

Producer Bulletin

Keeping you "in the know"

Date: September 28, 2015
To: Republic Group Agents
Subject: AmTrust Financial Services, Inc. Announces Agreement to Acquire Texas Based, Property/Casualty Insurer, Republic Companies, Inc.

We are pleased to announce that today we have entered into an agreement to be acquired by AmTrust Financial Services, Inc. (Nasdaq: AFSI) (the "Company" or "AmTrust"). AmTrust is a large, multi-national, property/casualty insurance company. In 2014, AmTrust produced over \$6.0 billion in premium and as of June 30, 2015, had almost \$16 billion in assets. The Company has an A.M. Best Financial Strength rating of "A" and a Financial Size rating of XIII. AmTrust underwrites a variety of, property/casualty insurance products and is licensed in all 50 states.

The Company is well-known for building and maintaining long-lasting and valuable relationships with its agents and customers. AmTrust's history of success through acquisition and organic growth is in large part due to the Company's commitment to provide valuable resources and support to the valued agents and customers of the acquired company. We anticipate the collaboration of our two companies will result in strengthening our long-term relationships with independent agents in the Southwest and diversify our markets and specialty products with managing general agents in select markets while improving the efficiency of existing operations.

We will continue operating as usual through closing of the transaction but will update you on the progress of the acquisition process and make every effort to provide the information and support needed to make this a successful and smooth transition.

We expect our agents and customers will see many benefits from this transaction and look forward to working with all of you. Pending regulatory approval, we anticipate the transaction will close during the first half of 2016.

Please see the attached news release for more information.

Sincerely,

Joseph E. Mattingly
President & CEO
Republic Group

The companies listed below are referred to collectively as "Republic Group". Each company is a separate legal entity.

Republic Lloyds
Southern Insurance Company
Republic-Vanguard Insurance Company
Republic Fire and Casualty Insurance Company

Republic Underwriters Insurance Company
Southern Underwriters Insurance Company
Southern County Mutual Insurance Company

[September 27, 2015]

AmTrust Financial Services, Inc. Announces Agreement to Acquire Texas Based, Property/Casualty Insurer, Republic Companies, Inc.

NEW YORK, [September 27, 2015] (GLOBE NEWSWIRE) -- AmTrust Financial Services, Inc. (Nasdaq: AFSI) (the "Company" or "AmTrust") today announced that it has entered into an agreement to acquire Republic Companies, Inc and its affiliates ("Republic") from Delek Group Ltd. (TASE: DLEKG), and Republic Insurance Holdings, Inc., for approximately \$233 million, which is subject to purchase price adjustments. The purchase price will be a combination of \$113 million in upfront cash, a note issued by AmTrust to Delek Group Ltd and cash payments to be made over five years. Pending regulatory approval, the parties anticipate closing will occur during the first half of 2016.

Texas based Republic has been providing property/casualty insurance for over 100 years. In 2014, Republic reported total direct premiums of approximately \$711 million. The majority of the business is written in the Southwestern states. In addition, Republic generates fee revenue by providing insurance services to third parties.

"Republic is an excellent addition to our Company's property/casualty and service and fees businesses. The combination of Republic's well-established business and brand with AmTrust's efficient operating platform and strong balance sheet offers great opportunities for profitable growth especially in Republic's key Southwestern markets," said AmTrust Financial Services, Inc. President and CEO, Barry Zyskind. "We look forward to Republic's seasoned team of managers and employees contributing to the success of our Company and to the benefit of our shareholders, agents and customers."

About AmTrust Financial Services, Inc.

AmTrust Financial Services, Inc., a multinational insurance holding company headquartered in New York City, offers specialty property and casualty insurance products, including workers' compensation, commercial automobile, general liability and extended service and warranty coverage through its primary insurance subsidiaries rated "A" (Excellent) by A. M. Best Company.

About Republic Companies, Inc.

Republic through a group of insurance companies and related entities provides personal and commercial property/casualty insurance products. In its Independent Agents segments, Republic distributes these products to individuals and small to medium-size businesses through a network of independent agents primarily in Texas, Louisiana, Oklahoma, Arkansas, Mississippi and New Mexico. In its Program Management and Insurance Services segments, Republic capitalizes on its unique combination of charters and licenses to develop and manage target-niche insurance products that are distributed through managing general agents in many additional states.

Forward-Looking Statements

This news release contains "forward-looking statements" that are made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. The forward-looking statements are based on the Company's current expectations and beliefs concerning future developments and their potential effects on the Company. Actual results may differ materially from those expressed or implied in these statements as a result of significant risks and uncertainties, including, but not limited to, non-receipt of expected payments from insureds or reinsurers, changes in interest rates, a downgrade in the financial strength ratings of our insurance subsidiaries, the effect of the performance of financial markets on our investment portfolio, the amounts, timing and prices of any share repurchases made by us under our share repurchase program, our estimates of the fair value of our life settlement contracts, development of claims and the effect on loss reserves, accuracy in projecting loss reserves, the cost and availability of reinsurance coverage, the effects of emerging claim and coverage issues, changes in the demand for our products, our

degree of success in integrating acquired businesses, the effect of general economic conditions, state and federal legislation, regulations and regulatory investigations into industry practices, risks associated with conducting business outside the United States, developments relating to existing agreements, disruptions to our business relationships with Maiden Holdings, Ltd., National General Holdings Corp., ACP Re, Ltd. or third party agencies and warranty administrators, breaches in data security or other disruptions with our technology, heightened competition, changes in pricing environments, and changes in asset valuations. The forward-looking statements contained in this news release are made only as of the date of this release. The Company undertakes no obligation to publicly update any forward-looking statements except as may be required by law. Additional information about these risks and uncertainties, as well as others that may cause actual results to differ materially from those projected, is contained in the Company's filings with the Securities and Exchange Commission, including its annual report on Form 10-K and its quarterly reports on Form 10-Q

For more information, please contact:

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