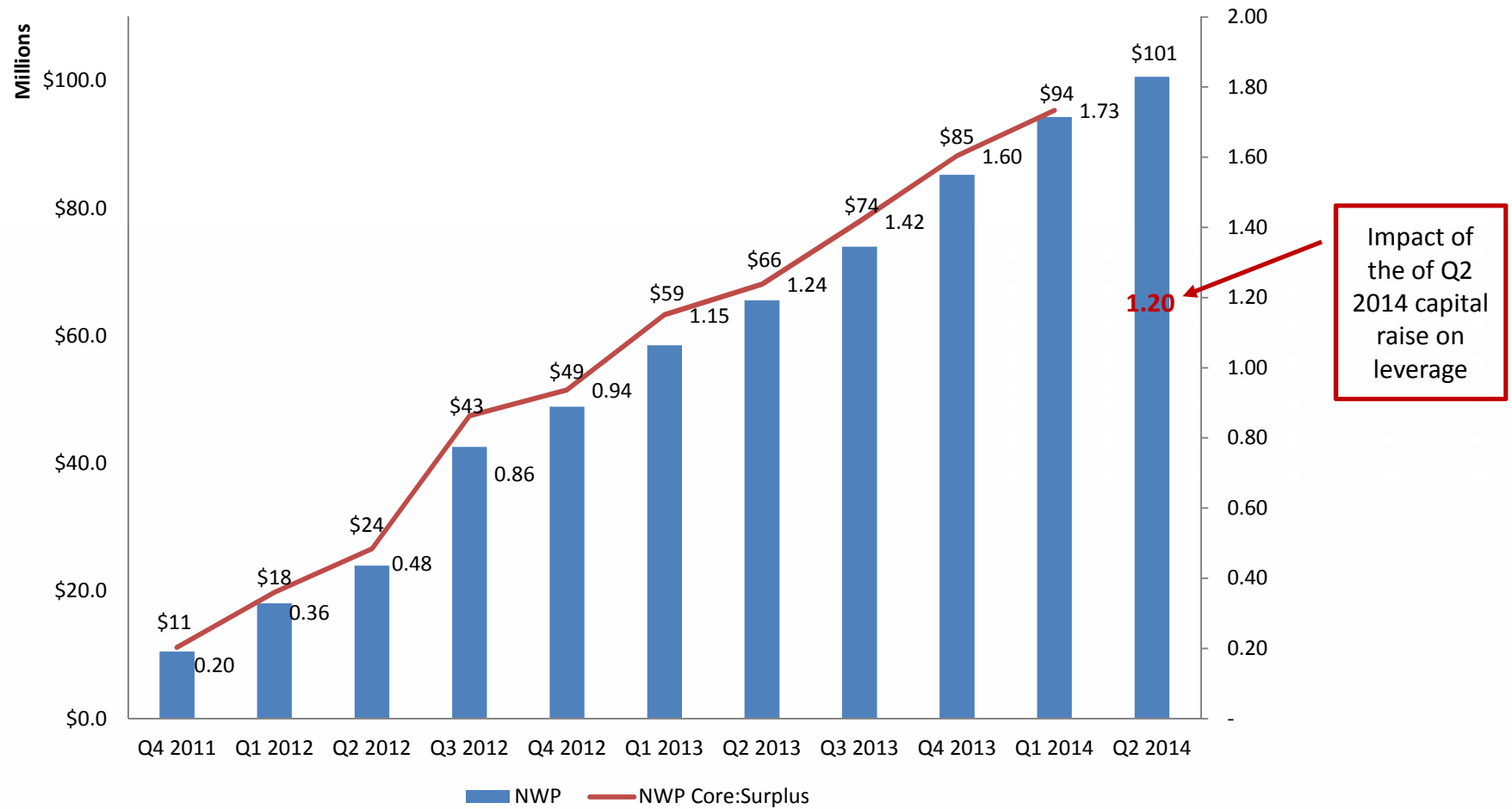


## Considerable Underwriting Margin Improvement Since 2013 U.S. IPO

### *Combined Operating Ratio ("COR")*



## Recent U.S. Capital Raise Expands Growth Potential / Operating Leverage

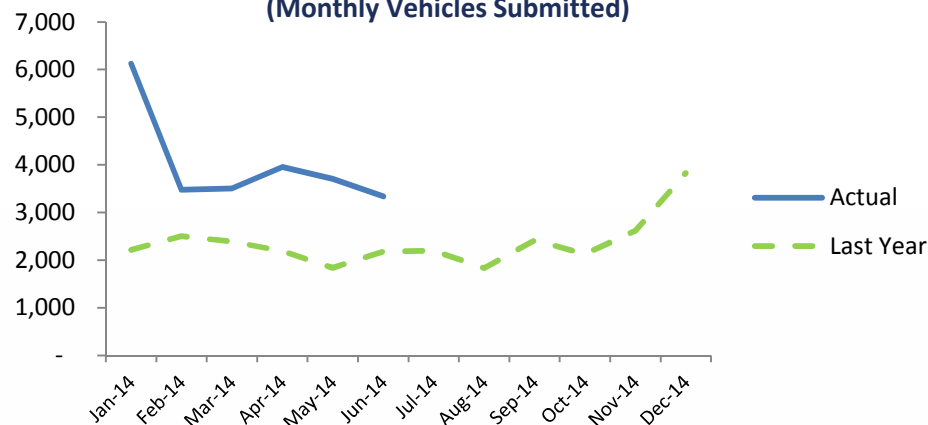




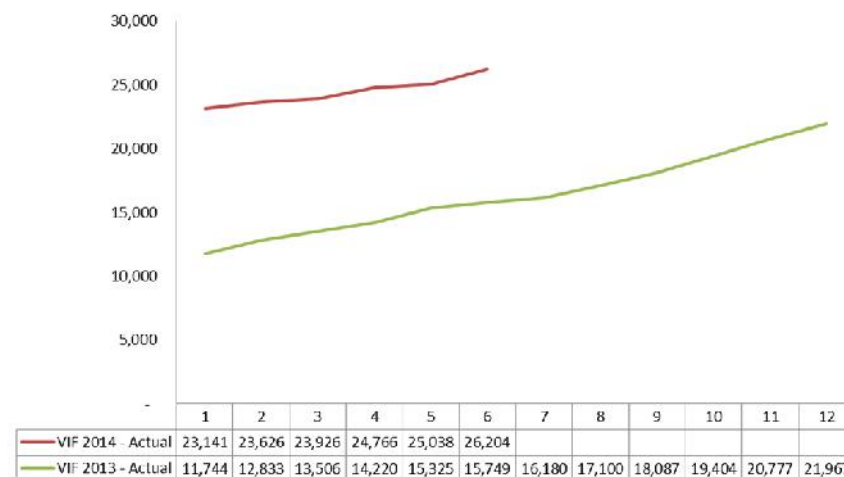
## Operating Activities: Underwriting

(commercial business only)

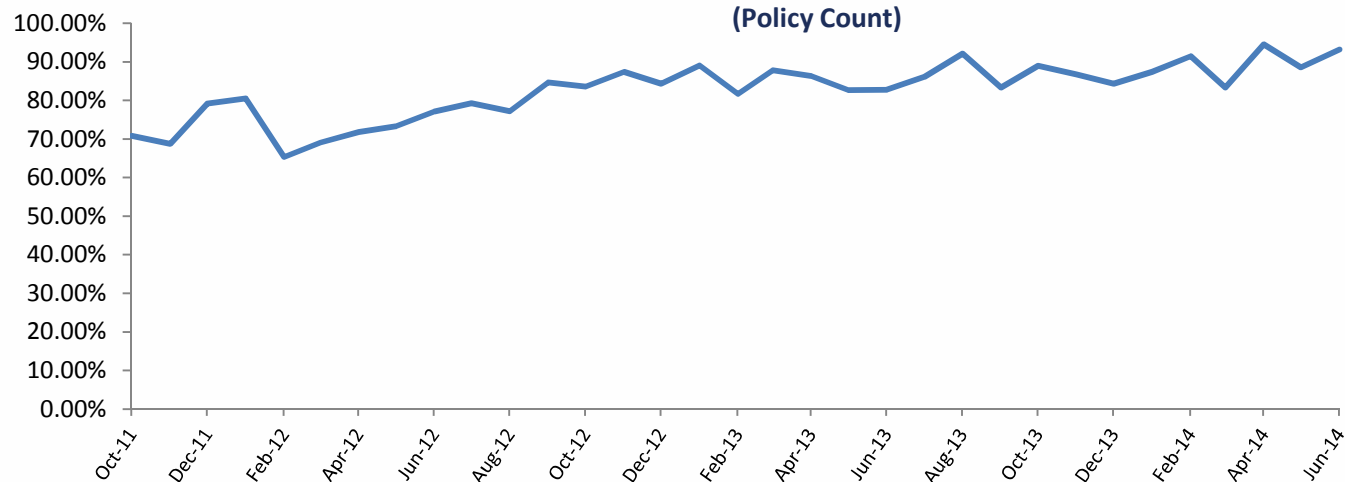
### New Business Submissions (Monthly Vehicles Submitted)



### Vehicle in Force



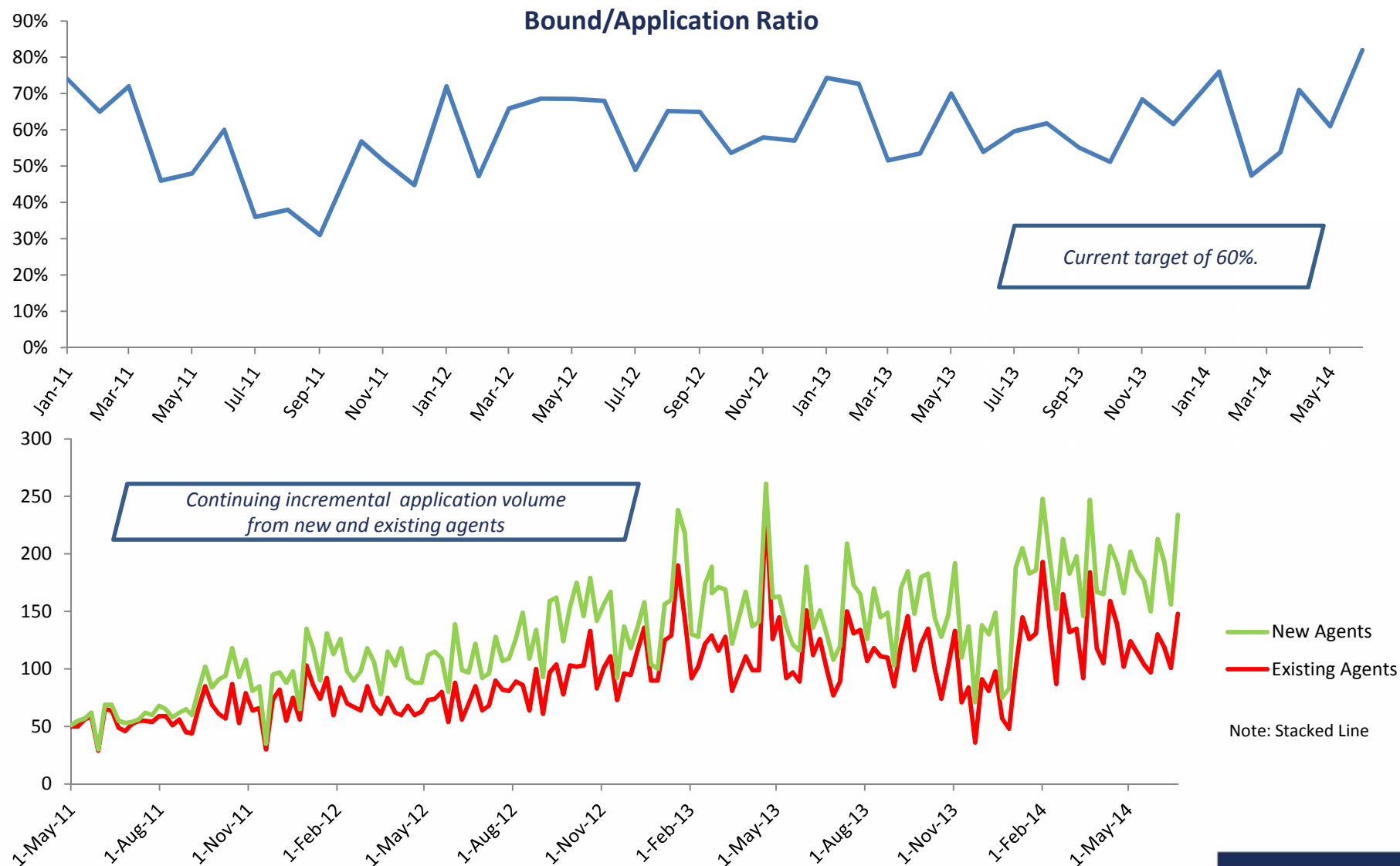
### Renewal Retention (Policy Count)



Target of 85%  
based on  
current market  
conditions

## Operating Activities: Underwriting

(commercial business only)



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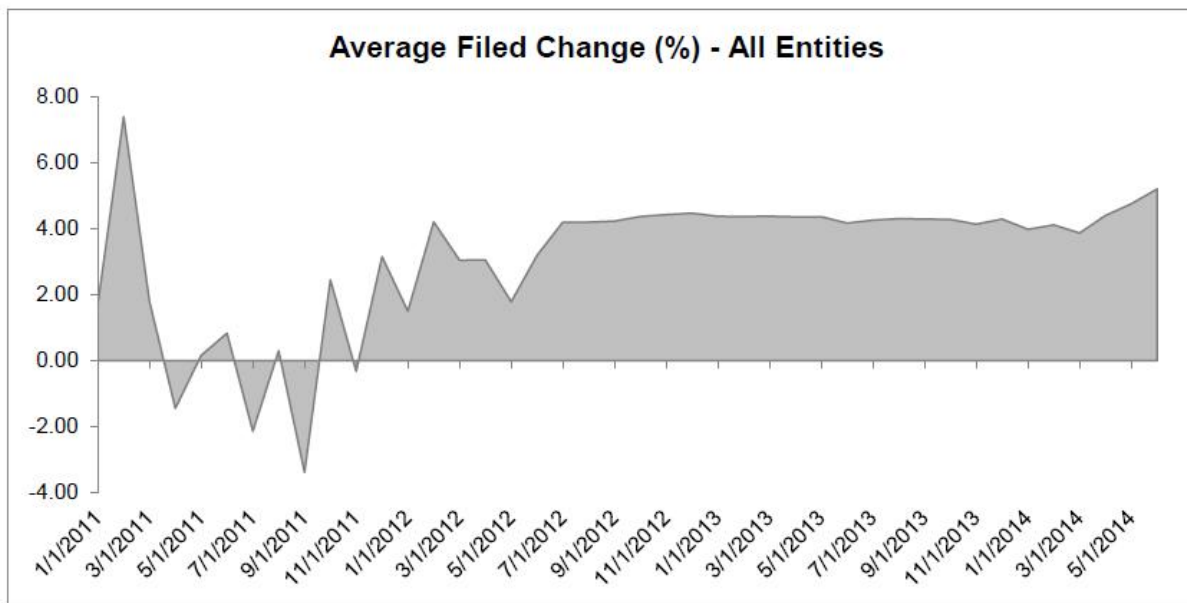
*Market Overview*



## General Market Observations

- Atlas is continuing to see steady rate increases across all lines within its light commercial base (Taxi / Para-transit / Livery)
- Company is now beginning to see full effects of competitors exiting its niche market
- Recent severity development related primarily to “heavy” commercial should catalyze further rate increases across commercial auto generally

Commercial Auto Report - Assured Research, LLC  
June 2014



*“Rate filing trends from 2011 forward reveal steady increases of 4% or so from mid-2012 and **a recent acceleration since the spring of 2014**. This is consistent with management commentary and, of course, is defying the rate deceleration affecting most other commercial lines.*”

*This data is a composite of some 7,500 rate filings affecting over 4.2 million policyholders.”*

Source: SNL Financial, U.S. Insurance Product Filings , Assured Research

## Changes in Commercial Auto Rate

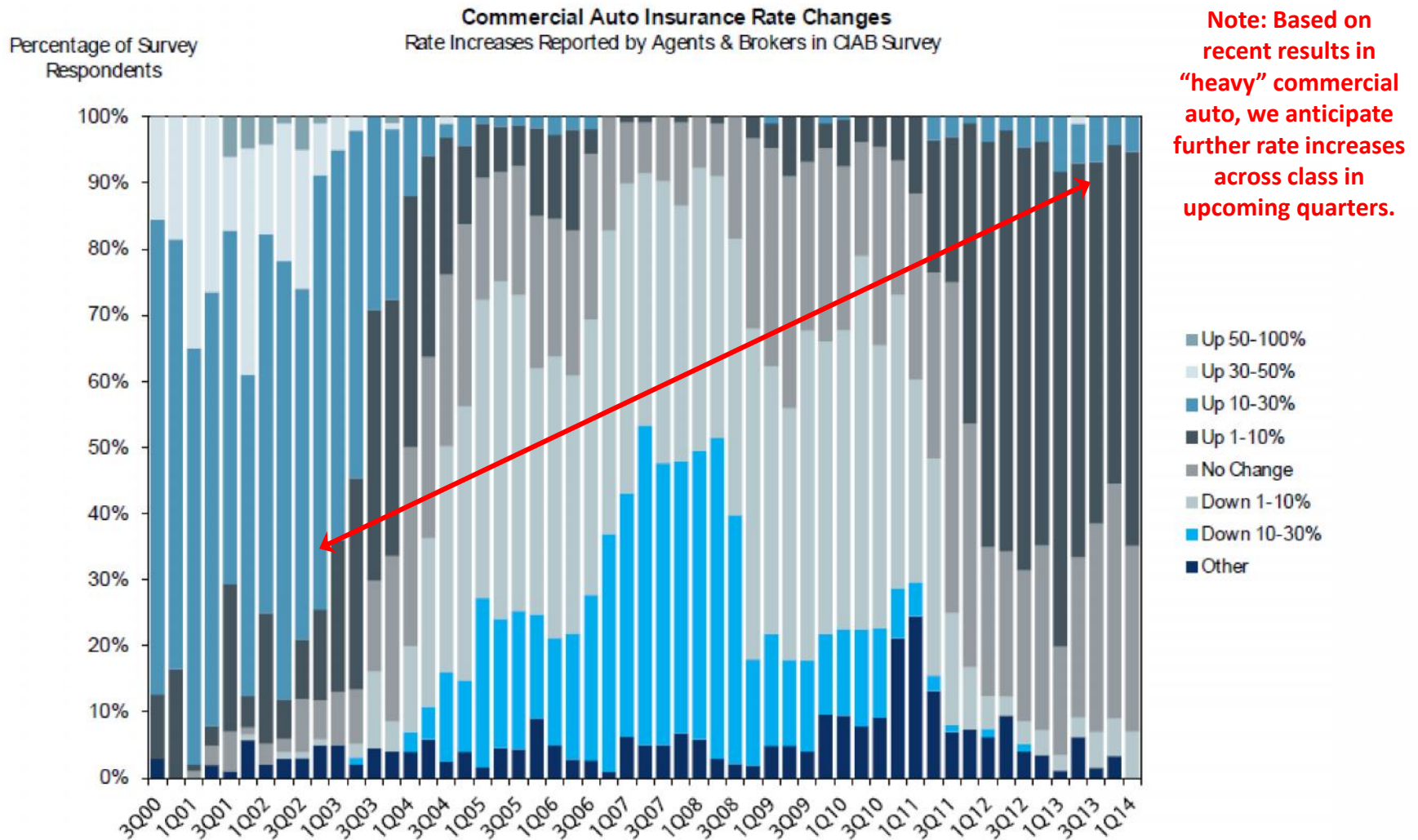
	Small Accounts	Medium Accounts	Large Accounts	Avg
First Quarter 2014	3.0%	1.6%	-0.1%	1.5%
Fourth Quarter 2013	2.6%	2.4%	1.4%	2.1%
Third Quarter 2013	3.8%	3.7%	2.6%	3.4%
Second Quarter 2013	4.6%	4.7%	3.8%	4.3%
First Quarter 2013	5.2%	5.3%	4.9%	5.2%
High (4Q01)	20.8%	31.7%	33.0%	28.5%
Low (3Q07)	-10.0% (1Q08)	-15.0%	-15.9%	-13.6%

Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Majority of Atlas' Target Market are  
Individual Entrepreneurs and Small  
Fleet Operators

Largest Driver of  
Commercial Wide  
Pricing Decline  
Remains Property

## Market Cycle



Source: The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

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*Financial Highlights*



## Q2 2014 Financial Highlights (comparisons to prior year period)

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- Gross premium written increased by 37.7% to \$22.8 million
- Underwriting results improved to \$1.9 million from \$828,000
- Net income was up to \$2.6 million from \$1.7 million
- Earnings per diluted common share were \$0.23 compared to \$0.15
- The impact of management and director incentive compensation expenses as included in the Company's OUE expenses pursuant to the accounting practice announced in connection with Q1 '14 results were 2.2% of the Q2 '14 OUE ratio or \$0.04 per diluted common share for the three month period ended June 30, 2014
- Combined ratio declined by 3.1 percentage points to 91.9%, which included costs related to an increase in hiring in anticipation of continuing growth

	The Three Month Period Ended	
	June 30, 2014	June 30, 2013
Loss ratio	61.9 %	64.6 %
Acquisition cost ratio	14.9 %	13.1 %
Other underwriting expense ratio	15.1 %	17.3 %
<b>Combined ratio</b>	<b>91.9 %</b>	<b>95.0 %</b>



## Detailed Impact of Changes to Book Value per Common Share

<b>Book Value per Common Share</b>		
(in '000s, except for shares and per share data)	<b>June 30, 2014</b>	<b>December 31, 2013</b>
<b>Shareholders' equity</b>	\$96,155	\$63,698
<b>Less: Preferred stock in equity</b>	2,000	2,000
<b>Less: Accumulated dividends on preferred stock</b>	136	90
<b>Common equity</b>	\$94,019	\$61,608
<b>Shares outstanding (includes Restricted Stock Units)</b>	11,808,624	9,424,734
<b>Book value per common share outstanding</b>	\$7.96	\$6.54

### YTD 2014 Book Value Changed by \$1.42 relative to December 31, 2013

#### Impacted by:

\$0.90	Increase related to issuance of 2,161,000 common shares during Q2 2014
0.26	Increase in net income after tax
0.15	Increase related to net realized gains/losses after tax
0.14	Increase related to change in DTA valuation allowance
<u>(0.03)</u>	Reduction due share-based compensation
<b>\$1.42</b>	<b>Total Change From December 31, 2013 Book Value per Common Share</b>

## Strong Balance Sheet

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- **Attractive investment leverage**
- **Long Term Debt-free balance sheet**

(\$ in millions)	June 30, 2014	December 31, 2013
Cash and Investments	\$177.7	\$139.9
Total Assets	\$256.2	\$219.3
Claim Reserves (Gross of Reinsurance) <sup>(1) (2)</sup>	\$99.3	\$101.4
Unearned Premiums	\$48.9	\$44.2
Total Shareholders' Equity	\$96.2	\$63.7

- **Acquisitions with adverse development protection**

*(1) Atlas' purchase of American Country and American Service included \$10 million limit of adverse development protection (90% quota share after \$1 million) based on reserves as of September 30, 2010, which has not been utilized.*

*(2) Gateway Acquisition included \$2 million of adverse development protection*

## Investment Portfolio

### Conservative Investment Approach

- Emphasize preservation of capital, market liquidity to support payment of liabilities and diversification of risk
- Investment duration re-positioned to match core commercial auto reserve liabilities (3.7 years)

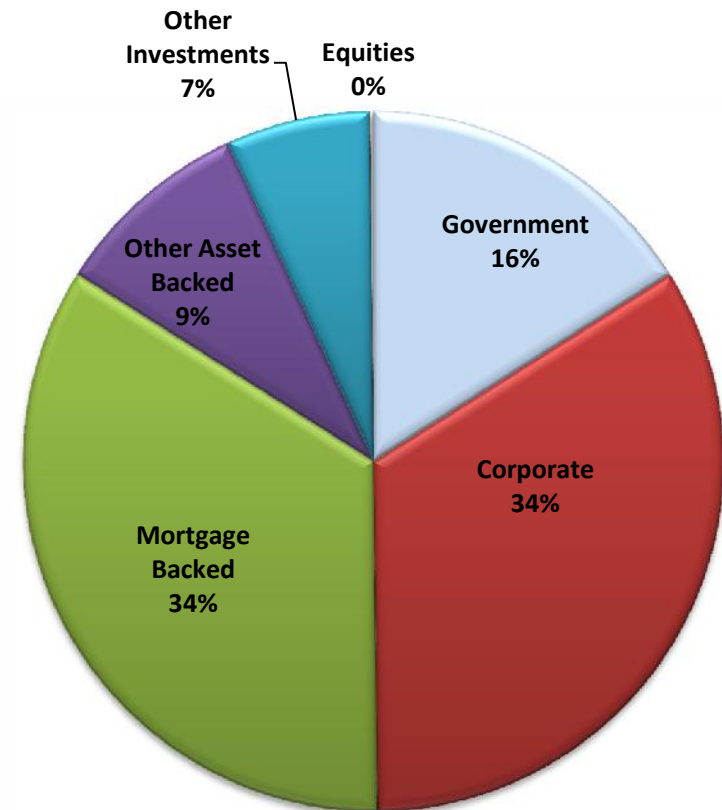
### Investment Portfolio

- As of June 30, 2014, total investments equaled \$135.5 million, of which fixed income consisted of 93.2%
- Predominantly corporate and government bonds
- Average duration of 3.7 years
- Average S&P rating of AA
- 85.9% A or better

#### Credit ratings of fixed income securities portfolio (in '000s)

As of:	June 30, 2014		December 31, 2013	
	Amount	% of Total	Amount	% of Total
AAA/Aaa	\$ 72,654	57.9 %	\$ 76,616	59.9 %
AA/Aa	13,250	10.6 %	12,733	10.0 %
A/A	21,910	17.4 %	23,624	18.5 %
BBB/Baa	<u>17,663</u>	<u>14.1 %</u>	<u>14,995</u>	<u>11.7 %</u>
<b>Total Securities</b>	<b>\$ 125,478</b>	<b>100.0 %</b>	<b>\$ 127,968</b>	<b>100.0 %</b>

### Investment Portfolio (6/30/2014) <sup>(1)</sup>



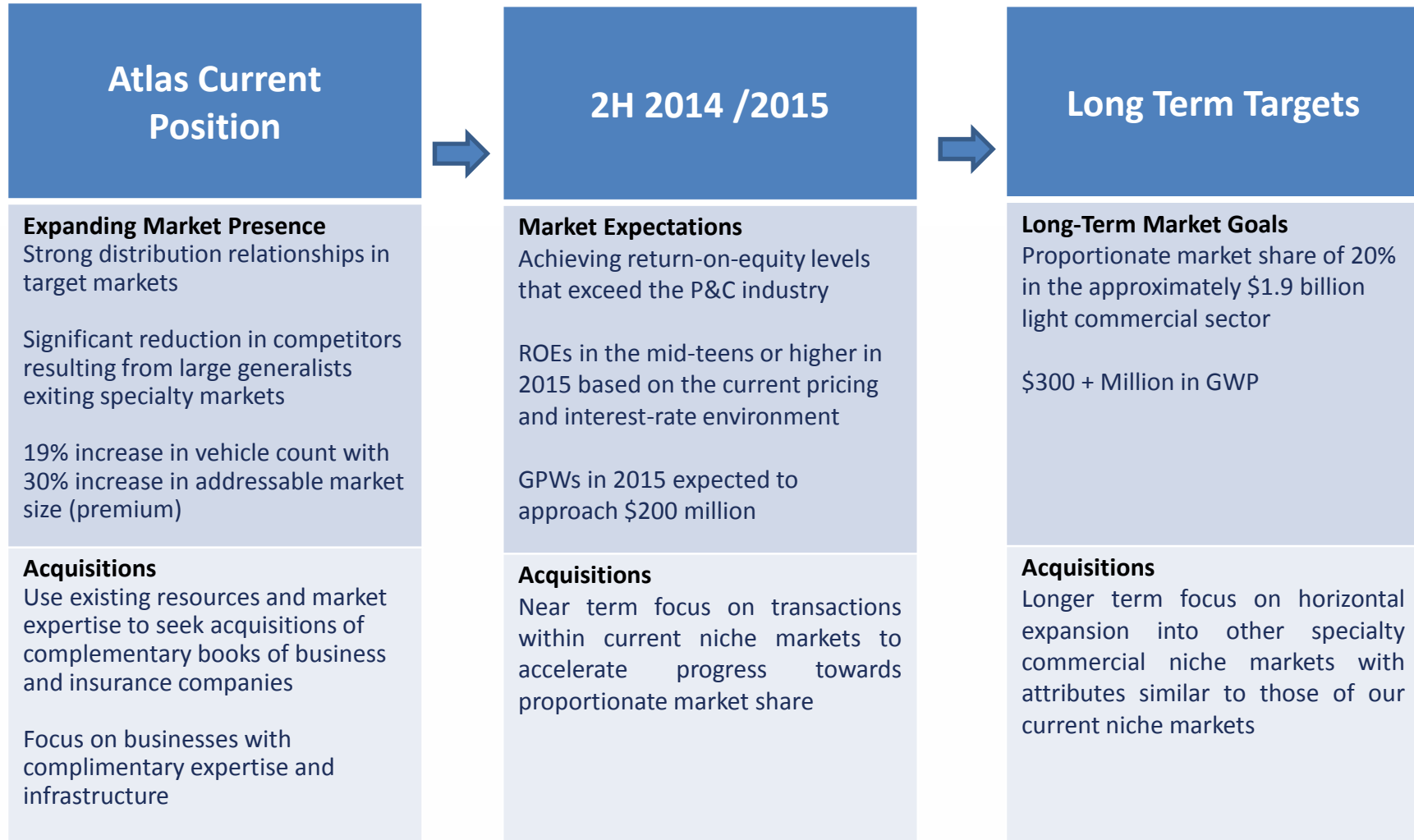
(1) American Country Insurance Company, American Service Insurance Company, Inc. and Gateway Insurance Company

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*Outlook for 2014 / 2015*



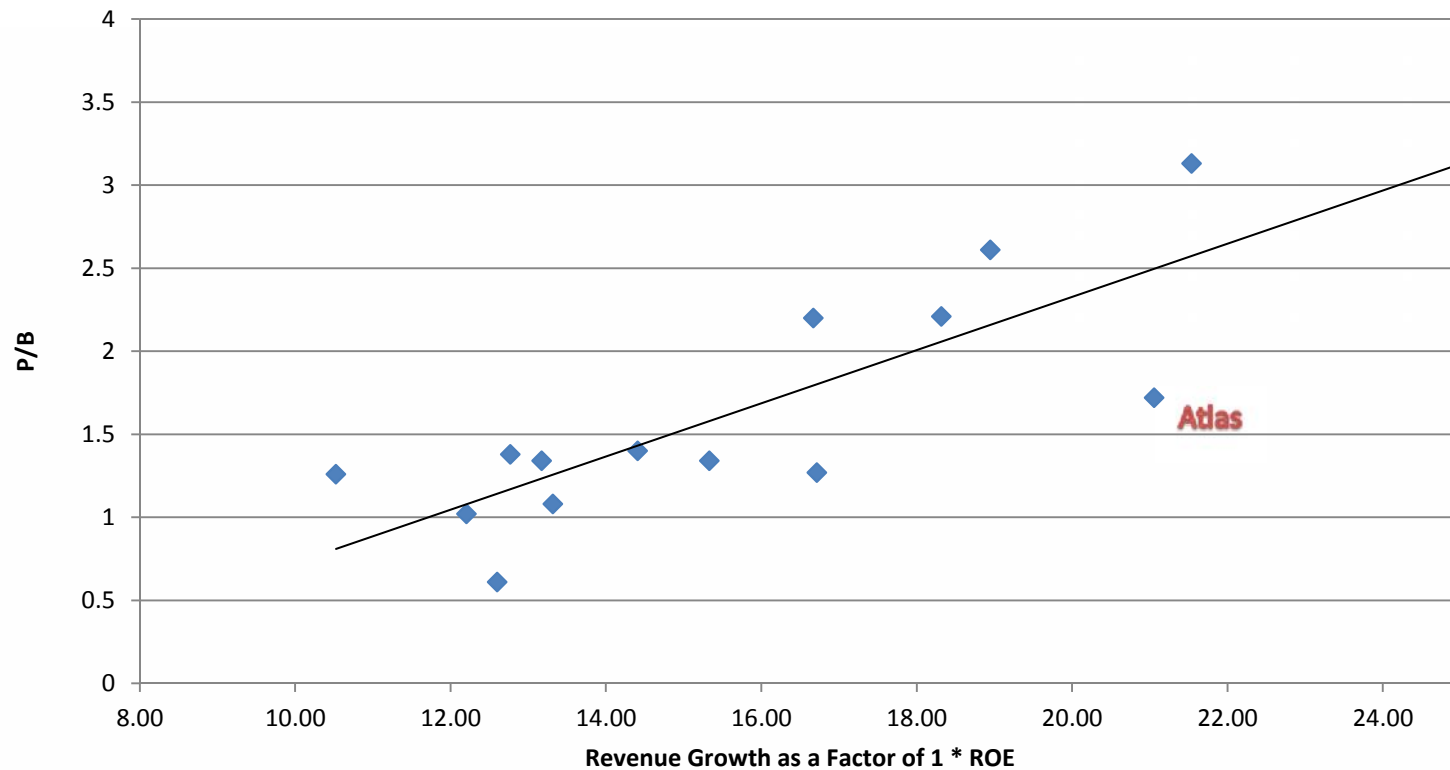
## Outlook / Goals in Coming Years



## Atlas from a Peer Perspective

### Criteria

- Companies in Insurance / Financial Services with ROEs in excess of 10%
- Non-Homeowners / Property
- Comps include: ACE, WR Berkley, Chubb, Travelers, RLI, Progressive
- As of August 5, 2014 – Source: Company Filings / Bloomberg





**Nasdaq: AFH**

**For Additional Information**

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