



Investor Presentation
First Quarter 2015

Forward Looking Statements

This presentation contains certain forward-looking statements that are intended to be covered by the safe harbors created by The Private Securities Litigation Reform Act of 1995. All statements other than statements of historical fact included in this presentation are forward-looking statements, including statements accompanied by words such as “believe,” “expect,” “anticipate,” “intend,” “estimate,” “plan,” “project” and “continue” or future or conditional verbs such as “will,” “would,” “should,” “could” or “may.” These statements include the plans and objectives of management for future operations, including those relating to future growth of the Company’s business activities and availability of funds, and are based on current expectations that involve assumptions that are difficult or impossible to predict accurately many of which are beyond the control of the Company. There can be no assurance that actual developments will be consistent with our assumptions. Actual results may differ materially from those expressed or implied in these statements as a result of significant risks and uncertainties. The projections and statements in this presentation speak only as of the date of this presentation and the Company undertakes no obligation to update or revise any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by law.

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National General Holdings Corp. (NGHC)

We are a specialty personal lines insurance holding company that provides personal and commercial auto, homeowners, accident and health, and various other niche insurance products in the U.S. and internationally.

Ticker Symbol*	NGHC
Current Price	\$20.01 (as of close of trading on May 7, 2015)
Shares Outstanding	93.5 million (35.5 million public float)
Market Capitalization	\$1.9 billion
Dividend & Yield	\$0.02 per share quarterly / \$0.08 per share annually (0.4% annual dividend yield)
Average Daily Volume	107,030 shares (3 month average daily volume as of May 7, 2015)
Fully Diluted Book Value Per Share	\$10.96 (March 31, 2015)
Capital Raises	<ul style="list-style-type: none"> ▪ June 2013: private placement of 21.88 mm shares at \$10.50 for \$213 mm net proceeds ▪ Feb. 2014: follow-on private placement of 13.57 mm shares at \$14.00 for \$178.5 mm net proceeds ▪ May 2014: private issuance of \$250 mm of 6.75% senior notes due May 15, 2024 ▪ June 2014: issuance of \$55 mm in 7.50% non-cumulative series A preferred stock ▪ March/April 2015: issuance of \$165 mm in 7.50% non-cumulative series B preferred stock
Analyst Coverage	<ul style="list-style-type: none"> ▪ <i>Randy Binner</i> – FBR Capital Markets & Co. ▪ <i>Matthew Carletti</i> – JMP Securities ▪ <i>Adam Klauber, CFA</i> – William Blair & Company, L.L.C.
Company Contacts	<ul style="list-style-type: none"> ▪ <i>Mike Weiner, CFA</i> – Chief Financial Officer, (212) 380-9492, Mike.Weiner@NGIC.com ▪ <i>Dean Evans</i> – Director of Investor Relations, (212) 380-9462, Dean.Evans@NGIC.com

Relationships with Affiliates

We believe our arms-length relationships with our affiliates – AmTrust Financial Services, Inc. (AFSI), Maiden Holdings, Ltd. (MHL), and ACP Re, Ltd. – provide significant strategic competitive advantages benefitting us in acquisition capabilities, technology, asset management, and several other operational areas.



- NASDAQ: NGHC
- \$1.9 billion market cap
- Personal Lines holding company with P&C and A&H operations
- Legacy GMAC Insurance auto business
- Lead insurance company is Integon National, domiciled in North Carolina
- Significant management ownership aligns with interests of investors
 - Chairman/CEO and family own 48.8% of NGHC
 - AFSI has additional 13.2% common ownership of NGHC



- NASDAQ: AFSI
- \$4.8 billion market cap
- Commercial Lines P&C holding company
- Karfunkel Family ownership 59%
- AFSI provides NGHC:
 - IT systems development for a fee
 - Asset management for a fee



- NASDAQ: MHL
- \$1.0 billion market cap
- Reinsurance company focused on non-cat lines
- Karfunkel Family ownership 28%

ACP Re, Ltd.

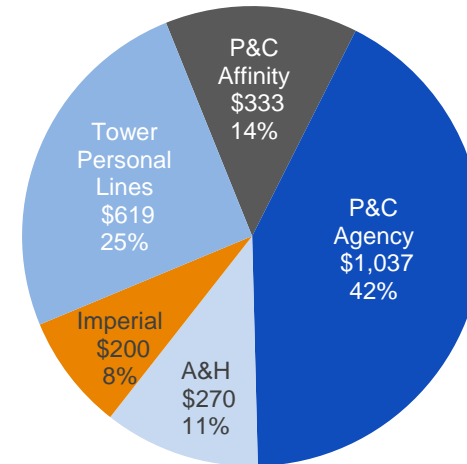
- Privately owned by Karfunkel Family
- Bermuda based Reinsurance company
- Acquirer of TWGP legacy business

National General Overview

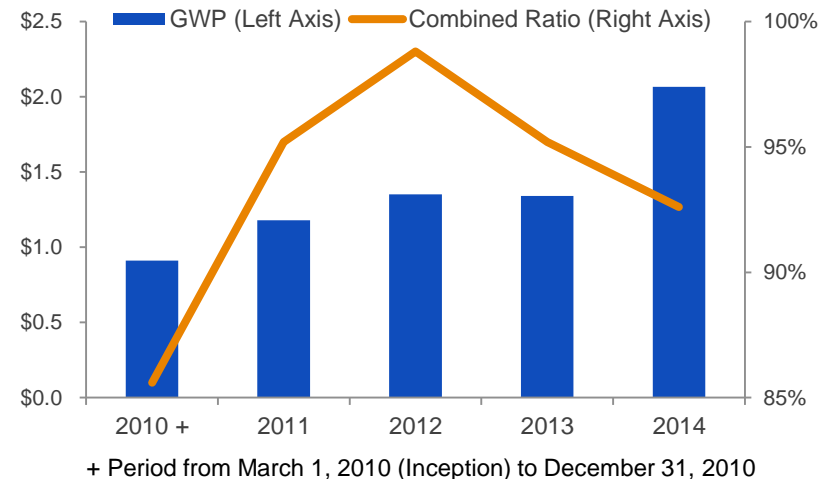
We are a personal lines insurer that is a top 20 writer of U.S. personal auto insurance, recently added a complementary homeowners book, and in recent years began building an A&H business from the ground up. Pro forma for the Tower Personal Lines and Imperial transactions, we have:

- \$2.1 billion of 2014 GWP / >\$2.5 billion managed premium
- \$1.26 billion of shareholders' equity and \$1.5 billion total capital at March 31, 2015
- An "A-" rating from A.M. Best
- Approximately 3,000 employees
- More than 1.6 million customers
- Approximately 24,000 independent agents & brokers
- Recent M&A transactions include:
 - **Imperial** – closed June 26, 2014; adds two underwriting companies with \$150 million GWP, an independent agency that produces \$45 million GWP, and an MGA; personal auto, homeowners, Federal Flood, and commercial auto business; geographic concentration in FL, TX, and LA.
 - **Tower Personal Lines** – closed September 15, 2014; provides access to ~\$650 million GWP & managed premium; adds homeowners and umbrella product lines and ability to bundle products to agents/customers, enhanced geographic footprint, and >1,000 independent agents.
 - **Healthcare Solutions Team (HST)** – closed January 26, 2015; healthcare insurance MGA that partners with ~500 independent agents across the country to provide a wide range of A&H products.
 - **Assigned Risk Solutions (ARS)** – closed April 1, 2015; MGA that services assigned risk auto, private passenger auto, and commercial lines; licensed in 22 states with heavy concentration in NY, NJ and PA.

2014 Business Mix Pro Forma for Tower & Imperial*



2010-2014 GWP (\$ in billions) & Combined Ratio

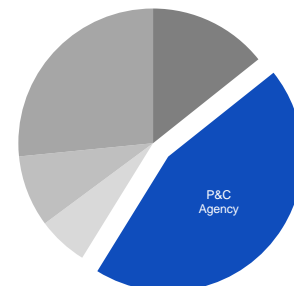
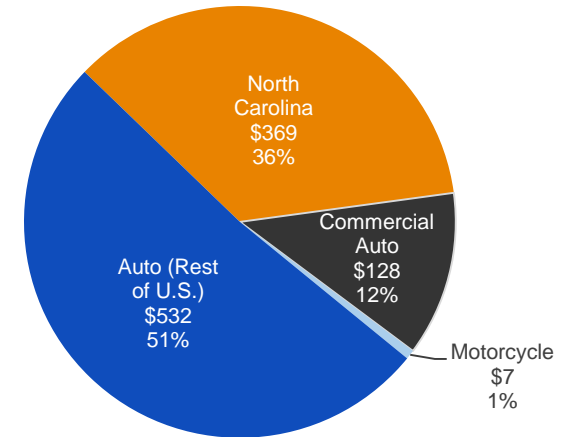


* **NOTE:** Pro Forma Business Mix includes Tower Personal Lines 2014 GWP and managed premium of ~\$619 million and Imperial 2014 GWP and managed premium of ~\$200 million. Pro Forma Business Mix is for illustrative purposes only, should not be viewed as a projection of our future business mix, and does not include non-renewals or reinsurance impact on the Tower Personal Lines or Imperial books.

Property & Casualty - Agency

- **History:** Entered in 1939
- **Geography:** Operates throughout U.S., key states include: NC, NY, VA, FL, WA, and CA
- **Premium Volume:** \$1,037 million of gross written premium in 2014
- **Distribution:** Through more than 19,000 independent agents and brokers. We also own our own MGA, Clearside General, which allows us to distribute our products in a cost effective way.
- **Business Detail:** We offer auto insurance for sub-standard, preferred, and standard risks, as well as commercial vehicle and motorcycle insurance.
 - *North Carolina* – Through our Integon National subsidiary, we are a top writer of personal auto in North Carolina. The state has a unique “take all comers” market supported by the North Carolina Reinsurance Facility (NCRF), to which we cede roughly 40% of our gross written premium in the state.
 - *Commercial Auto* – These policies include coverage for liability and physical damage caused by light-to-medium duty commercial vehicles, focused on artisan vehicles, with an average of two vehicles per policy.
 - *Motorcycle* – We provide coverage for most types of motorcycles, as well as golf carts and all-terrain vehicles.

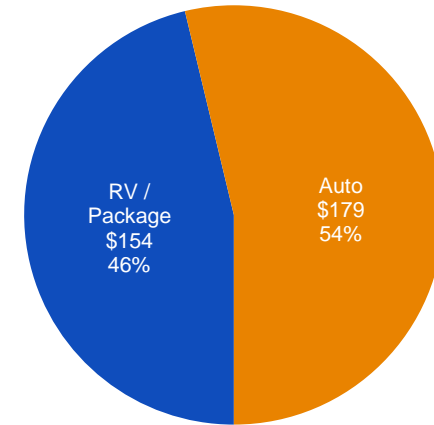
P&C Agency 2014 GWP: \$1,037 million



Property & Casualty - Affinity

- **History:** Entered in 1953
- **Geography:** Operates throughout U.S., key states include: MI, CA, FL, TX, and WA
- **Premium Volume:** \$333 million of gross written premium in 2014
- **Distribution:** Direct through numerous long-term affinity relationships (top 10 have been in place for over 10 years)
- **Business Detail:** We offer a customized insurance product and pricing for affinity groups on a white label basis.

P&C Affinity 2014 GWP: \$333 million



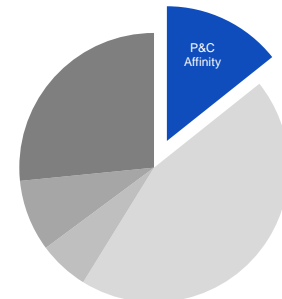
We are one of the top writers of RV coverage in the U.S. via Good Sam, an RV club with over 1 million members which also operates Camping World. Our exclusive contract runs until Jan 21, 2032.



We provide coverage for the employees and extended families of General Motors and their subsidiaries through the GM Family First program.



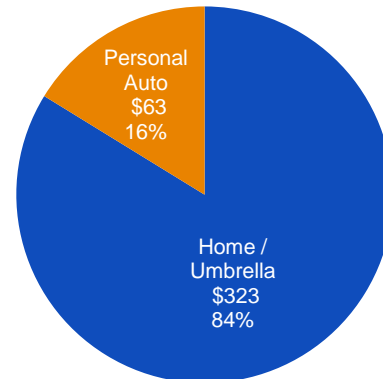
We provide insurance to the National Rural Letter Carriers' Association, a 109 year-old labor union representing over 100,000 American rural letter carriers.



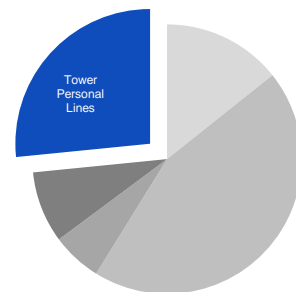
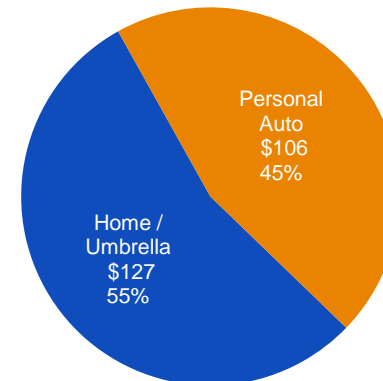
Tower Personal Lines

- **History:** Origins date to late 1800s, transaction closed September 15, 2014
- **Geography:** Operates throughout U.S., key states include: CA, CT, MA, ME, NH, NJ, NY, RI, and VT
- **Premium Volume*:** ~\$619 mm managed and GWP in 2014. Tower wrote \$385.8 million of GWP in homeowners, umbrella, and personal auto in 2014. Reciprocal Exchanges (Adirondack Insurance Exchange and New Jersey Skylands Insurance Association) wrote \$233.0 million of GWP in 2014
- **Distribution:** Established relationships with large national insurers to offer homeowners coverage, as well as over 1,000 independent agents.
- **Business Detail:** Provides homeowners, personal auto, package and umbrella coverage.
- *Please see “Tower Personal Lines Transaction” and “Tower Personal Lines Historical Results” slides in appendix on pages 31 and 32, respectively, for additional details.*

Tower 2014 GWP*: \$386 million

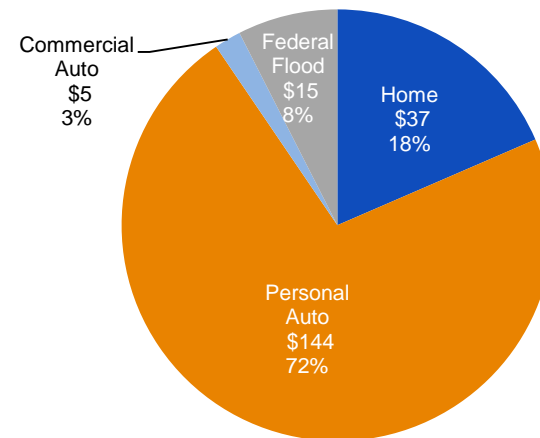


Reciprocal 2014 managed GWP*: \$233 million



- **History:** Founded in 1990, acquired on June 26, 2014
- **Geography:** South/Southeast, with key states including FL, TX, and LA
- **Premium Volume*:** \$200 mm managed and GWP in 2014, including: \$152 million GWP at underwriting subsidiaries and \$48 million of managed premium written by ABC insurance agencies (~\$9 million on Imperial paper)
- **Distribution:** Through over 2,000 independent agents, an in-house independent retail agency and an internal MGA
- **Business Detail:** Underwrites personal auto, homeowners, commercial auto, and Federal Flood policies through four operating subsidiaries:

Imperial 2014 managed & GWP*: \$200 million



Imperial Fire & Casualty Insurance Company - Underwrites personal auto in AR, FL, LA, OK and TX; homeowners in LA and TX; a commercial auto program in LA; and is licensed to write Federal Flood policies in 20 states.



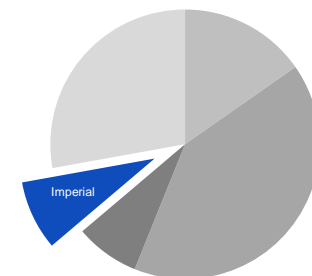
National Automotive Insurance Company - Acquired in December 2013 and provides non-standard personal auto insurance through independent agents across LA, with a heavy policyholder concentration in New Orleans.



ABC Insurance Agencies - Acquired in 2001, an independent agency group that sells auto, homeowners, and RV insurance products through 32 retail locations in LA and TX.



RAC Insurance Partners - Acquired in 2009, a Managing General Agency that produces specialty auto programs and non-standard auto business, operating in FL with a concentration in Miami-Dade County.

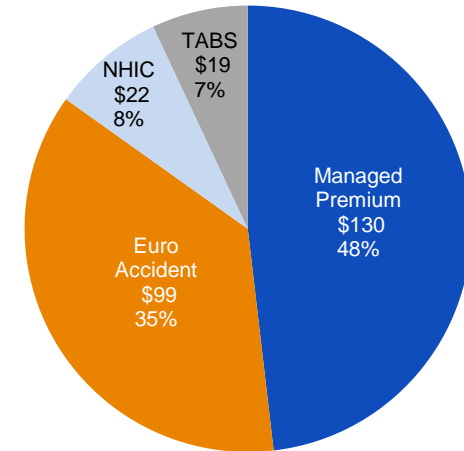


* NOTE: NGHC results include Imperial results after June 26, 2014 closing; Imperial managed premium and GWP above reflect a full year of underwriting results.

Accident & Health

- **History:** Entered in 2012
- **Geography:** Operates in the U.S. and Europe
- **Premium Volume:** \$140 million of GWP in 2014, with total managed premium of ~\$270 million

A&H 2014 managed & GWP: \$270 million



U.S. Business

We provide niche supplemental and non-major medical insurance products, which are written on National Health Insurance Company (NHIC) paper, to individuals and small employer groups through various distribution sources. Additionally, we provide major medical policies not written on our paper through our various distribution sources.

- **Distribution:** Call Center Agency (VelaPoint), Independent Agency (AHCP), Worksite Marketing (TABS), Managing General Agency (HST), Large 3rd Party General Agencies

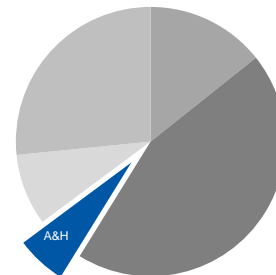


- **Products:** Accident/AD&D, Limited Medical/Hospital Indemnity, Short Term Medical, Cancer/Critical Illness, Stop Loss, Term Life, Dental and Vision.



European Business

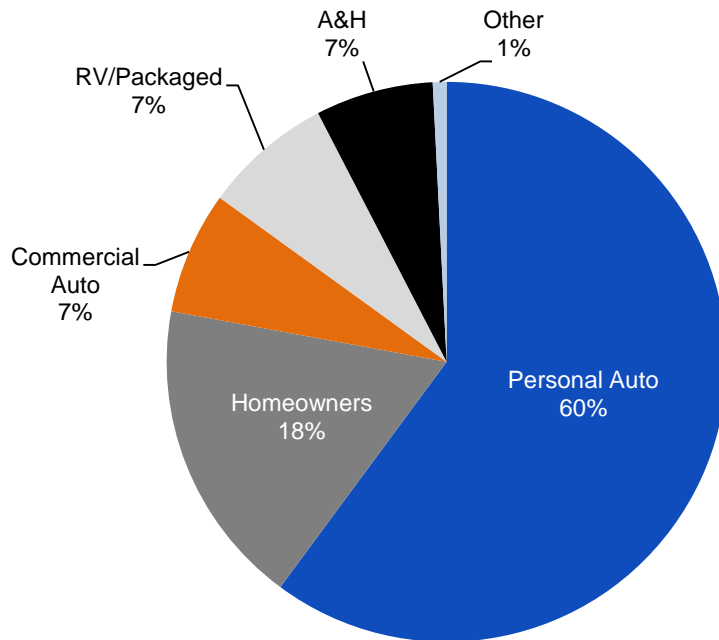
Through EuroAccident, a Swedish managing general agency, we provide life and health insurance (predominantly personal medical insurance or PMI) to large groups and individuals throughout Europe. Business is written on NHIC paper effective April 1, 2014.



Product Mix & Geographic Distribution

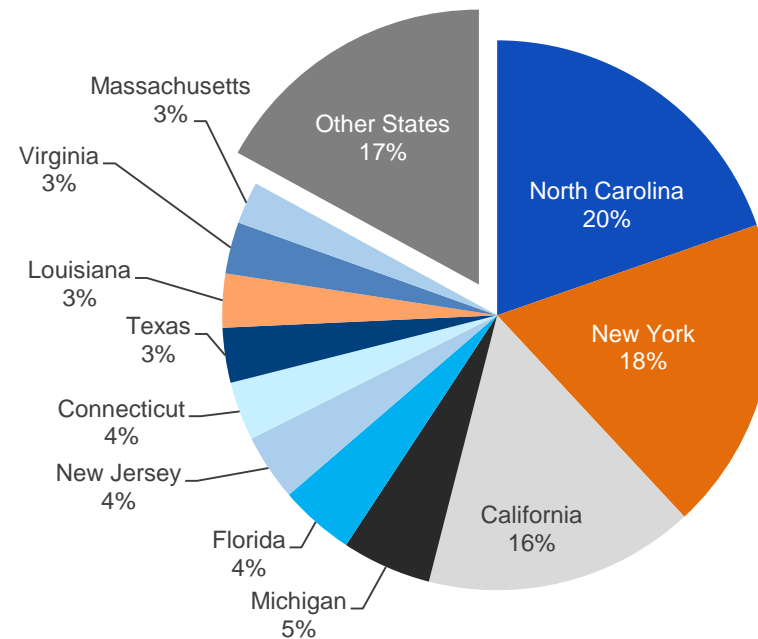
We are licensed to operate in 50 states and the District of Columbia; we believe that our broad geographic and product mix helps to limit our exposure to catastrophic events.

Product Mix



\$2.1 billion Companywide 2014 GWP

P&C Geographic Distribution



\$1.9 billion P&C Segment 2014 GWP

The National General Advantage

1

We have **proven leadership with an experienced management team** that has a history of creating shareholder value in previous ventures

2

We have built a **technology driven infrastructure** which creates operational efficiencies that result in reduced expenses and increased profitability

3

We have an intense focus on **profitable underwriting and disciplined expense management**

4

We will **opportunistically pursue acquisitions** to augment our organic growth opportunities

5

Our **sizable fee income stream increases our capital flexibility** and is expected to continue to grow

6

Our **expanding A&H segment offers a unique opportunity** with significant market potential and a predictable and complementary line of business which adds value to our customers and agents

7


We have a **strong balance sheet** with a conservative investment portfolio, stable loss reserves, and a strengthened capital position

Management Team

We believe we have a highly experienced and capable management team with a long history in the property and casualty insurance and financial services industries. Key members of our senior management team include:

<p>Michael Karfunkel Chairman, Chief Executive Officer</p>	<ul style="list-style-type: none"> ▪ 40+ years experience in the financial services industry ▪ Holds significant interests in insurance, banking and real estate companies ▪ Co-Founder and former Co-Owner/President of American Stock Transfer & Trust Company, Chairman of AmTrust Financial Services (AFSI)
<p>Michael Weiner Chief Financial Officer</p>	<ul style="list-style-type: none"> ▪ 19+ years of experience in the financial services and insurance industry ▪ Joined National General in March 2010 ▪ Previous experience: Cerberus, Citigroup, KPMG LLP and Bankers Trust Co.
<p>Byron Storms President of National General Insurance</p>	<ul style="list-style-type: none"> ▪ 22+ years of experience in the personal lines insurance industry ▪ Joined National General in December 2011 ▪ Previous experience: Farmers Insurance, Foremost Insurance and Bristol West Insurance
<p>Tom Newgarden President of National General Preferred Chief Product / Analytics Officer</p>	<ul style="list-style-type: none"> ▪ 24+ years of experience in the insurance industry ▪ Joined National General in August 2010 ▪ Previous experience: Safeco and AIG
<p>Michael Murphy Executive Vice President – Accident and Health</p>	<ul style="list-style-type: none"> ▪ 31+ years of experience in the health insurance industry ▪ Joined National General in December 2012 ▪ Previous experience: Coventry Healthcare, United Health Group and CIGNA
<p>Dave Koegel Chief Actuary</p>	<ul style="list-style-type: none"> ▪ 34+ years of experience in the insurance industry ▪ Joined National General in February 2014 ▪ Previous experience: ISO, AIG, American Re, Deloitte & Touche, Imagine Re and AmTrust
<p>Peter Rendall Treasurer</p>	<ul style="list-style-type: none"> ▪ 12+ years of experience in the insurance industry ▪ Joined National General (via GMAC Insurance) in August 2002 ▪ Previous experience: various roles at GMAC/National General, Integrated Services, Inc. (software)
<p>M&A Additions</p>	<ul style="list-style-type: none"> ▪ An added benefit of our active acquisition strategy is a consistent influx of management and operational talent ▪ We have retained a substantial number of employees and management following the closing of <i>Tower Personal Lines, Imperial, Healthcare Solutions Team, and Assigned Risk Solutions.</i>

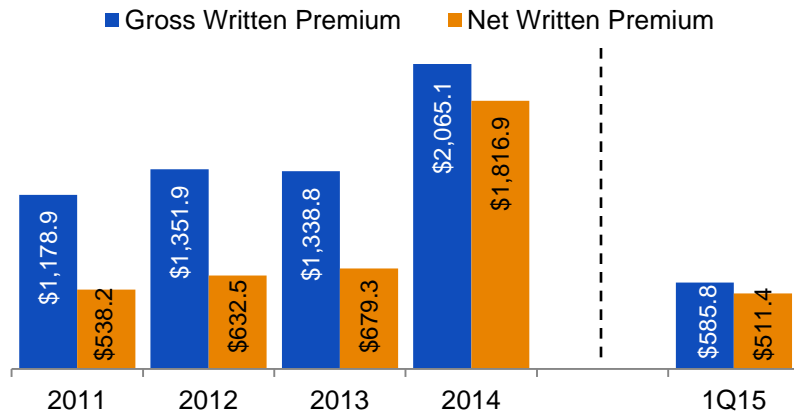
- We seek to leverage technology to create operational efficiencies which result in reduced expenses and increased profitability.
- We rely on technology and extensive data gathering and analysis to evaluate and price our products accurately according to risk exposure.
- Our goal is to continue to make strategic investments in technology and develop sophisticated tools that enhance our customer service, product management and data analysis capabilities.
- We have substantially upgraded our information technology capabilities in recent years.

NPS	RAD 5.0	EPIC	Telematics
<ul style="list-style-type: none"> ▪ NPS is our comprehensive state of the art policy administration system which allows for policy quoting, binding, and servicing and will allow agents to more quickly sell our products while providing tools to help them service business and bind more policies with National General. ▪ NPS is scalable to allow for future organic and acquisition growth. ▪ As of today our 3 legacy systems are retired and 100% of our P&C policies are on NPS. ▪ We expect the implementation of NPS and retirement of our legacy systems to result in significant cost savings going forward. 	<ul style="list-style-type: none"> ▪ RAD 5.0 is an underwriting pricing tool developed by our predictive analytics team that more accurately prices specific risk exposures to assist us in profitably underwriting our P&C products. ▪ RAD 5.0 offers numerous additional components and pricing strategies such as supplemental risk and improved credit modeling, and also facilitates better pricing over the lifetime of a policy by employing lifetime value and elasticity modeling. ▪ We believe that RAD 5.0 provides us with a competitive advantage for pricing our products relative to other auto insurers of our size. 	<ul style="list-style-type: none"> ▪ EPIC is our Siebel-based claims system. ▪ We believe we are ahead of the curve from an industry standpoint with EPIC, including workload management, document management, automatic assignment logic and seamless integration with over twenty different interfaces. ▪ The claims system was recently upgraded to the latest Siebel platform, which allows for the latest browsers and mobile applications. 	<ul style="list-style-type: none"> ▪ Consistent with our niche, technology-driven focus, we have entered into an arrangement with a managing general agency that has developed advanced vehicle telematics technology that monitors miles driven and other driver behavior, enabling us to leverage this technology to offer lower cost, low mileage products with less exposure. ▪ MetroMile: www.metromile.com <div data-bbox="1548 1115 1862 1186" style="text-align: center;">  </div>

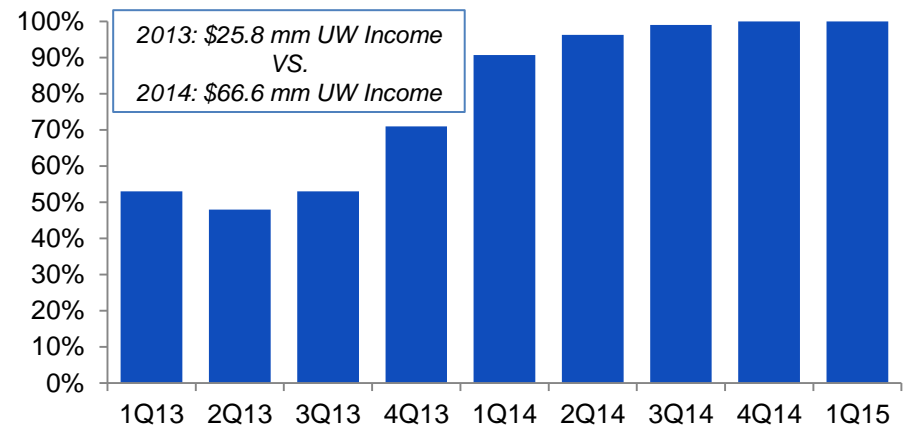
Focus on Profitable Underwriting (\$ in millions)

- Our focus on specialty markets and niche distribution channels provides the greatest opportunity for achieving superior long-term growth and profitability, while our sophisticated analytics drives better risk selection and improved margins
- The cession of premiums under our 50% third-party quota share was completed July 31 2014, resulting in increased retained premium and underwriting income

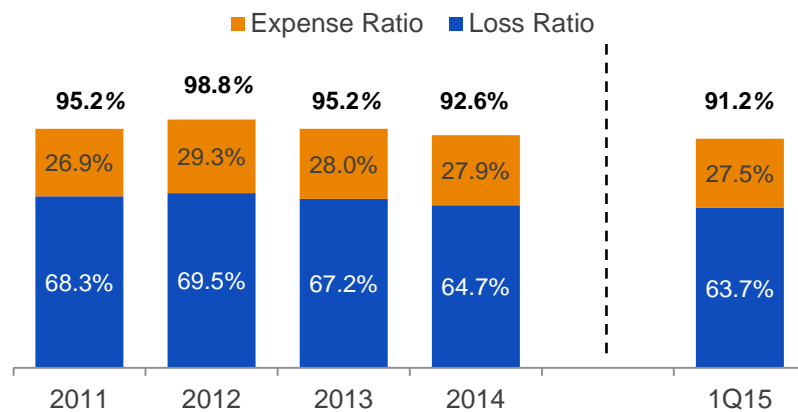
Gross and Net Written Premium



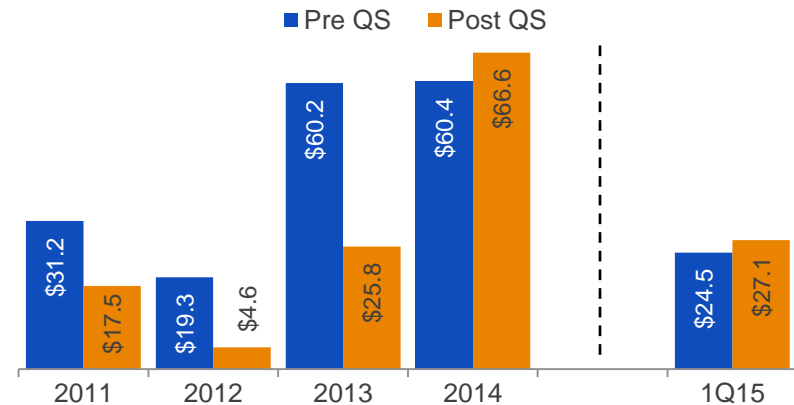
Third-Party Quota Share Retention – Legacy P&C



Combined Ratio*



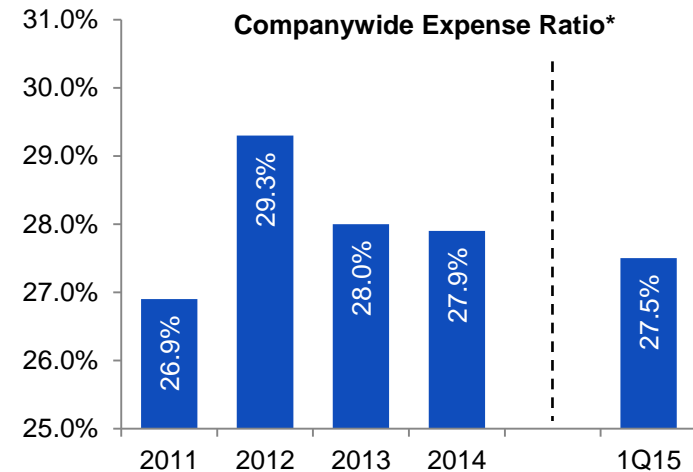
Pre/Post Quota Share – Legacy P&C Underwriting Income



* NOTE: Expense Ratio and Combined Ratio exclude the impact of non-cash amortization of intangible assets and impairment of goodwill.

Disciplined Expense Management

- We have an intense focus on disciplined expense management.
- We seek to leverage technology to create operational efficiencies which result in reduced expenses.
- We maintain a flat organizational structure where high level executives review sizable companywide expenses on a weekly basis to ensure that costs are properly controlled.
- Since acquiring GMAC Insurance in 2010, we have taken numerous steps to right-size the expense base of the company in order to improve overall profitability.



Near-term expense ratio drivers include:

- **Tower Personal Lines** – Before closing, Tower Personal Lines business was written at a 20% ceding commission on UPR or 22% ceding commission on new and renewal business, plus a 4% claims handling expense (included in the loss ratio). After closing, the expense ratio will likely be closer to a blend of Tower’s historical run-rate (average of 39.7% from 2011-2013) and our expense ratio (average of 28.0% from 2011-2014). Over the 12-18 months following closing, we expect to improve the expense ratio to be closer to our historical levels.
- **Systems** – The move of 100% of National General policies to NPS and the retirement of our 3 legacy systems resulted in a benefit to the expense ratio beginning in early 2014; a partial offset will be the increased NPS development cost for the transitioning of homeowners products throughout 2015.
- **Real Estate** – Recent real estate related cost saving efforts include our Winston Salem office relocation and a reduction in office space usage in St. Louis, which resulted in annual cost savings of \$4 million and \$2 million, respectively, beginning in the third and fourth quarters of 2014.

Growth Through Strategic Acquisitions

- Since taking over the company in 2010, we have completed multiple acquisitions which have built National General into the well diversified personal lines insurer it is today
- We target acquisitions of carriers with good underwriting and high expenses; and will look at renewal rights transactions, book rolls, new products, distribution, underwriting teams, etc.

1939:
Motors Insurance Corporation ("MIC") is formed by GMAC

1980:
MIC, as subsidiary of MIC General Insurance Group ("MICG") starts offering automobile liability insurance to GM employees

1991:
GMAC purchases the National General Insurance Companies, allowing it to provide insurance through affinity groups and provide a broader products offering to GM and GMAC employees

1997:
GMAC Insurance purchases Integon, the NC-based insurance group with independent agency distribution in 20 states

1999:
MIGG, National General Insurance and Integon start operating under the GMAC Insurance name

2001:
GMAC Insurance launches GMAC Insurance online

2006:
GMAC Insurance acquires MEEMIC and GM sells 51% controlling interest in GMAC to a consortium of investors led by Cerberus Capital Management

2008:
GMAC launches strategic review of insurance operations

PRIOR OWNERSHIP

CURRENT OWNERSHIP

March 2010:
ACAC (NGHC) purchases GMAC Insurance

September 2011:
Acquisition of Agent Alliance

December 2011:
Acquisition of ClearSide General

February 2012:
Acquisition of VelaPoint / America's Health Care Plan (AHCP)

September 2012:
Acquisition of TABS companies from the Coca Cola Bottlers Association

November 2012:
Acquisition of National Health Insurance Company (NHIC)

2013:
Form European life and non-life insurers

April 2013:
Acquisition of Euro Accident

April 2014:
Acquisition of Personal Express

June 2014:
Acquisition of Imperial

July 2014:
Acquisition of Agent Alliance Insurance Company

September 2014:
Tower Group Personal Lines Transaction closes

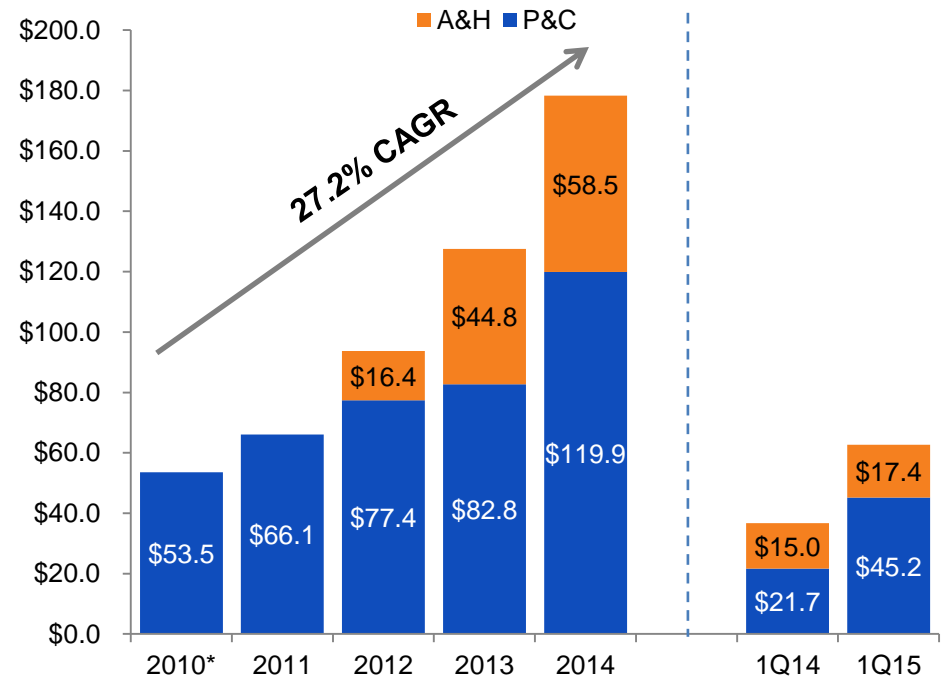
January 2015:
Acquisition of Healthcare Solutions Team

April 2015:
Acquisition of Assigned Risk Solutions

Fee Income

- We generate fee income, which increases our capital flexibility, within both our P&C and A&H segments.
- Our core agency auto states have historically been the primary contributor to fee income, but we expect continued fee growth to come from the expansion of our A&H segment, the addition of fee income from acquisitions, and the addition of management fees for the reciprocal exchanges from the Tower Personal Lines transaction (closed on September 15, 2014).
- Sources of Fee Income include:
 - We charge policy service fees (including fees for installment or renewal policies, non-sufficient funds, late payments, cancellations and various financial responsibility filing fees) which are generally designed to offset expenses incurred in the administration of our insurance business (P&C segment).
 - We collect service fees as commissions and general agent fees by selling policies issued by third-party insurance companies, on which we do not bear underwriting risk (both P&C and A&H segments).
 - We charge a fee for managing the reciprocal exchanges through the Attorneys-in-Fact, which were included in the Tower Personal Lines transaction (P&C segment). We note that these fees are eliminated in consolidated GAAP results.

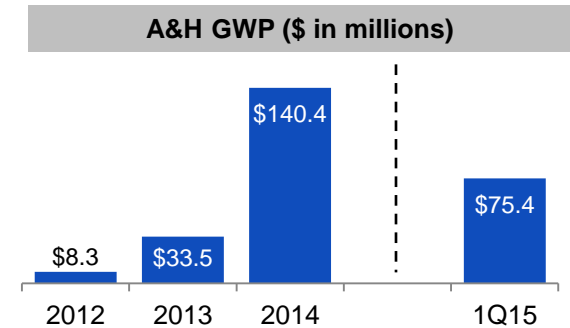
Service and Fee Revenue (\$ in millions)



* NOTE: Period from March 1, 2010 (Inception) to December 31, 2010.

A&H Expansion

- We believe the A&H segment presents a significant opportunity – following implementation of the Patient Protection and Affordable Care Act (PPACA) we expect substantial demand for supplemental products.
- We believe our combination of P&C and A&H distribution is a significant competitive advantage.
- We continue to look at potential acquisitions in the A&H space. The key acquisitions we have completed in the segment are as follows:



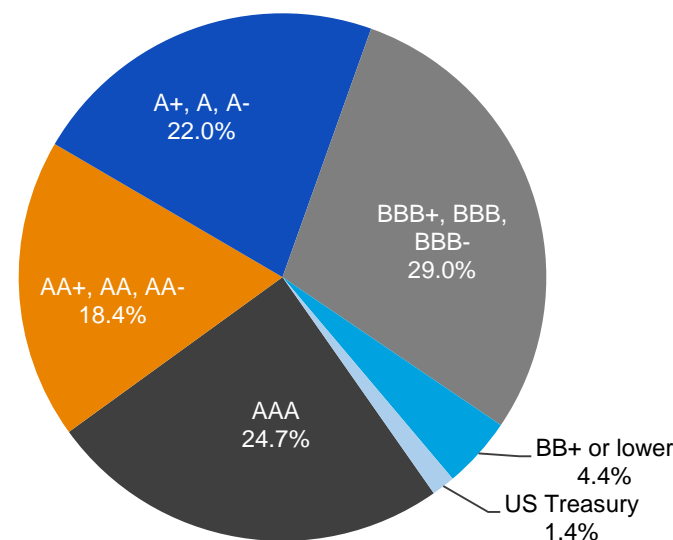
VelaPoint	<ul style="list-style-type: none"> • Acquired in February 2012. • General agency call center with ~200 licensed agents that sells a full range of supplemental medical & individual major medical policies via state/federal exchanges and third-party carriers. • Produced ~\$130 mm of premium for third-parties in 2014, began selling NHIC products in late 2013 and substantially expanded state and product offerings throughout 2014. We expect a significant percentage of VelaPoint supplemental health product sales to be written by NHIC.
America's HealthCare Plan (AHCP)	<ul style="list-style-type: none"> • Acquired in February 2012. • Managing general agent/program manager that works with > 4,300 independent agents/general agents across the U.S. to provide an array of insurance products, including those from third-party insurers, and will serve as a significant distributor for NHIC products.
The Associated Benefits Solutions (TABS)	<ul style="list-style-type: none"> • Acquired in September 2012 from the Coca-Cola Bottlers' Association. • Administers specialty self-insurance arrangements, offering ERISA qualified self-insured plans to employers in affinity associations or trade groups and selling medical stop loss coverage to employers through captive insurers. • We have subsequently expanded our distribution beyond initial affinities and now also market using NHIC products.
National Health Insurance Company (NHIC)	<ul style="list-style-type: none"> • Acquired in November 2012. • Texas domiciled life/health insurer established in 1979 licensed in 48 states & DC. • We have received approvals for a significant number of our target A&H insurance products for individuals and groups.
EuroAccident	<ul style="list-style-type: none"> • Acquired in April 2013. • Swedish group life and health insurance MGA. • Produced ~\$99 million in premiums in 2014. On January 1, 2014, National General began reinsuring all business placed by EuroAccident; beginning April 1, 2014, all new and renewal policies have been underwritten by our European subsidiaries on National General paper.
Healthcare Solutions Team (HST)	<ul style="list-style-type: none"> • Acquired in January 2015. • Managing general agency based in Lombard, Illinois that partners with approximately 500 independent agents across the country to provide a wide range of A&H products to customers.

Conservative Investment Portfolio

Composition by Asset Class (\$ in millions) at March 31, 2015

	Fair Value at March 31, 2015			% of Portfolio
	NGHC	Reciprocal Exchanges	Total	
Preferred Stock	x	x	\$7.9	0.4%
Common Stock	x	x	43.1	1.9%
Total Equities	48.2	2.9	51.1	2.3%
Corporate Bonds	x	x	854.3	38.2%
Residential MBS	x	x	470.6	21.1%
U.S. Treasuries & Federal Agency	x	x	39.1	1.7%
Municipal Bonds	x	x	177.4	7.9%
Commercial MBS	x	x	81.0	3.6%
Foreign Government	x	x	5.5	0.2%
Asset-Backed Other	x	x	5.4	0.2%
Total Fixed Maturities	1,406.6	212.6	1,633.3	73.1%
Subtotal Equities & Fixed Maturities	1,454.8	215.4	1,684.4	75.4%
<i>Other Investments</i>				
Equity in Unconsolidated Subs.	167.6	0.0	167.6	7.5%
Notes Receivable from Related Party	126.4	0.0	125.0	5.6%
Cash & Cash Equivalents	200.5	28.6	229.1	10.3%
Other Investments	5.8	0.0	5.8	0.3%
Short Term Investments	18.4	3.4	21.8	1.0%
Total Investment Portfolio	\$1,973.5	\$247.4	\$2,233.7	100.0%

Fixed Income Composition by Ratings at March 31, 2015



Fixed Income Portfolio Key Statistics at March 31, 2015

Average Yield: 3.2%

Average Duration: 4.89 years

Loss Reserves (\$ in millions)

- We believe we have a reasonable and sufficient loss reserve position that is substantiated by the latest indicated actuarial reserve range, including approximately 43% of carried IBNR as of the most current year end valuation.
- Our reinsurance recoverable position is due from highly rated reinsurers (A- or better with the exception of the MCCA and NCRF, state run facilities which are not rated by A.M. Best).

Loss Reserve Overview <i>(\$ in millions)</i>			
	2014	2013	2012
Gross Loss Reserves	\$1,450.3	\$1,259.2	\$1,286.5
Reinsurance Recoverables	\$888.2	\$950.8	\$991.4
Net Loss Reserves	\$562.1	\$308.4	\$295.1
Net Case Reserves	\$320.8	\$163.8	\$165.6
Net IBNR	\$241.2	\$144.6	\$129.5
% IBNR	42.9%	46.9%	43.9%
Favorable/(Unfavorable) Development	(\$17.9)	(\$6.1)	(\$1.3)
Development as a % of Net Reserves	-3.2%	-2.0%	-0.4%

Reinsurance Recoverables <i>(\$ in millions)</i>			
	2014 Recoverable	% of Total	A.M. Best Rating
Michigan Catastrophic Claims Association (MCCA)	\$689.2	77.6%	NA
North Carolina Reinsurance Facility (NCRF)	\$84.2	9.5%	NA
Maiden Insurance Company	\$44.2	5.0%	A -
ACP Re.	\$26.5	3.0%	A -
Technology Insurance (AmTrust Financial subsidiary)	\$17.7	2.0%	A
Other Reinsurers	\$26.5	3.0%	NA
Reinsurance Recoverables Total	\$888.2	100.0%	

Actuarial Net Loss Reserve Range at 12/31/2014
High: \$596.1
Carried: \$562.1
Midpoint: \$557.1
Low: \$517.8

Capital Position

Recent capital raising actions include:

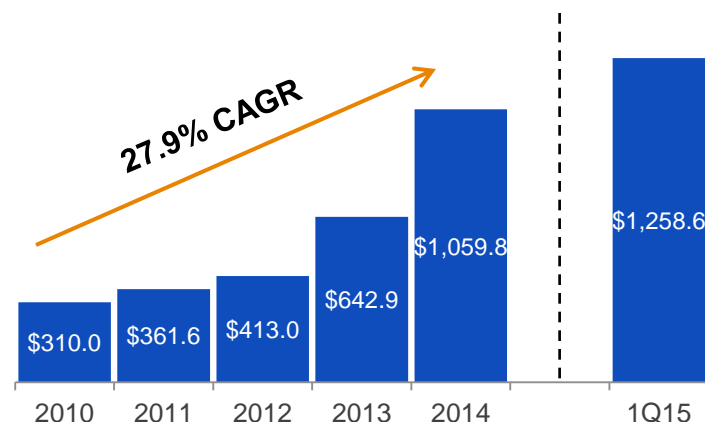
- On February 19, 2014 we priced a 144A Private Placement Follow-On Offering of 13.57 million shares at \$14.00 per share, generating \$178.5 million of net proceeds.
- On May 23, 2014, we announced the closing of a private placement of \$250 mm of 6.75% senior notes due on May 15, 2024.
- On May 30, 2014, we replaced our previous \$90 mm line of credit with a new \$135 mm facility.
- On June 25, 2014, we closed an offering of \$55 million of 7.50% Series A Non-Cumulative Preferred Stock redeemable on or after July 15, 2019.
- On March 27, 2015, we closed on \$150.0 million of 7.50% Series B Non-Cumulative Preferred Stock redeemable on or after April 15, 2020. On April 6, 2015, the underwriters over-allotment option was exercised for an additional \$15.0 million.

We expect to be able to write business with operating leverage of up to approximately 1.8x total capital.

NGHC Capital Position as of March 31, 2015 (\$ in millions)

Shareholders' Equity	\$1,258.6
Debt	\$255.0
Total Capital	\$1,513.6
Undrawn Line of Credit	\$135.0
Total Available Capital	\$1,648.6
Debt to Equity Ratio	20.3%
Debt to Total Capital Ratio	16.8%

NGHC Shareholders' Equity (\$ in millions)



The Bottom Line: Strong Profitability

We target a medium-term ROE of at least 15% across market cycles

Near Term Earnings Drivers	Timeframe
Legacy system retirement	Completed Early 2014
Completion of premium cessions under third party quota share treaty	Completed July 31, 2014
Integration/addition of Imperial	Ongoing After June 26, 2014 Closing
Integration/addition of Tower Personal Lines	Ongoing After September 15, 2014 Closing
Addition of fee income for managing Reciprocal Exchanges (eliminated in consolidated GAAP results)	Ongoing After September 15, 2014 Closing
Real estate cost savings	Throughout 2015
Increased A&H scale	Throughout 2015
Integration/addition of HST	Ongoing After January 26, 2015 Closing
Integration/addition of ARS	Ongoing After April 1, 2015 Closing

Illustrative ROE Calculation*	
Combined Ratio (92%-94%)	92%
Underwriting Profit	8%
Operating Leverage (NPE/Average Total Capital)	1.8x
ROE from Underwriting	14.4%
Investment Yield	3.5%
Investment Leverage (Cash & Investments/Equity)	2.0x
ROE from Investing	7.0%
Pre-Tax ROE	21.4%
Effective Tax Rate	28.0%
ROE to Common Shareholders	15.4%

Investment Opportunity

We are a diversified insurance holding company with the ability to leverage a unique portfolio of differentiated products to generate industry leading underwriting and overall profitability, driven by:

- **Strong Premium Growth** – we expect to continue to produce strong top line growth through continued selective acquisitions, the integration of a homeowners product offering, a reduction in our reliance on reinsurance, further expansion of A&H lines, organic growth within our core P&C book, and additional technology-driven product offerings.
- **Disciplined Expense Management** – we aim to produce peer-group leading expense ratios, driven by our new policy administration system, state of the art technology and an intense focus on expenses.
- **Focus on Acquisitions** – we expect the Tower Personal Lines, Imperial, HST, and ARS transactions to boost 2015 results, and we will continue to look at opportunistic M&A as a way to build our company.
- **A&H Opportunity** – post-PPACA implementation, we expect significant demand for supplemental products, and we believe our combination of P&C and A&H distribution is a substantial competitive advantage.
- **Experienced Management Team** – our senior management team has extensive experience in insurance and financial services, with a track record of delivering shareholder value (as demonstrated through previous public and non-public companies).
- **Strong Balance Sheet** – our balance sheet is well positioned with a conservative investment portfolio, a solid capital position, and adequate reserves.

We are targeting a medium-term ROE of at least 15% across market cycles

Companies and Partners



VELAPOINT
personal insurance

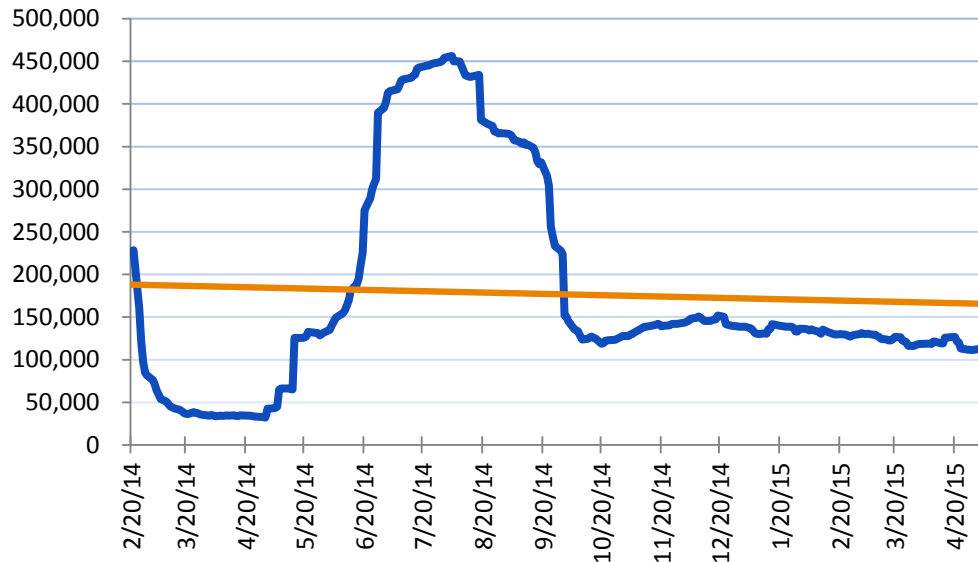


Appendix: Supplementary Information

Liquidity & Ownership

- Average Daily Volume: 107,030 shares / \$2.0 million (3 month average daily trading volume as of 5/7/2015)
- Currently 62% of our shares are owned by Affiliated Shareholders (including the Karfunkel family and AmTrust Financial), with 38% publicly floating.

3 Month Average Daily Volume



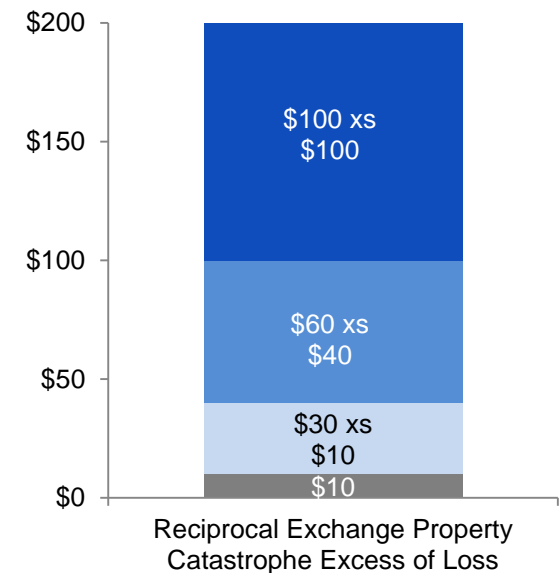
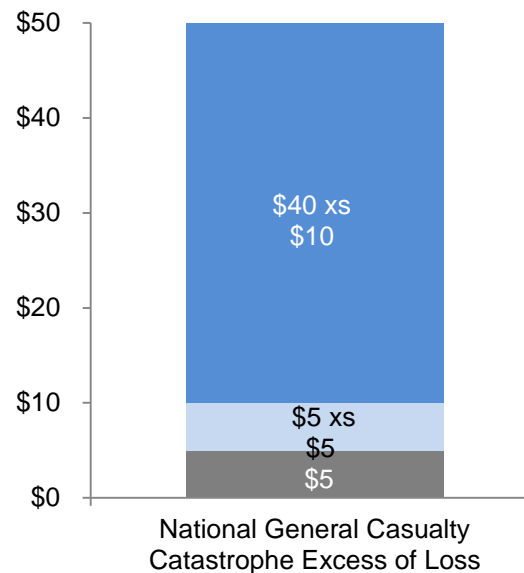
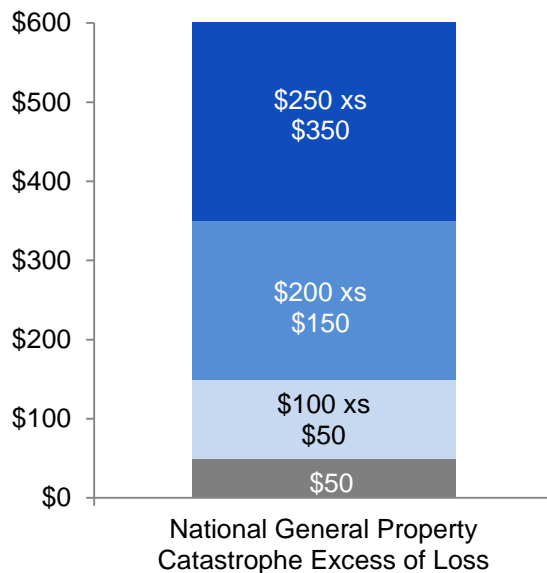
Affiliated Shareholders/Available Floating Shares

Holder	Shares (millions)	% of Shares
The Michael Karfunkel 2005 Grantor Retained Annuity Trust (GRAT)	33.0	35.3%
Michael Karfunkel	12.6	13.5%
AmTrust Financial	12.3	13.2%
June 2013 144A Equity Offering	21.9	23.5%
February 2014 144A Follow-On Equity Offering	13.6	14.5%
Total	93.4	100.0%

Catastrophe Reinsurance

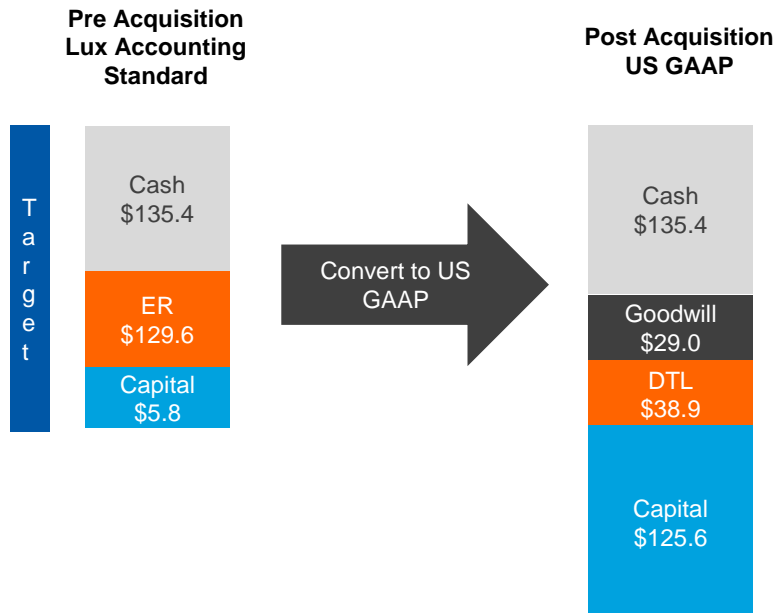
We completed a sizable reinsurance placement which went into effect as of July 1, 2014 that we believe will conservatively protect our capital position in the case of a catastrophic event.

- Our property catastrophe program provides \$550 million of coverage in excess of a \$50 million per event retention, with one reinstatement. We believe that our property catastrophe reinsurance program provides coverage for greater than a 1-in-150 year event.
- Our casualty catastrophe program provides \$45 million of coverage in excess of a \$5 million retention.
- The property catastrophe program for the Reciprocal Exchanges provides \$190 million of coverage in excess of a \$10 million per event retention, with one reinstatement.
- The following charts depict our various catastrophe reinsurance programs (\$ in millions):



Luxembourg Reinsurance Companies

- We have purchased three Luxembourg Reinsurance Companies (LRC) since 2012. Purchasing an LRC is not unique to NGHC.
- **Transaction example:** Capgemini Reinsurance Company S.A. (renamed NGHC Lux Re I) acquired for \$125.6 million in August 2012. The acquired company was a reinsurer with no liabilities, \$135.4 million in cash, \$5.8 million in capital and \$129.6 million in equalization reserves.
- From an accounting standpoint, the treatment of LRCs strictly adheres to GAAP accounting rules. LRC's are sold at a discount in order to limit seller's taxes, and include equalization reserves which are best described as equivalent to redundant reserves. Equalization reserves are released through intercompany reinsurance agreements approved by Luxembourg authorities, and the release of redundant reserves allows for the recognition of the discounted value of the business purchased. There is no impact on the loss ratio from intercompany reinsurance agreements.



- We establish a deferred tax liability (DTL) equal to approximately 30% of the unutilized statutory equalization reserves carried at LRCs. The DTL is adjusted each reporting period based primarily on amounts ceded to the LRC under intercompany reinsurance agreements. As the income or loss of the LRC is primarily from intercompany activity, the impact on the overall pre-tax income for the consolidated group is generally zero. The reduction of the DTL for the utilization of equalization reserves creates a deferred tax benefit reflected in the income tax provision line on the income statement, which correspondingly reduces our effective tax rate.
- For the years ended December 31, 2014 and 2013, we reduced our DTL relating to equalization reserves by \$21.2 million and \$1.8 million, respectively. This reduction lowered our effective tax rate by 16.7% and 3.4% for the years ended December 31, 2014 and 2013, respectively. As of March 31, 2015, the deferred tax liability related to the LRCs was \$30.9 million.
- As of March 31, 2015, approximately \$25.9 million of our goodwill balance was related to LRC subsidiaries. Goodwill and intangible assets are subject to annual impairment testing or on an interim basis whenever events or changes in circumstances indicate that the carrying value of a reporting unit may not be recoverable.

Life Settlement Contracts (LSC)

- A life settlement contract (LSC) is a contract between the owner of a life insurance policy and a third party who obtains the ownership and beneficiary rights of the underlying life insurance policy.
- As of March 31, 2015, we have a 50% ownership interest in four LSC Entities (Tiger, AMT Alpha, AMTCH and AMTCH II) that hold certain life settlement contracts. The LSC entities currently hold 270 policies with a face value of \$1.7 billion as of March 31, 2015. The fair value of the contracts owned by the LSC Entities is \$259.8 million; our proportionate interest is \$129.9 million.
- The following tables summarize data utilized in estimating the fair value of the portfolio of life insurance policies as of March 31, 2015 as well as the sensitivity of the fair value given an increase/decrease in the life expectancy pertaining to the underlying policies or the discount rate used to determine the fair value of the policies:

<i>(\$ in thousands)</i>	March 31, 2015
Average age of insured	81.4 years
Average life expectancy, months ⁽¹⁾	119
Average face amount per policy	\$6,520
Effective discount rate ⁽²⁾	14.0%

<i>(\$ in thousands)</i>	Change in life expectancy	
	Plus 4 Months	Minus 4 Months
Investment in life policies: March 31, 2015	(\$34,014)	\$36,218
	Change in discount rate ⁽³⁾	
	Plus 1%	Minus 1%
Investment in life policies: March 31, 2015	(\$22,299)	\$24,959

Tower Personal Lines Transaction

- On January 6, 2014 we announced an agreement to acquire renewal rights and certain assets of the personal lines insurance operations of Tower, in connection with an agreement simultaneously entered into by ACP Re Ltd. to acquire Tower Group International Ltd. (TWGP).
- Simultaneously with this agreement, we entered into a 100% quota share reinsurance agreement with a cut-through endorsement (the "Cut-Through Reinsurance Agreement") on most of Tower's in-force personal lines policies and on new and renewal personal lines business, which was effective from January 1, 2014 through September 15, 2014. We assumed 100% of Tower's unearned premium reserves with respect to in-force personal lines policies, net of reinsurance already in effect. We paid a 20% ceding commission with respect to unearned premium assumed and a 22% ceding commission with respect to new and renewal business, and up to a 4% claims handling expense reimbursement to Tower on all premium subject to the Cut-Through Reinsurance Agreement. The economic impact of this agreement is reflected in our first, second, and third quarter 2014 results.
- The transaction closed on September 15, 2014.
- Effective with the closing of the transaction, we entered into a Personal Lines Quota Share Reinsurance Agreement with Tower insurance companies, under which we will reinsure 100% of all losses for Tower new and renewal personal lines business written after September 15, 2014. The ceding commission payable under this reinsurance agreement is equal to the sum of reimbursement of the acquisition costs and 2% of gross written premium collected. In connection with the execution of the Personal Lines Quota Share Reinsurance Agreement, the Cut-Through Reinsurance Agreement was terminated on a run-off basis.



NGHC Receives from ACP Re:

- Renewal rights of Tower Personal Lines Insurance Operations
- Attorney-in-Facts that manage the Reciprocal Exchanges (for \$7.5 million in cash)
- A 7-year \$125 million note bearing interest at 7%
- Full backstop (Retrocession) of up to \$125 million of our stop loss reinsurance of the Tower book, for which we will pay \$28 million less a 5.5% (\$1.5 million) fee, payable 5 years after closing

ACP Re Receives from NGHC:

- \$125 million loan, in the form of a 7-year note bearing interest at 7%
- \$125 million of stop loss reinsurance, for which ACP Re will pay NGHC \$28 million, payable 5 years after closing
- \$7.5 million in cash for the Attorney-in-Facts that manage the Reciprocal Exchanges
- Ceding commission of 2% on business written on Tower paper
- An earnout fee of 3% of GWP payable for a three year period following closing, capped at \$30 million total

Tower Personal Lines Historical Results (\$ in millions)

	2013			2012			2011		
	Tower	Reciprocal Exchanges	Total	Tower	Reciprocal Exchanges	Total	Tower	Reciprocal Exchanges	Total
Gross Premiums Written*	\$433.1	\$223.0	\$656.1	\$460.8	\$215.4	\$676.2	\$380.6	\$209.3	\$589.9
Net Premiums Written	\$238.6	\$159.8	\$398.4	\$356.8	\$157.0	\$513.8	\$316.9	\$169.4	\$486.3
Net Premiums Earned	\$303.4	\$161.4	\$464.8	\$333.6	\$163.7	\$497.3	\$318.8	\$187.2	\$505.9
Loss Ratio	58.6%	71.3%	63.0%	72.5%	66.7%	70.6%	67.2%	55.8%	63.0%
Expense Ratio	39.4%	44.8%	41.3%	36.9%	44.8%	39.5%	36.3%	41.3%	38.2%
Combined Ratio	98.0%	116.1%	104.3%	109.4%	111.5%	110.1%	103.5%	97.1%	101.2%
Favorable/(Unfavorable) Prior Year Development Points on the Combined Ratio	\$1.4 0.5%	(\$5.1) -3.2%	(\$3.7) -0.8%	(\$4.0) -1.2%	\$8.9 5.4%	\$4.9 1.0%	\$29.1 9.1%	\$37.8 20.2%	\$66.9 13.2%
Catastrophe Losses ** Points on the Combined Ratio	- -	- -	- -	\$42.8 12.8%	\$9.0 5.5%	\$51.8 10.4%	\$42.8 13.4%	\$6.5 3.5%	\$49.3 9.7%
Ex-Cat Current AY Combined Ratio	98.5%	112.9%	103.5%	95.4%	111.4%	100.7%	99.2%	113.8%	104.7%

NOTES:

Tower acquired OneBeacon's Personal Lines business in July 2010.

Data taken from Tower Group International 10-K filings for the years ended 2013, 2012, and 2011.

* Gross Premiums Written for Tower include homeowners and umbrella as well as personal auto product lines.

** 2012 catastrophe losses relate to Superstorm Sandy and other severe storms; 2011 catastrophe losses relate to Hurricane Irene and other severe weather events.

Appendix: Financial Information

Summary Income Statement (\$ in thousands)

	Twelve Months Ended December 31,			Twelve Months Ended December 31, 2014			Three Months Ended March 31, 2015		
	2011	2012	2013	NGHC	Reciprocal Exchanges (5)	Consolidated	NGHC	Reciprocal Exchanges (5)	Consolidated
Revenues:									
Gross written premium	\$1,178,891	\$1,351,925	\$1,338,755	\$2,065,065	\$70,042	\$2,135,107	\$585,808	\$61,237	\$643,455 ^(E)
Net written premium	538,236	632,494	679,316	1,816,948	53,076	1,870,024	511,388	18,637	530,025
Net earned premium	498,210	574,252	688,066	1,585,598	47,622	1,633,220	437,269	41,896	479,165
Ceding commission income	77,475	89,360	87,100	7,643	4,787	12,430	1,053	4,027	5,080
Service, fees, and other income	66,116	93,739	127,541	178,333	139	168,571 ^(A)	62,653	795	54,870 ^(F)
Net investment income	28,355	30,550	30,808	50,627	1,799	52,426	14,109	2,039	16,148
Net realized gain/(loss) on investments	4,775	16,612	1,200	(648)	0	(648)	1,510	693	2,203
Other than temporary impairment losses	0	0	(2,869)	(2,244)	0	(2,244)	(1,016)	0	(1,016)
Other revenue	0	3,728	16	(1,660)	0	(1,660)	1,245	0	1,245
Total revenues	674,931	808,241	931,862	1,817,649	54,347	1,862,095 ^(B)	516,823	49,450	557,695 ^(G)
Expenses:									
Loss and loss adjustment expense	340,152	402,686	462,124	1,026,346	26,719	1,053,065	278,682	28,004	306,686
Acquisition and other underwriting costs	75,191	110,771	134,887	308,822	6,267	315,089	86,629	3,261	89,885 ^(H)
General and administrative	208,939	246,644	280,552	346,696	11,967	348,762 ^(C)	99,876	14,384	105,687 ^(I)
Interest expense	1,994	1,787	2,042	12,012	5,724	17,736	5,383	3,697	9,080
Total expenses	626,276	761,888	879,605	1,693,876	50,677	1,734,652 ^(D)	470,570	49,346	511,338 ^(J)
Pre-Tax Income	48,655	46,353	52,257	123,773	3,670	127,443	46,253	104	46,357
Provision for income taxes	28,301	12,309	11,140	22,712	1,164	23,876	8,419	(32)	8,387
Equity in earnings (loss) of unconsolidated subsidiaries	23,760	(1,338)	1,274	1,180	0	1,180	4,958	0	4,958
Net income	44,114	32,706	42,391	102,241	2,506	104,747	42,792	136	42,928
Less: Net income attributable to Non Controlling Interest	14	0	82	(2)	2,506	2,504	24	136	160
Net income attributable to NGHC	44,100	32,706	42,309	102,243	0	102,243	42,768	0	42,768
Less: dividends on preferred shares	4,328	4,674	2,158	2,291	0	2,291	1,031	0	1,031
Net income available to common stockholders	\$39,772	\$28,032	\$40,151	\$99,952	\$0	\$99,952	\$41,737	\$0	\$41,737
Operating Earnings (4)			\$46,154	\$125,306			\$39,690		

Balance Sheet Highlights *(\$ in thousands)*

	December 31,			December 31, 2014			March 31, 2015		
	2011	2012	2013	NGHC	Reciprocal Exchanges	Consolidated	NGHC	Reciprocal Exchanges	Consolidated
Assets									
Cash and investments	\$961,428	\$991,865	\$1,116,707	\$1,753,237	\$245,483	\$1,998,720	\$1,847,065	\$247,425	\$2,094,490
Premiums and other receivables, net	387,558	450,140	449,252	699,553	58,238	757,791	754,352	60,292	814,644
Deferred acquisition costs	57,719	60,234	60,112	121,514	4,485	125,999	142,482	12,547	155,029
Reinsurance recoverable on unpaid losses	920,719	991,447	950,828	888,215	23,583	911,798	857,987	15,444	873,431
Prepaid reinsurance premiums	73,751	54,495	50,878	75,837	26,924	102,761	82,579	70,340	152,919
Premises and equipment, net	21,371	30,712	29,535	30,583	0	30,583	29,466	0	29,466
Notes receivable from related party				125,000	0	125,000	126,434	0	126,434
Goodwill & Intangible assets	77,433	112,935	156,915	308,168	11,433	319,601	326,977	9,182	336,159
Other assets	24,912	21,495	23,288	65,765	1,969	67,734	68,568	1,895	70,463
Total Assets	\$2,524,891	\$2,713,323	\$2,837,515	\$4,067,872	\$372,115	\$4,439,987	\$4,235,910	\$417,125	\$4,653,035
Liabilities									
Unpaid loss and loss adjustment expense reserves	\$1,218,412	\$1,286,533	\$1,259,241	\$1,450,305	\$111,848	\$1,562,153	\$1,439,993	\$111,631	\$1,551,624
Unearned premiums & other service revenue	454,397	196,169	476,232	752,965	119,998	872,963	831,374	160,326	991,700
Reinsurance & accounts payable	113,209	196,169	184,677	397,608	31,502	429,110	325,746	23,309	349,055
Securities under repurchase	74,026	86,744	109,629	46,804	0	46,804	0	0	0
Notes payable (Reciprocal Exchanges owed to related party)	85,550	70,114	81,142	255,631	48,374	304,005	155,000	50,417	205,417
Other Liabilities	217,701	464,552	83,727	104,779	46,723	151,502	225,179	55,935	281,114
Total Liabilities	\$2,163,295	\$2,300,281	\$2,194,648	\$3,008,092	\$358,445	\$3,366,537	\$2,977,292	\$401,618	\$3,378,910
Stockholders' Equity	\$361,596	\$413,042	\$642,867	\$1,059,780	\$13,670	\$1,073,450	\$1,258,618	\$15,507	\$1,274,125
Total Liabilities and Stockholders' Equity	\$2,524,891	\$2,713,323	\$2,837,515	\$4,067,872	\$372,115	\$4,439,987	\$4,235,910	\$417,125	\$4,653,035

Segment Performance: Quarterly (\$ in thousands)

Three Months Ended March 31,

	2015				2014		
	P&C	A&H	NGHC	Reciprocal Exchanges (5)	P&C	A&H	NGHC
Gross written premium	\$510,451	\$75,357	\$585,808	\$61,237	\$606,608	\$39,534	\$646,142
Net written premium	444,260	67,128	511,388	18,637	527,999	39,486	567,485
Net earned premium	406,094	31,175	437,269	41,896	327,220	30,632	357,852
Ceding commission income (primarily related parties)	771	282	1,053	4,027	5,370	0	5,370
Service, fees, and other income	45,234	17,419	62,653	795	21,673	15,033	36,706
Total underwriting revenue	\$452,099	\$48,876	\$500,975	\$46,718	\$354,263	\$45,665	\$399,928
Loss and loss adjustment expense	\$258,579	\$20,103	\$278,682	\$28,004	\$209,430	\$15,917	\$225,347
Acquisition costs and other	75,337	11,292	86,629	3,261	55,773	18,600	74,373
General and administrative	85,729	14,147	99,876	14,384	63,521	12,678	76,199
Total underwriting expenses	\$419,645	\$45,542	\$465,187	\$45,649	\$328,724	\$47,195	\$375,919
Underwriting income (loss)	\$32,454	\$3,334	\$35,788	\$1,069	\$25,539	(\$1,530)	\$24,009
Non-cash impairment of goodwill	0	0	0	0	0	0	0
Non-cash amortization of intangible assets	2,019	710	2,729	2,252	843	2,370	3,213
Underwriting income (loss) before amortization and impairment	\$34,473	\$4,044	\$38,517	\$3,321	\$26,382	\$840	\$27,222
Underwriting ratios							
Loss and loss adjustment expense ratio (6)	63.7%	64.5%	63.7%	66.8%	64.0%	52.0%	63.0%
Operating expense ratio (Non-GAAP) (7,8)	28.3%	24.8%	28.1%	30.6%	28.2%	53.0%	30.3%
Combined Ratio (Non-GAAP) (7,9)	92.0%	89.3%	91.8%	97.4%	92.2%	105.0%	93.3%
Underwriting ratios (before amortization and impairment)							
Loss and loss adjustment expense ratio (6)	63.7%	64.5%	63.7%	66.8%	64.0%	52.0%	63.0%
Operating expense ratio (Non-GAAP) (7,10)	27.8%	22.5%	27.5%	25.2%	27.9%	45.3%	29.4%
Combined Ratio (Non-GAAP) (7,9)	91.5%	87.0%	91.2%	92.1%	91.9%	97.3%	92.4%

Non-GAAP Reconciliation (\$ in thousands)

	Twelve Months Ended December 31,		Three Months Ended March 31,	
	2014	2013	2015	2014
Net income attributable to NGHC	\$99,952	\$40,151	\$41,737	\$26,392
<i>Add (subtract) net of tax:</i>				
Net realized (gain)/loss on investments	421	(780)	(982)	-
Other than temporary impairment losses	1,459	1,865	661	-
Foreign exchange (gain)/loss	1,088	130	(277)	-
Equity in (earnings)/losses of unconsolidated subsidiaries	(767)	(828)	(3,223)	(730)
Non-cash amortization of intangible assets	7,361	4,172	1,774	2,089
Non-cash impairment of goodwill	15,792	1,445	-	-
Operating earnings attributable to NGHC	\$125,306	\$46,154	\$39,690	\$27,751
Operating earnings per common share:				
Basic operating earnings per common share	\$1.37	\$0.71	\$0.42	\$0.32
Diluted operating earnings per common share	\$1.34	\$0.67	\$0.41	\$0.32

	Three Months Ended March 31,						
	2015				Reciprocal Exchanges	2014	
	P&C	A&H	NGHC	P&C		A&H	NGHC
Operating expense ratio (Non-GAAP)							
Total underwriting expenses	\$419,645	\$45,542	\$465,187	\$45,649	\$328,724	\$47,195	\$375,919
Less: Loss and loss adjustment expense	258,579	20,103	278,682	28,004	209,430	15,917	225,347
Less: Ceding commission income	771	282	1,053	4,027	5,370	0	5,370
Less: Service, fees and other income	45,234	17,419	62,653	795	21,673	15,033	36,706
Operating expense	115,061	7,738	122,799	12,823	92,251	16,245	108,496
Net earned premium	\$406,094	\$31,175	\$437,269	\$41,896	\$327,220	\$30,632	\$357,852
Operating expense ratio (Non-GAAP)	28.3%	24.8%	28.1%	30.6%	28.2%	53.0%	30.3%
Operating expense ratio before amortization and impairment (Non-GAAP)							
Total underwriting expenses	\$419,645	\$45,542	\$465,187	\$45,649	\$328,724	\$47,195	\$375,919
Less: Loss and loss adjustment expense	258,579	20,103	278,682	28,004	209,430	15,917	225,347
Less: Ceding commission income	771	282	1,053	4,027	5,370	0	5,370
Less: Service, fees and other income	45,234	17,419	62,653	795	21,673	15,033	36,706
Less: Non-cash impairment of goodwill	0	0	0	0	0	0	0
Less: Non cash amortization of intangible assets	2,019	710	2,729	2,252	843	2,370	3,213
Operating expense before amortization and impairment	113,042	7,028	120,070	10,571	91,408	13,875	105,283
Net earned premium	\$406,094	\$31,175	\$437,269	\$41,896	\$327,220	\$30,632	\$357,852
Operating expense ratio (Non-GAAP)	27.8%	22.5%	27.5%	25.2%	27.9%	45.3%	29.4%

Additional Disclosures

- (1) Standard life expectancy as adjusted for specific circumstances.
- (2) Effective Discount Rate ("EDR") is the LSC Entities estimated internal rate of return on its life settlement contract portfolio and is determined from the gross expected cash flows and valuation of the portfolio. The valuation of the portfolio is calculated net of all reserves using a 7.5% discount rate. The EDR is implicit of the reserves and the gross expected cash flows of the portfolio. The LSC Entities anticipate that the EDR's range is between 12.5% and 17.5% and reflects the uncertainty that exists surrounding the information available as of the reporting date. As the accuracy and reliability of information improves (declines), the EDR will decrease (increase).
- (3) Discount rate is a present value calculation that considers legal risk, credit risk and is a component of EDR.
- (4) References to operating earnings and basic and diluted operating EPS are Non-GAAP financial measures defined by the Company as net income and basic earnings per share excluding after-tax net realized investment gain or loss on securities, other than temporary impairment losses, foreign exchange gain or loss, equity in earnings or losses of unconsolidated subsidiaries, non-cash amortization of intangible assets, and non-cash impairment of goodwill. The Company believes operating earnings and basic and diluted operating EPS are more relevant measures of the Company's profitability because operating earnings and basic and diluted operating EPS contain the components of net income upon which the Company's management has the most influence and excludes factors outside management's direct control and non-recurring items. Other companies may calculate these measures differently, and therefore, their measures may not be comparable to those used by National General. Please see the Non-GAAP Reconciliation slide in this presentation for the reconciliation of these Non-GAAP measures to the most directly comparable GAAP measure.
- (5) Results for the twelve months ended December 31, 2014 include only 107 days of results of the Reciprocal Exchanges (as the Attorneys-in-Fact were acquired with the closing of the Tower Personal Lines transaction on September 15, 2014).
- (6) Loss and loss adjustment expense ratio is calculated by dividing loss and loss adjustment expenses by net earned premium.
- (7) Operating expense ratio and combined ratio are considered non-GAAP financial measures under applicable SEC rules because a component of those ratios, operating expense, is calculated by offsetting acquisition and other underwriting costs and general and administrative expense by ceding commission income and service and fee income. Management uses operating expense ratio (non-GAAP) and combined ratio (non-GAAP) to evaluate financial performance against historical results and establish targets on a consolidated basis. The Company believes this presentation enhances the understanding of our results by eliminating what we believe are volatile and unusual events and presenting the ratios with what we believe are the underlying run rates of the business. Other companies may calculate these measures differently, and, therefore, their measures may not be comparable to those used by National General. Please see the Non-GAAP Reconciliation table within this release for the reconciliation of these Non-GAAP measures to the most directly comparable GAAP measure.
- (8) Operating expense ratio (non-GAAP) is calculated by dividing operating expense by net earned premium. Operating expense consists of the sum of acquisition and other underwriting costs and general and administrative expense less ceding commission income and service and fee income.
- (9) Combined ratio (non-GAAP) is calculated by adding the loss and loss adjustment expense ratio and the operating expense ratio (non-GAAP) together.
- (10) Operating expense ratio (non-GAAP) before amortization and impairment is calculated by dividing the operating expense before amortization and impairment by net earned premium. Operating expense before amortization and impairment consists of the sum of acquisition and other underwriting costs and general and administrative expense less ceding commission income and service and fee income less non-cash amortization of intangible assets and non-cash impairment of goodwill.)