



Nasdaq: AFH



2016 Third Quarter
Conference Call
November 1, 2016



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Atlas Key Quarterly Takeaways / Snapshot

- **Earnings per common share** diluted for the third quarter of 2016 was \$0.51, compared to \$0.32 in the third quarter of 2015.
- In Q3 2016, **Atlas retired 2,538,560 preferred shares** held in connection of the Gateway acquisition. Also, Atlas settled an additional aspect of the Gateway stock purchase agreement relating to deferred tax assets which created a **\$1.9 million reduction of underwriting expense** in Q3 2016.
- **Annualized return on equity** (“ROE”) was 17.9% in the third quarter 2016 compared to 13.0% in the prior year period.
 - Adjusted to eliminate the impact of the Gateway related items, ROE was 12.8% exceeding P&C Industry ROE by Atlas’ target of 500 – 1000 basis points
- Company achieved **improvements in underwriting income, loss ratio, and combined ratio** due to emphasis on underwriting profit.
- **Book value per common share** on September 30, 2016 was \$11.81, compared to \$10.15 at December 31, 2015 and \$9.88.
- **GWP for 2016** to likely be relatively flat year-over-year, with a lessening impact from changing market dynamics (taxis / TNCs) beginning to show signs of abating and other segments remaining strong. Positive growth momentum expected to return in near term.
- **No indicators of new market entry** and Company continues to expect price leadership to optimize return on deployed capital via underwriting.

NASDAQ: AFH	At 9/30/2016	At 12/31/2015
Corporate Headquarters	Elk Grove Village, IL (Chicago suburb)	
Core Target Markets	Taxi / Limo / Livery / Paratransit	
Cash and Investments	\$233.4 million	\$233.3 million
Total Assets	\$407.1 million	\$411.3 million
Total Atlas Shareholders’ Equity	\$146.6 million	\$129.6 million
Common Shares Outstanding (includes Restricted Share Units)	12,045,519	12,045,519
Book Value Per Outstanding Common Share	\$11.81	\$10.15

2016 Q3 Financial and Operating Highlights

Quarterly Premiums Affected by Rate Decisions / Shift in Market Dynamics

- In-force premium at September 30, 2016 increased 11% to \$220.4 million, compared to \$199.1 million at September 30, 2015
- Gross written premiums decreased 7.0% to \$60.7 million
- Decrease was primarily due to a reduction in the Company's taxi and excess taxi and traditional taxi business - this impact began to abate Q3

Pricing Improving Underwriting Performance

- Underwriting income increased by 44.8% to \$7.1 million
- Combined Ratio⁽¹⁾ ("CR") improved by 4.7 pts. To 83.5% (Includes benefit from Gateway settlement)
- 14th consecutive quarter of CR under 95%
- 9th straight under 90%
- 3rd straight under 85%

(1) Ratios are computed as a percentage of net premium earned.

Book Value / ROE

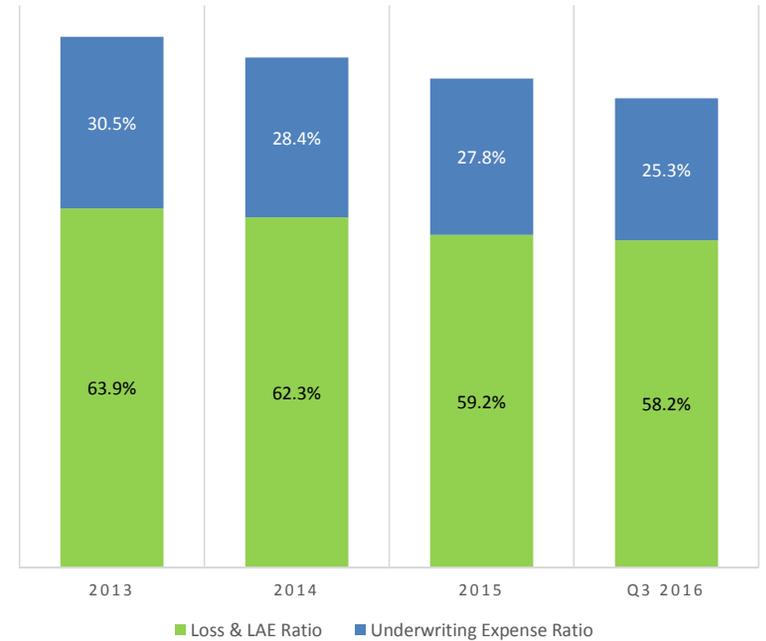
- Book value per share improved to \$11.81, a YoY increase of 19.5%
- Annualized return on equity ("ROE") was 17.9% for the quarter ended September 30, 2016 on a GAAP basis
 - Adjusted to eliminate the impact of the Gateway related items, non-GAAP ROE was 12.8%

2016 Financial Expectations

- ✓ Emphasis remains on underwriting profit as priority
 - Gross Written Premiums likely to remain relatively flat year over year until taxi related pressure flattens (expected near term)
- ✓ Expense ratio is a range of 24.5% to 26.5%
- ✓ Exceed P&C industry Return on Equity ("ROE") by 500 – 1,000 bps
 - P&C Industry average ROE was approximately 8% in the past year based on data from SNL Financial

Consistent Quarterly Year/Year Margin Improvement Since 2013 U.S. IPO

Combined Operating Ratio



	Three Month Periods Ended	
	Sept. 30, 2016	Sept. 30, 2015
Loss ratio	58.2%	60.0%
Underwriting expense ratio ⁽¹⁾	25.3% ⁽²⁾	28.2%
Combined Operating Ratio	83.5%	88.2%

(1) Included stock based compensation expenses of 0.9 and 1.0 percentage points for the Three Month Periods Ended September 30, 2016 and September 30, 2015, respectively.

(2) Included a decrease of 4.4 percentage points related to recovered expenses from acquisitions and stock purchase agreement.

Q3 Premium Analysis

Taxi premium down approximately 26% in Q3 year / year

- Reduction of taxi related premiums written from the prior year quarter was 31.5% as of Q2 2016 and reduced to 26.4% as of Q3 2016
- TNC companies incenting drivers to try their service, many start with “ride share” without Commercial Insurance

Excess Taxi renewed lower by 27% or \$3.3 million due to the non-renewal of one large fleet owner

- This is a business arrangement that renews in the third quarter each year, providing excess coverage above the levels of risk retained by the insured and only a small number of medallion owners qualify for this program.

Strong growth from Limo and paratransit

- Limo and paratransit still show favorable growth at 6.0% and 14.8% Q3 yr/yr, respectively
- Average premium per vehicle increased mid to high single digits from Q3 2015 to Q3 2016 for Limo and Para respectively.

Expectations:

Loss of taxi business has and will continue to moderate

Q4 will have no impact from excess taxi program due to seasonal nature of renewal

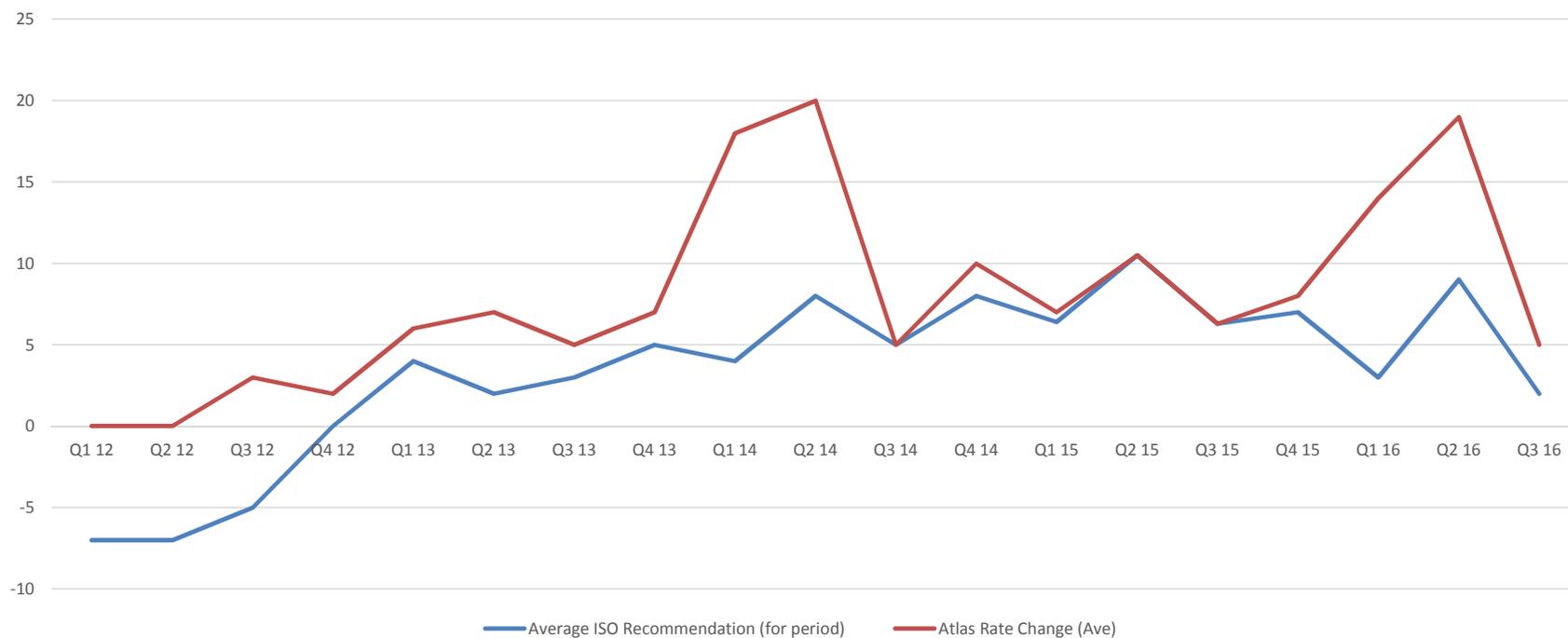
Commercial drivers who migrated to TNCs will pursue commercial insurance

Full year GWP will likely be relatively flat year over year until taxi drop off flattens

Written Premium: Rate Activity

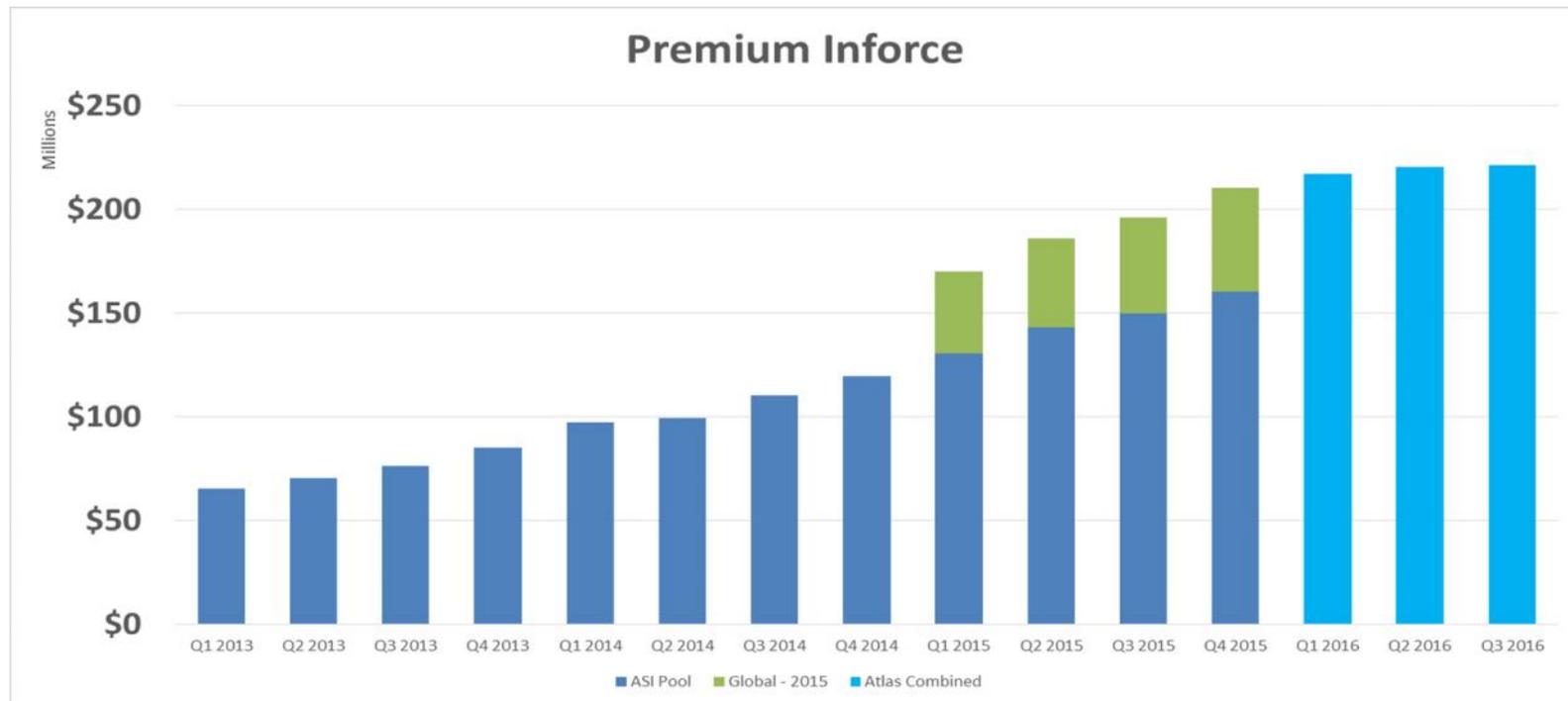


Sequential Rate Changes



Written Premium: In-force

At September 30, 2016, in-force premium was \$220.9 million and the Company's gross unearned premium reserve was \$117.8 million.

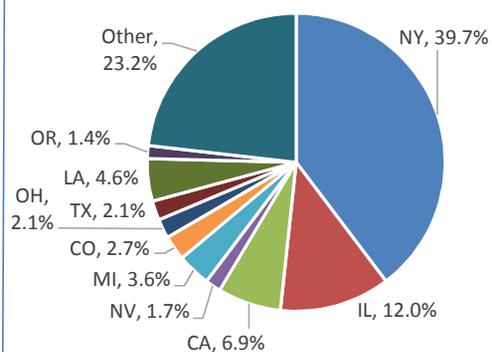
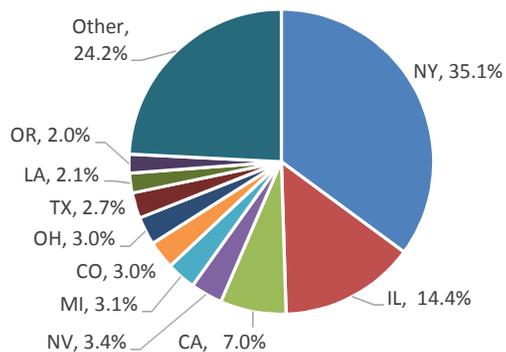


Geographic Diversification

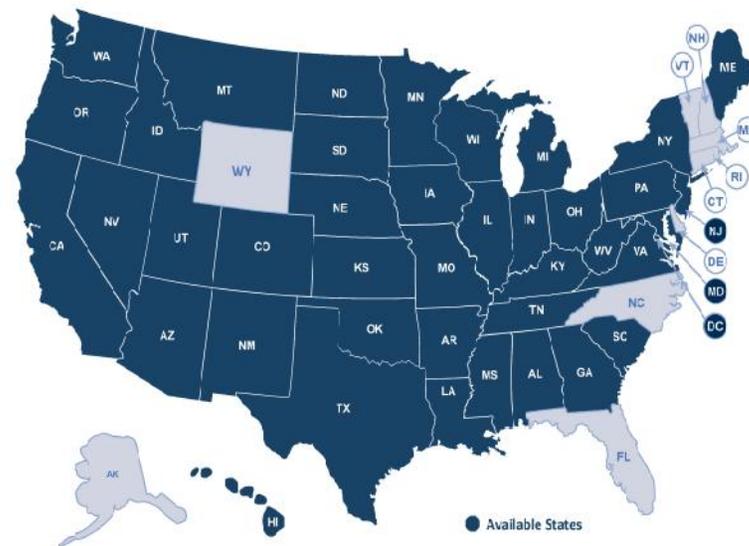


Gross premium written by state (in \$000)

	Three Month Periods Ended			
	September 30, 2016		September 30, 2015	
New York	\$21,340	35.1%	\$25,922	39.7%
California	8,761	14.4%	7,870	12.0%
Louisiana	4,280	7.0%	4,498	6.9%
Pennsylvania	2,068	3.4%	1,126	1.7%
Virginia	1,913	3.1%	2,328	3.6%
Colorado	1,843	3.0%	1,732	2.7%
Ohio	1,838	3.0%	1,403	2.1%
Texas	1,652	2.7%	1,389	2.1%
Michigan	1,293	2.1%	2,976	4.6%
Washington	1,206	2.0%	894	1.4%
Other	14,539	24.2%	15,177	23.2%
Total	\$60,733	100.0 %	\$65,315	100.0%



Nationwide market share is estimated at approximately 10%, with proportionate share forecast at 20%



Operating Activities: Underwriting

(commercial business only; excludes Global Liberty)

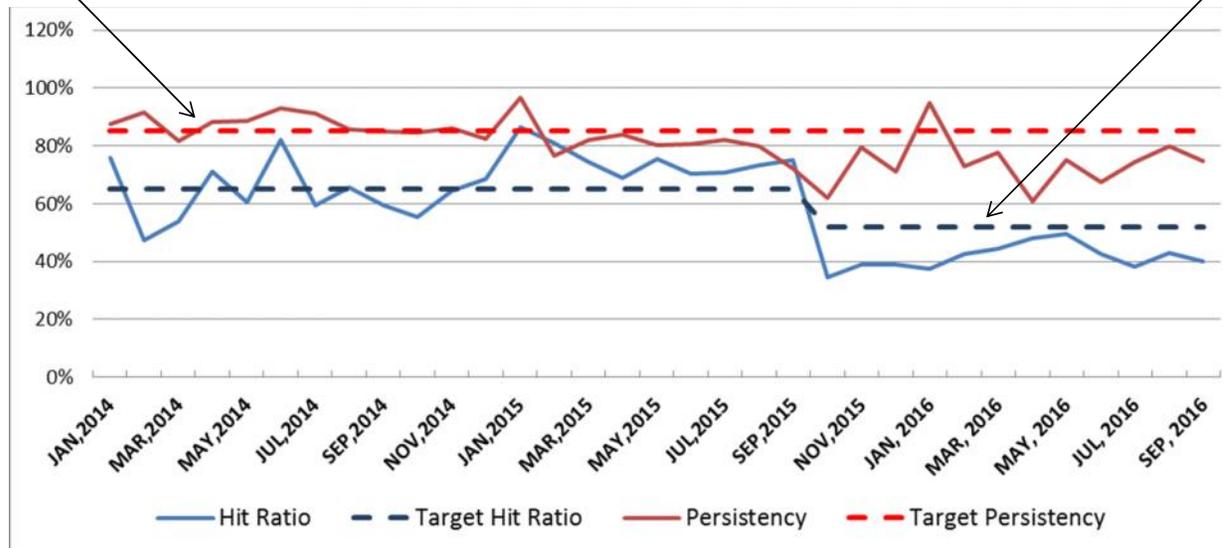


Target of 85% based on current market conditions.

Increased use of pricing relativity based on predictive analytics tools are expected to have a positive impact on both ratios.

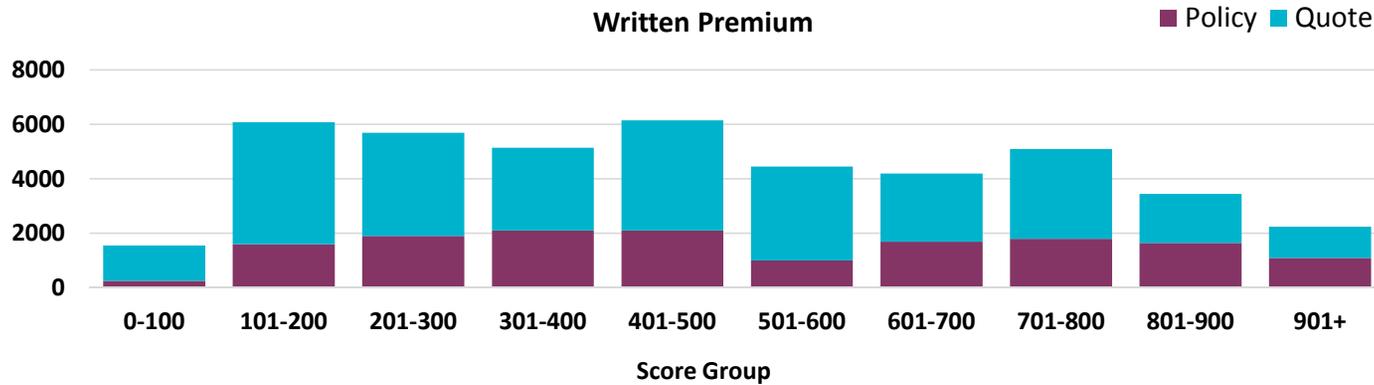
Current target of 52%. Market conditions continue to show support for mid single digit rate increases (magnitude varies by geography).

Note: From Q4 '15 forward, data is compiled from the newly launched Atlas Xpress (Duck Creek) policy system. The basis for hit ratio now includes additional submission information (not just commercial auto accounts that are quoted)

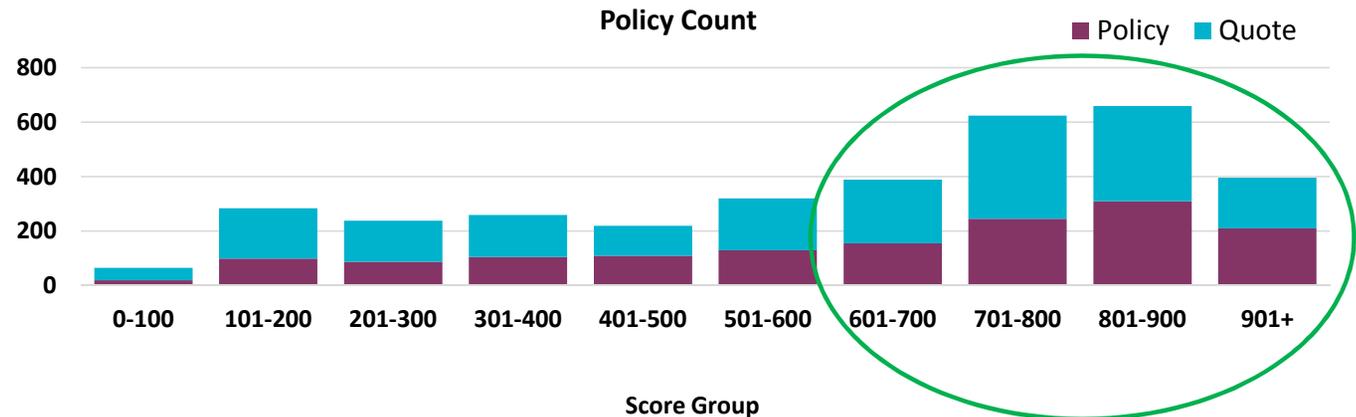


Operating Activities: Underwriting

(commercial business only; excludes Global Liberty)



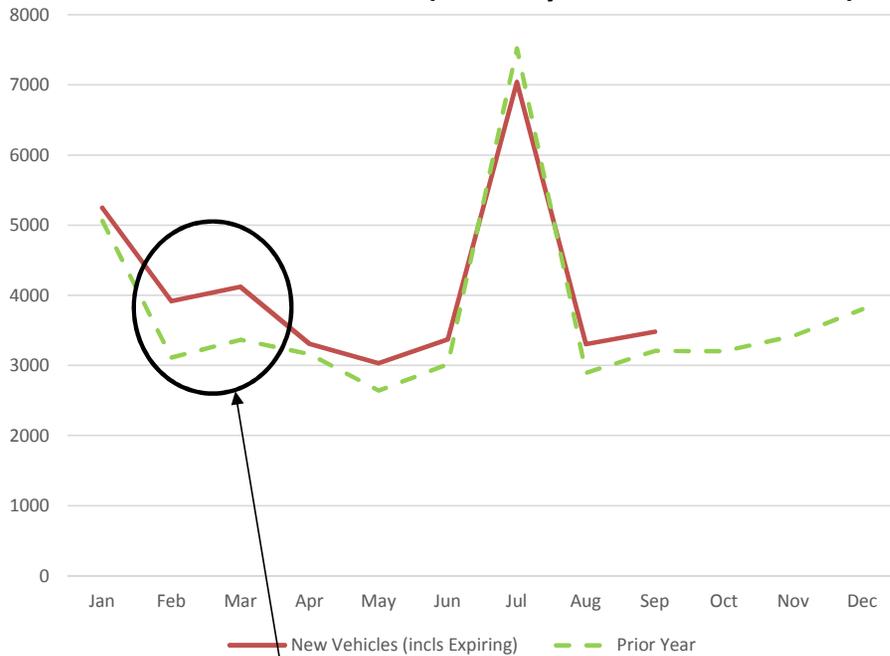
Positive risk differentiation using predictive analytics



Operating Activities: Underwriting

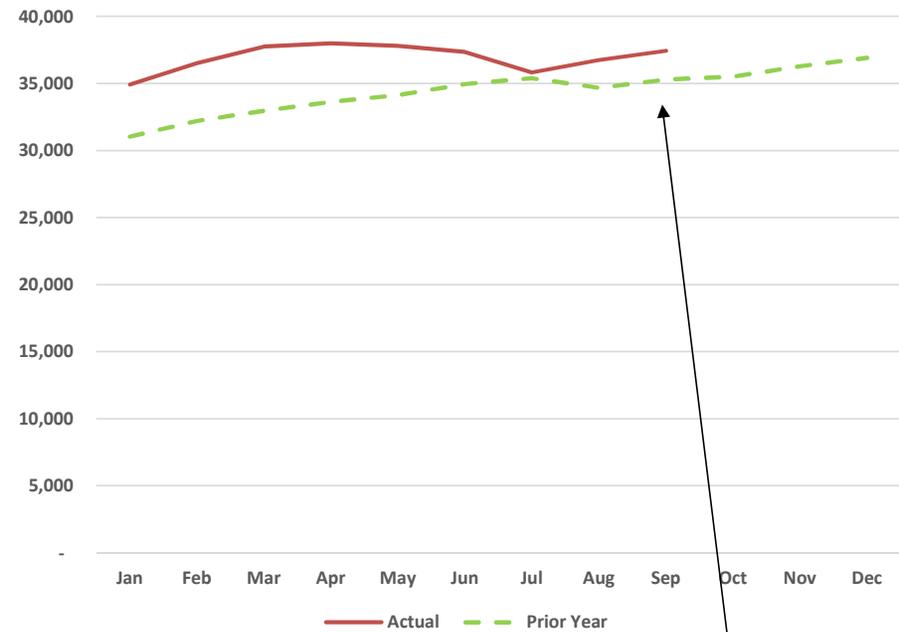
(commercial business only: excludes Global Liberty)

New Business Submissions (Monthly Vehicles Submitted)



Primary gap relates to lost Taxi business

Vehicles In Force



Return to growth expected as in force vehicles increase on relative basis

Operating Leverage (Actual through Q3 2016)



Financial Highlights



2016 Q3 Financial and Underwriting Results

Premium Results

GPW decreased by 7.0% to \$60.7 million in seasonably highest GPW quarter

- Overall premium shifted toward limo / paratransit during period
- Excess taxi reduced by 27%

Strong Underwriting Results

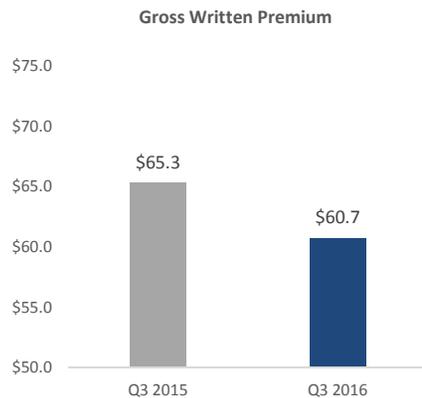
Combined ratio improved by 4.7 percentage points year-over-year to 83.5% ⁽¹⁾

Book Value Growth

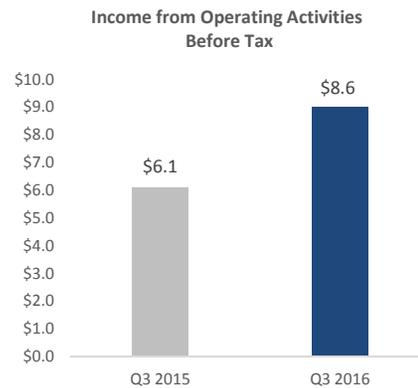
Atlas has increased book value in each of the past 16 quarters

- \$11.81 at 9/30/2016 compared to \$10.15 at 12/31/2015 and \$9.88 at 9/30/2015

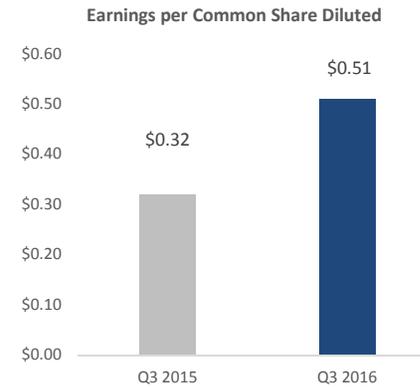
\$ in millions except per share data



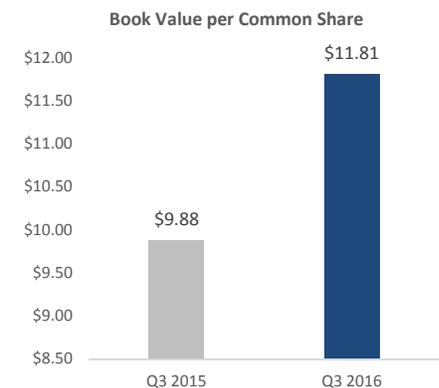
% Increase **-7.0%**



39.6%



57.1%



19.6%

(1) Q3 2016 included a decrease of 4.4 percentage points to the Combined ratio related to recovered expenses from acquisitions and stock purchase agreement and increase Earnings per Common Share Diluted by \$0.15.

Combined Ratio Analysis



The table below details the comparisons of each component of the Company's combined ratio for the periods indicated (after accounting for the effect of quota share reinsurance):

	Three Month Periods Ended		Nine Month Periods Ended	
	September 30, 2016	September 30, 2015	September 30, 2016	September 30, 2015
Loss Ratio	58.2 %	60.0 %	58.9 %	58.6 %
Underwriting Expense Ratio:				
Acquisition cost ratio	11.6 %	12.0 %	10.3 %	12.7 %
Other underwriting expense ratio	17.2 %	15.2 %	15.9 %	14.2 %
Underwriting expense ratio before expenses related to acquisitions and stock purchase agreements and stock based compensation expenses	28.8 %	27.2 %	26.2 %	26.9 %
Expenses (recovered) related to acquisitions and stock purchase agreement ratio	(4.4) %	— %	(1.8) %	1.7 %
Share based compensation expense ratio	0.9 %	1.0 %	0.9 %	1.1 %
Underwriting expense ratio	25.3 %	28.2 %	25.3 %	29.7 %
Total combined ratio	83.5 %	88.2 %	84.2 %	88.3 %

Within annual stated target of 24.5% to 26.5% of net earned premium

Detailed Impact of Changes to Book Value per Common Share

As of: (in '000s, except for shares and per share data)	September 30, 2016	December 31, 2015
Atlas shareholders' equity	\$ 146,592	\$ 129,622
Less: Preferred stock in equity	4,000	6,941
Less: Accumulated dividends on preferred stock	286	460
Common equity	\$ 142,306	\$ 122,221
Participative shares:		
Common shares outstanding	12,023,295	12,015,888
Restricted stock units (RSUs)	22,224	29,631
Total participative shares	12,045,519	12,045,519
Book value per participative share outstanding	\$ 11.81	\$ 10.15

Book value per common share of \$11.81 increased by \$1.66 relative to December 31, 2015 as follows:

\$1.10	increase related to net income after tax and before items below;
\$0.05	increase related to the change in net realized investment gains after tax;
(\$0.02)	decrease related to the preferred share dividend liquidation;
\$0.24	increase related to the change in unrealized gains/losses after tax;
\$0.10	increase related to share based compensation; and
\$0.19	increase related to benefit inured from the acquisition of subsidiaries.
\$1.66	total change from December 31, 2015 book value per common share

Strong Balance Sheet with Availability of Capital to Support Growth

- Attractive investment leverage
- Credit Facility:
 - \$5 million one-year revolver, LIBOR + 2.75% (\$2.4 million drawn)
 - \$30 million five-year draw facility, LIBOR + 4.5% (\$17.0 million drawn)

(\$ in millions)	June 30, 2016	December 31, 2015
Cash and Investments	\$233.4	\$233.3
Total Assets	\$407.0	\$411.3
Claim Reserves (Gross of Reinsurance) ^{(1) (2) (3)}	\$100.3	\$127.0
Unearned Premiums	\$117.8	\$108.2
Atlas Shareholders' Equity	\$146.6	\$129.6

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
- (3) Recently acquired Global Liberty included \$4 million of adverse development protection

Investment Portfolio

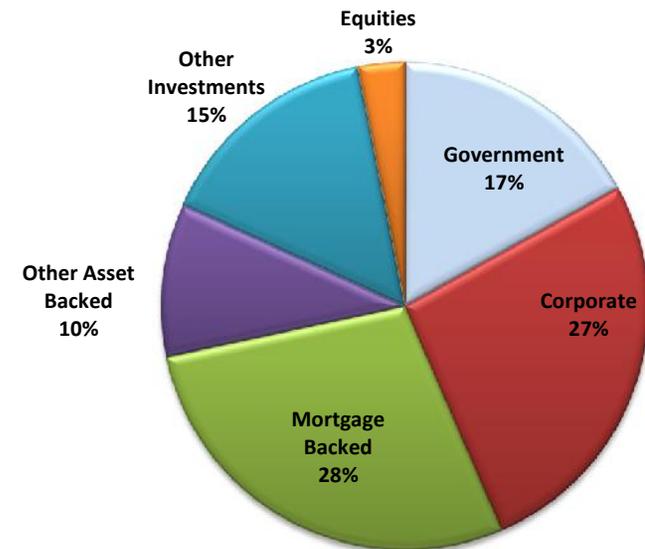
Conservative Investment Approach

- 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 (3.3 years)

Investment Portfolio

- As of September 30, 2016, total cash and invested assets were \$233.4 million, of which fixed income consisted of 84.7%
- Predominantly corporate and government bonds
- Average S&P rating of AA
- 28.9% AAA
- 84.8% A or better

Investment Portfolio (9/30/2016) ⁽¹⁾



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

As of:

	September 30, 2016		December 31, 2015	
	Amount	% of Total	Amount ¹	% of Total
AAA/Aaa ¹	\$ 48,506	28.9%	\$ 44,110	24.0%
AA/Aa ¹	69,622	41.5%	83,116	45.2%
A/A	24,089	14.4%	28,765	15.7%
BBB/Baa	24,576	14.7%	26,512	14.4%
BB	738	0.4%	1,270	0.7%
B	98	0.1%	—	—%
Total Fixed Income Securities	\$ 167,629	100.0%	\$ 183,773	100.0%

⁽¹⁾ Investment portfolio is the combination of the portfolios of American Country Insurance Company, American Service Insurance Company, Inc., Gateway Insurance Company, and Global Liberty Insurance Co. of New York

Outlook for Remainder of 2016

Core Goal: Across market cycles, our objective is to exceed industry ROE by 500 to 1,000 bps
Achieved in 2015 / Ahead of target through Nine Months Ended September 30, 2016

Favorable Outlook

- Goal is to maximize ROE potential in the current cycle
 - Strong operating margins
 - Efficient and scalable capital structure
 - Operating leverage

Remain proactive to changing market dynamics

- Mobile app dispatch
- More cars carrying people / items
- In-vehicle technology

Company has implemented measures to manage its operating leverage to match that of its business, with the objective of self-funding

- \$35 Million Line of credit from Fifth Third Bank
- Quota share reinsurance

Emphasis on underwriting margin versus top-line growth

- Quarterly shifting of business from traditional taxi premiums to black car / TNCs
- Reduced average vehicles per policy expected due to larger percentage of owner operators
- \$400 to \$450 million in written premium is proportionate share
- Continued market share expansion in existing states



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