

ATLAS

FINANCIAL HOLDINGS, INC.

Nasdaq: AFH



Investor Presentation

March 2019

Safe Harbor: Atlas by the Numbers

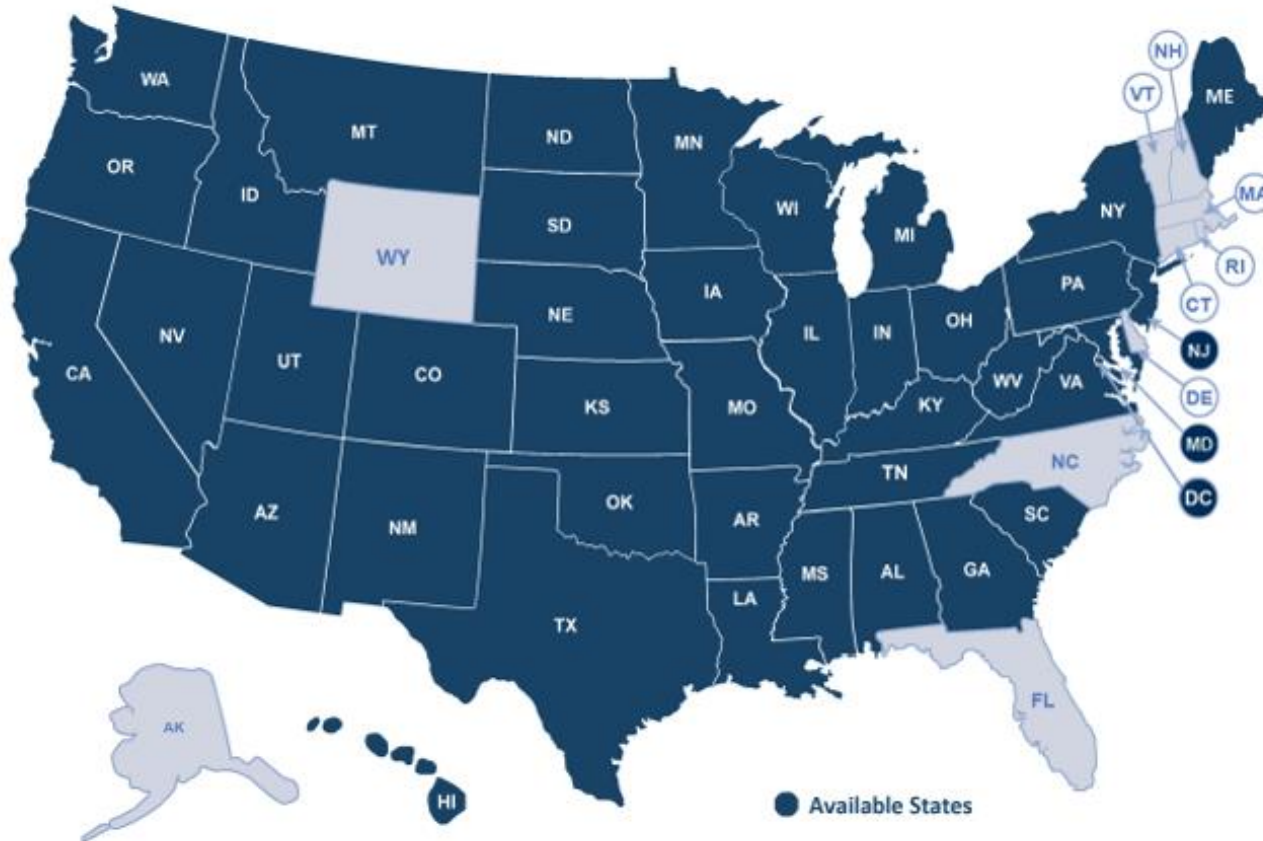
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When discussing our business operations, we may use certain terms of art which are not defined under U.S. GAAP. In the event of any unintentional difference between presentation materials and our GAAP results, investors should rely on the financial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

Corporate Headquarters	Schaumburg, IL (Chicago Suburb)	
Core Target Markets	Taxi/Limo/Livery/Paratransit	
NASDAQ: AFH	At 12/31/2018	At 12/31/2017
Cash and Investments	\$200.6 million	\$243.5 million
Total Assets	\$459.8 million	\$482.5 million
Total Atlas Shareholders’ Equity	\$48.8 million	\$90.6 million
Common Shares Outstanding (includes Restricted Share Units)	11,961,902	12,178,857
Book Value Per Common Share Outstanding	\$4.08	\$7.42

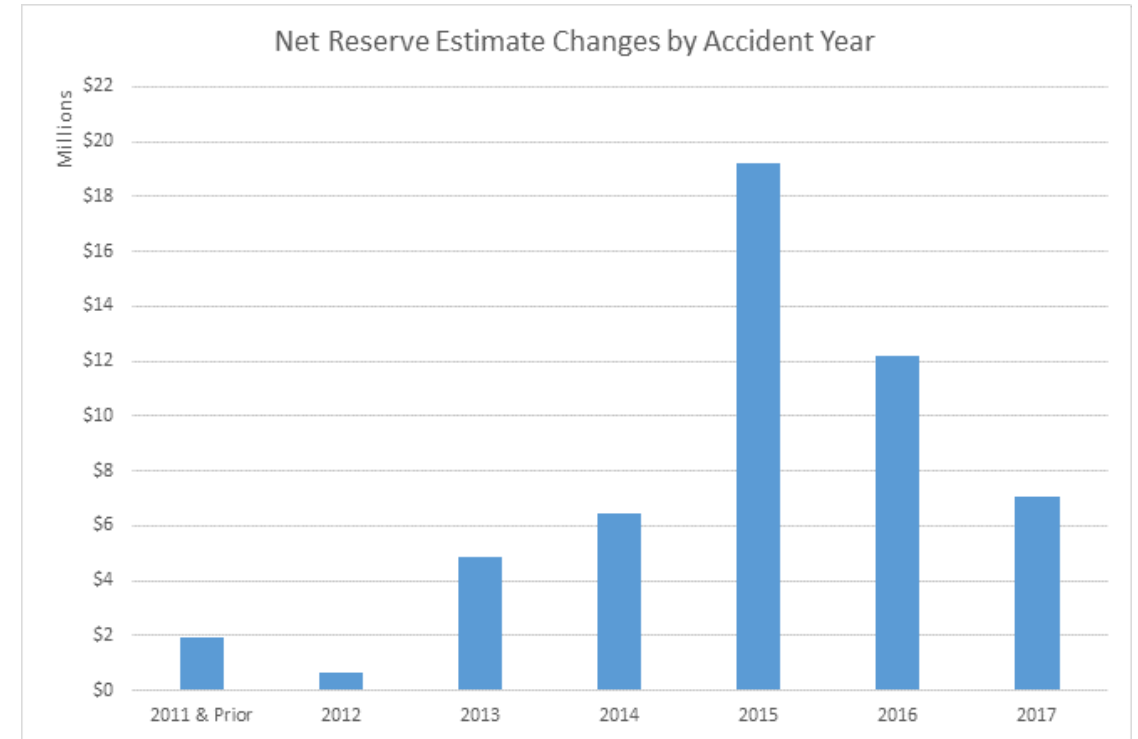
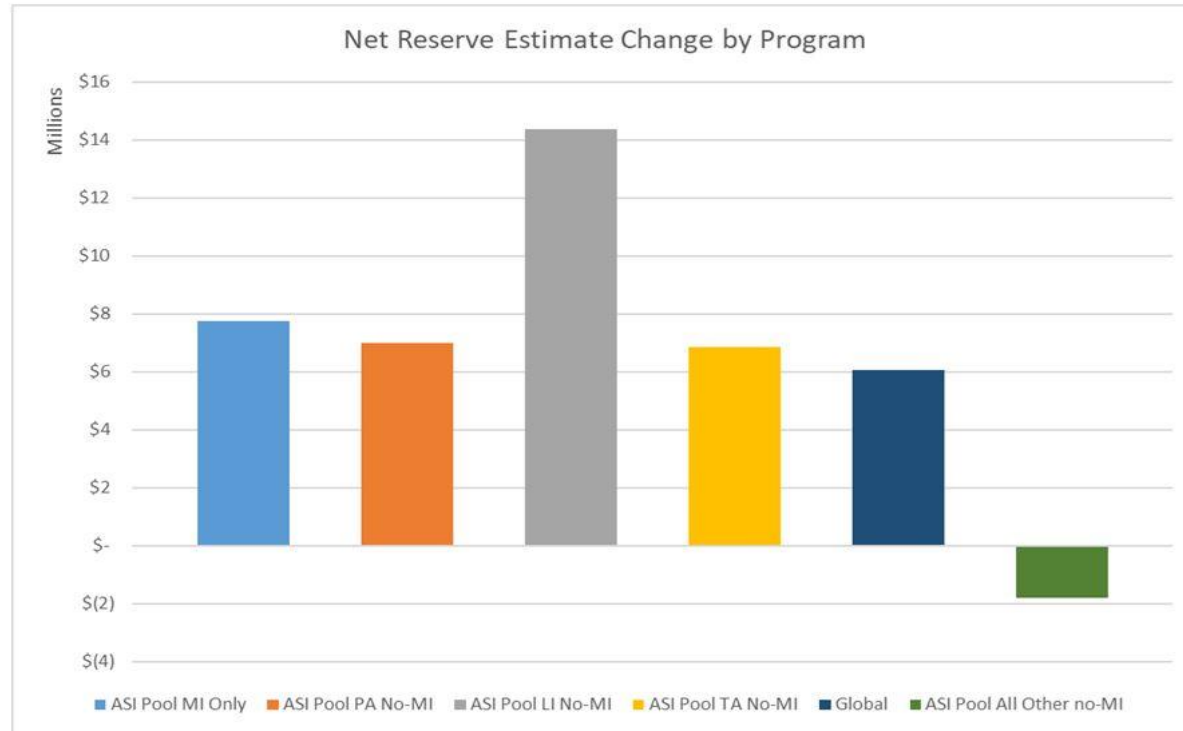
(unaudited)

Atlas insures “people who move people” through a specialized nationwide platform



- Our business is highly transactional
- The majority of our business is made of up small operators
- Our customer base has evolved with the growth of transportation network companies

Q4 2018 Financial and Underwriting Results (unaudited)



Reserve strengthening impacted all business segments on a nationwide basis, with greatest impact on older accident years

Q4 2018 Financial and Underwriting Results (unaudited)

Premium Results

Gross premiums written were \$57.7 million in Q4 2018 compared to \$54.2 million in Q4 2017. Challenged taxi accounts less likely to absorb rate increases than other segments.

Overall premium shifted toward limo / livery / para-transit during period

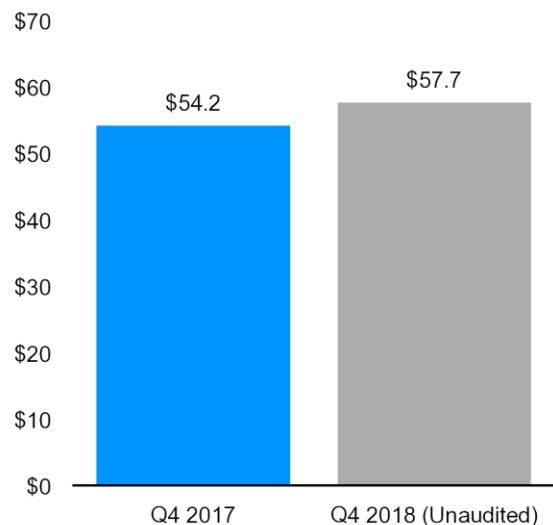
Underwriting Results

Combined ratio was 175.5% as compared to 220.3% for the prior year period.

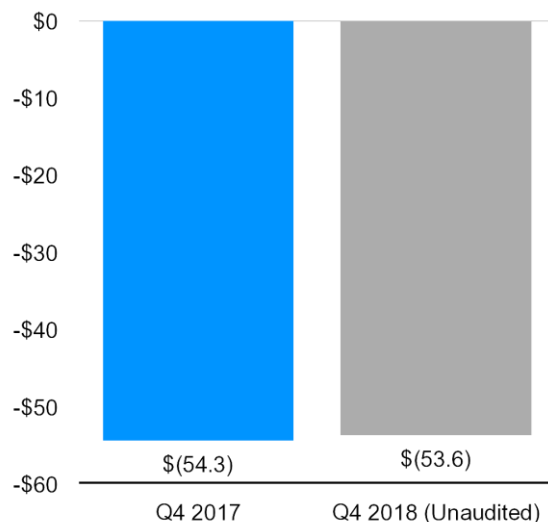
Book Value

Atlas' book value decreased to \$4.08 at December 31, 2018 from \$7.42 at December 31, 2017

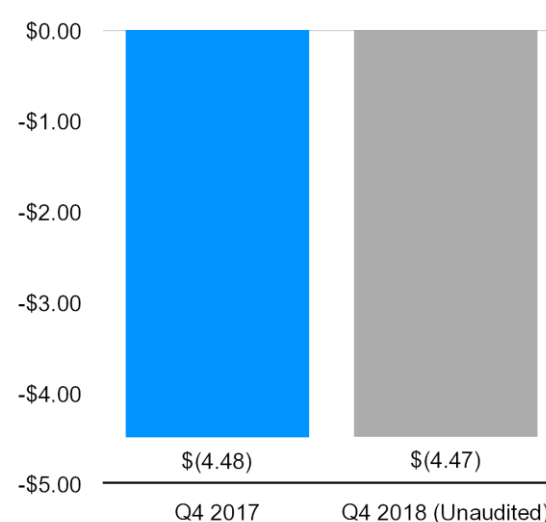
Gross Premiums Written (in millions)



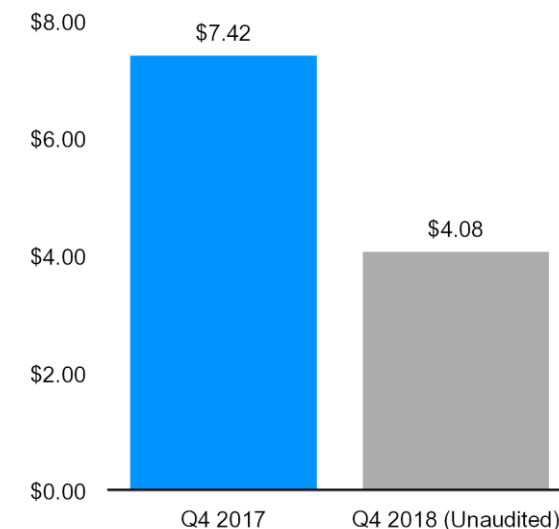
Net Loss (in millions)



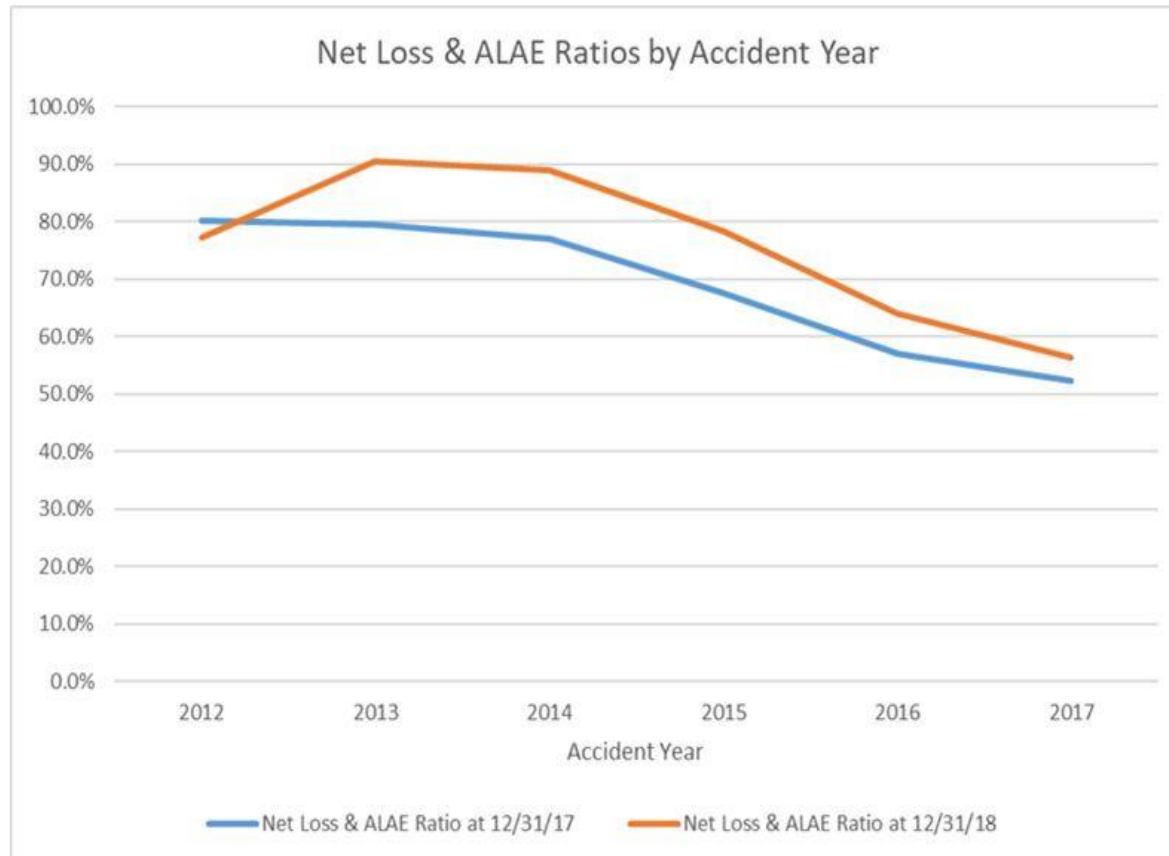
Loss per Common Share Diluted



Book Value per Common Share



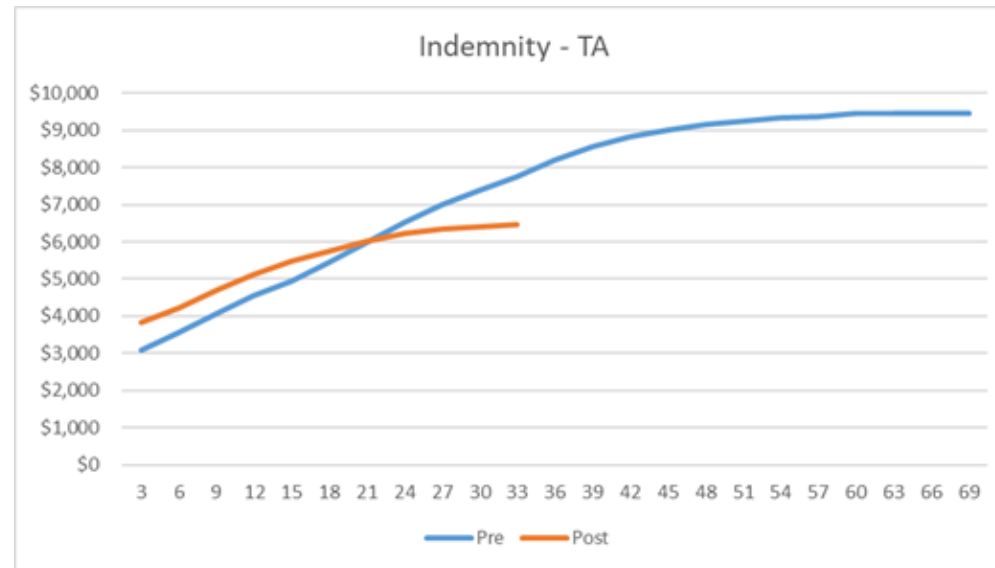
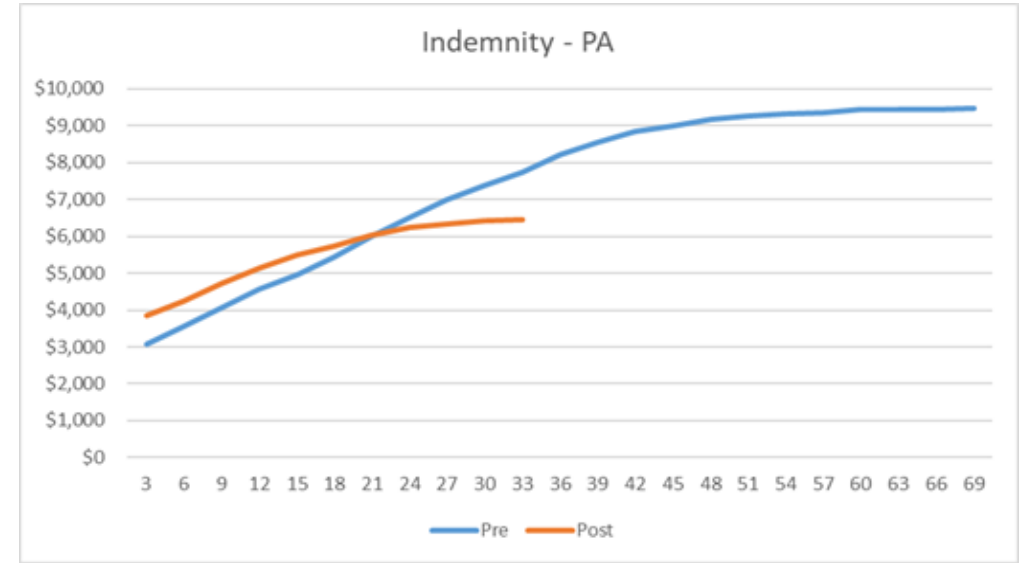
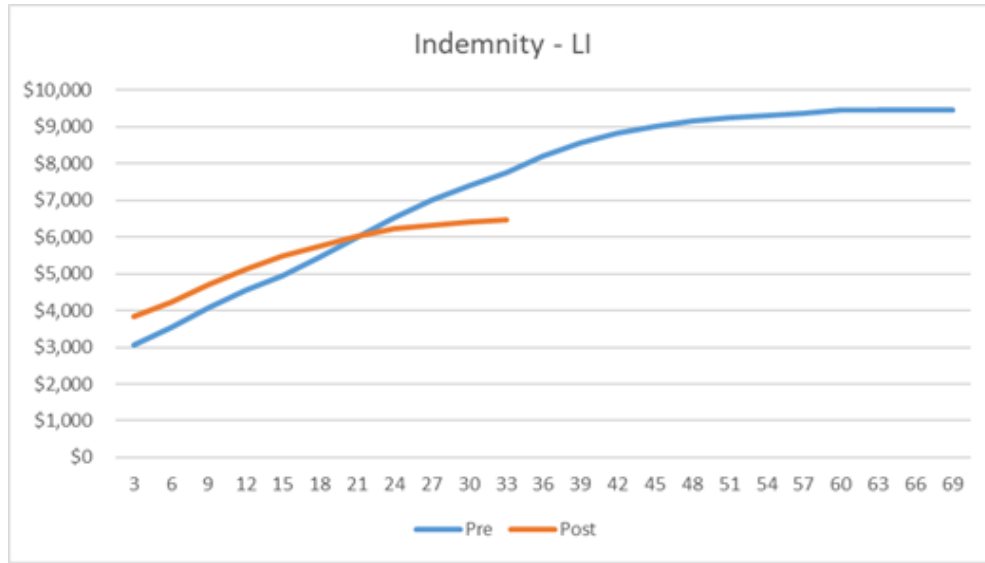
Q4 2018 Financial and Underwriting Results (unaudited)



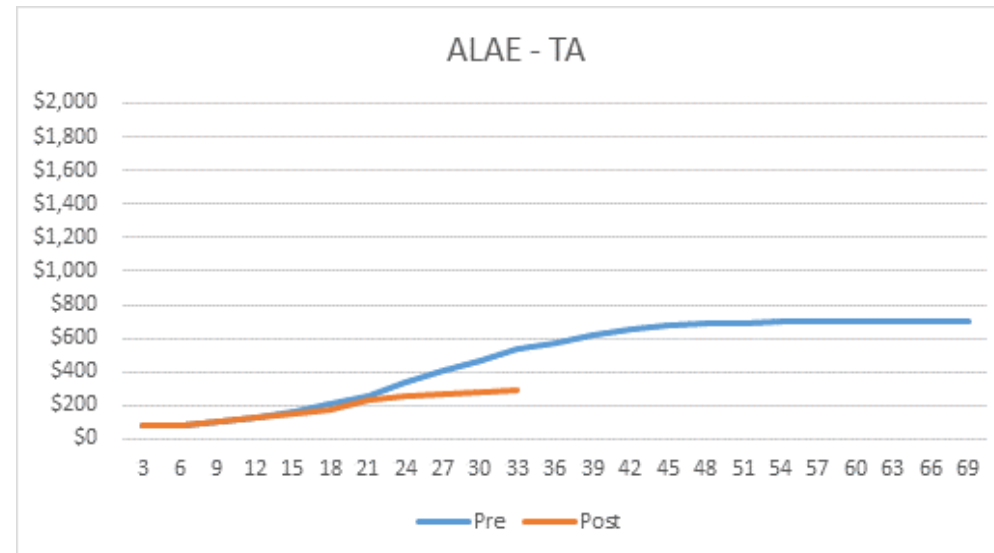
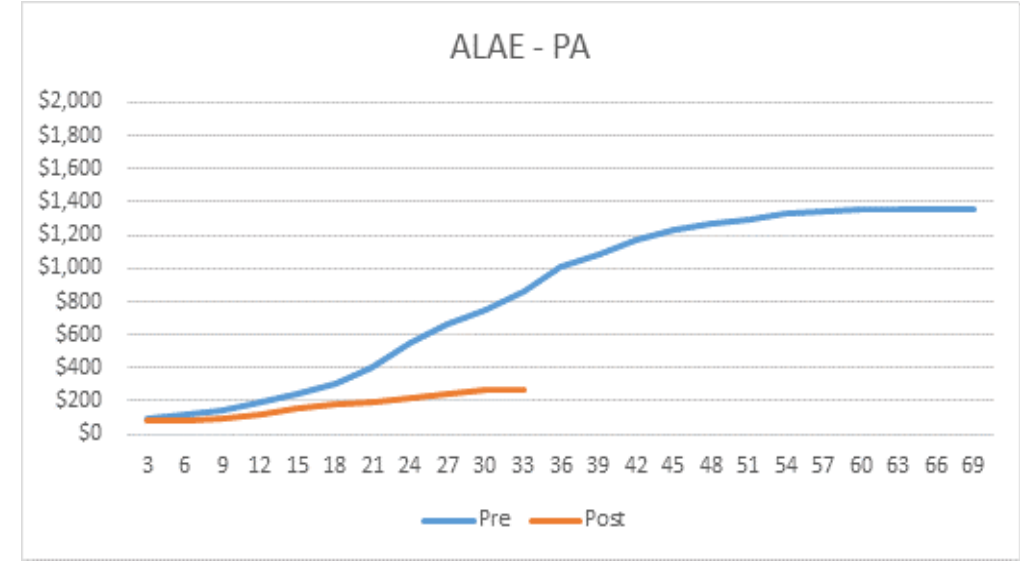
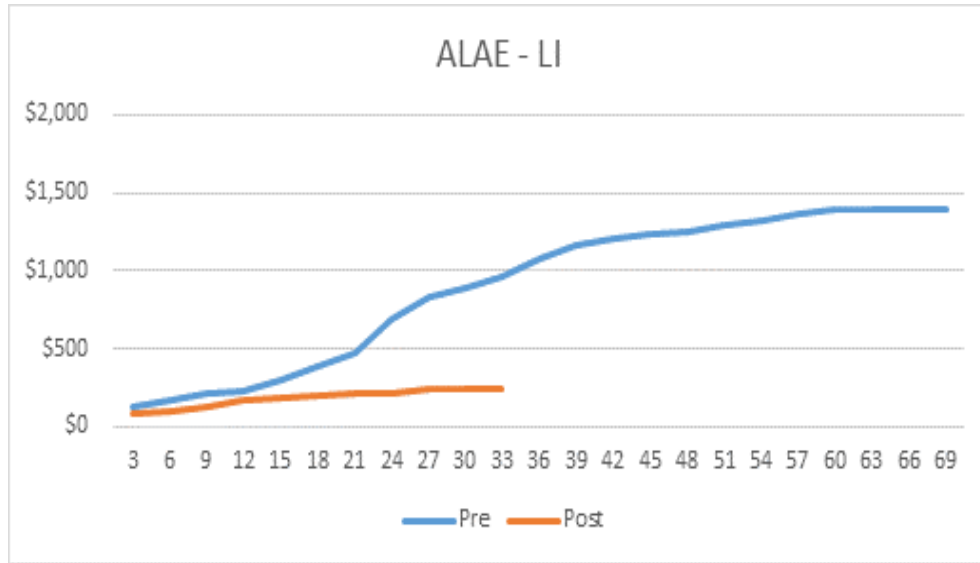
Loss Ratio Improvement

- Above market rate changes starting 2012
- Implementation of pricing predictive model in 2015
- Integration of predictive analytics in claims in early 2016
- Ongoing re-underwriting of in-force business following year end actuarial work in each of past three years
- Commitment to underwriting margin over top line growth

Pre- and Post- Predictive Model Claim Trends



Pre- and Post- Predictive Model Claim Trends



Current Actions (as announced)

- Further strengthen process
- Review capital allocation and opportunities
- Engaging industry experts with broad knowledge
 - ✓ Insurance finance
 - ✓ Analytics
 - ✓ Claims handling
 - ✓ Reserve estimation
 - ✓ Financial risk management
 - ✓ Capital efficiency
- Management and Board engaged
- Conclusions and recommendations by mid-year



Market and Outlook

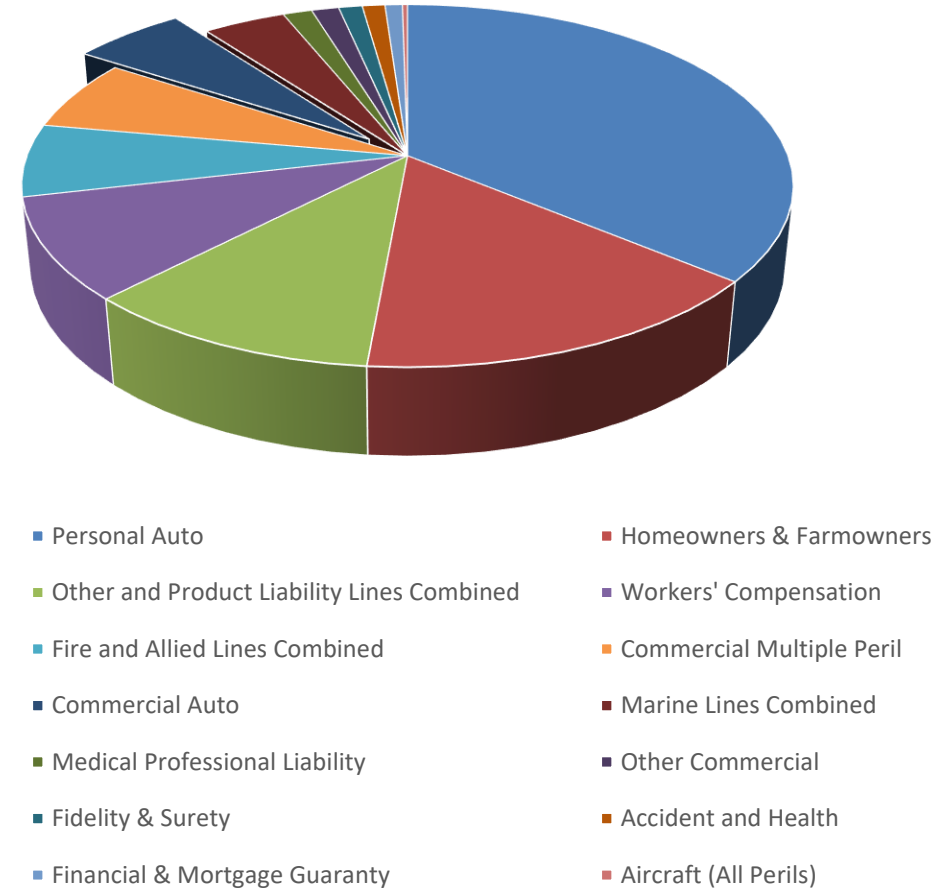
Commercial Auto: Annual GPW of \$35.9 Billion¹

- 7th Largest Business Line by Total Industry Premiums
 - Fragmented: Top 10 carriers represent less than 50% of the market
 - Light Commercial Public Auto: \$2.25 Billion²

Atlas' Current Target Market:

- 20% of \$2.25 billion subset of Commercial Auto
- Proportionate share of approximately \$400M or more in potential Premiums Written
- Highly specialized and transactional niche
- Expansion of TNC business represents \$500 mil to \$1 bil incremental
- At proportionate market share, Atlas would still not be top 10 in commercial auto

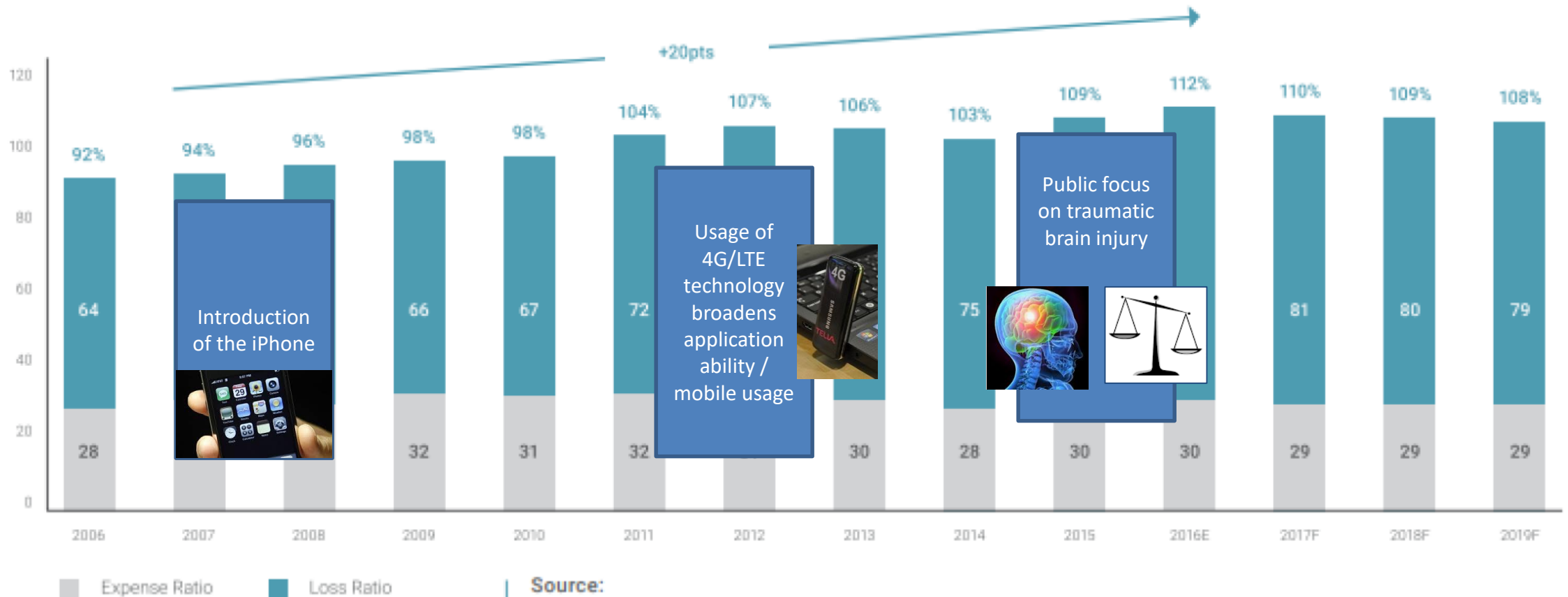
U.S. P&C Industry (2017)
\$650 Billion Total



¹ Source: SNL Financial

² Source: AFH estimates based on market analysis

COMMERCIAL AUTO INDUSTRY COMBINED RATIO (2006-2019)



Source:

Conning, Inc., Property/Casualty Forecast & Analysis First Q2017; Commercial Auto Year-End 2016.
Historical data from A.M. Best

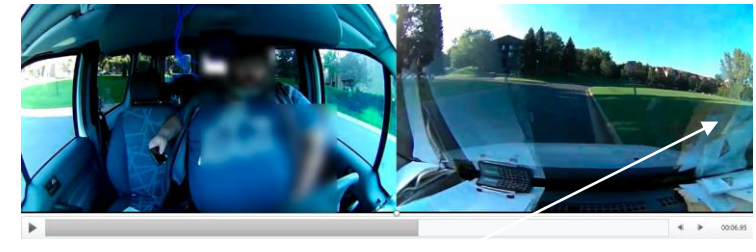
“Curb Appeal”



Grabs Phone

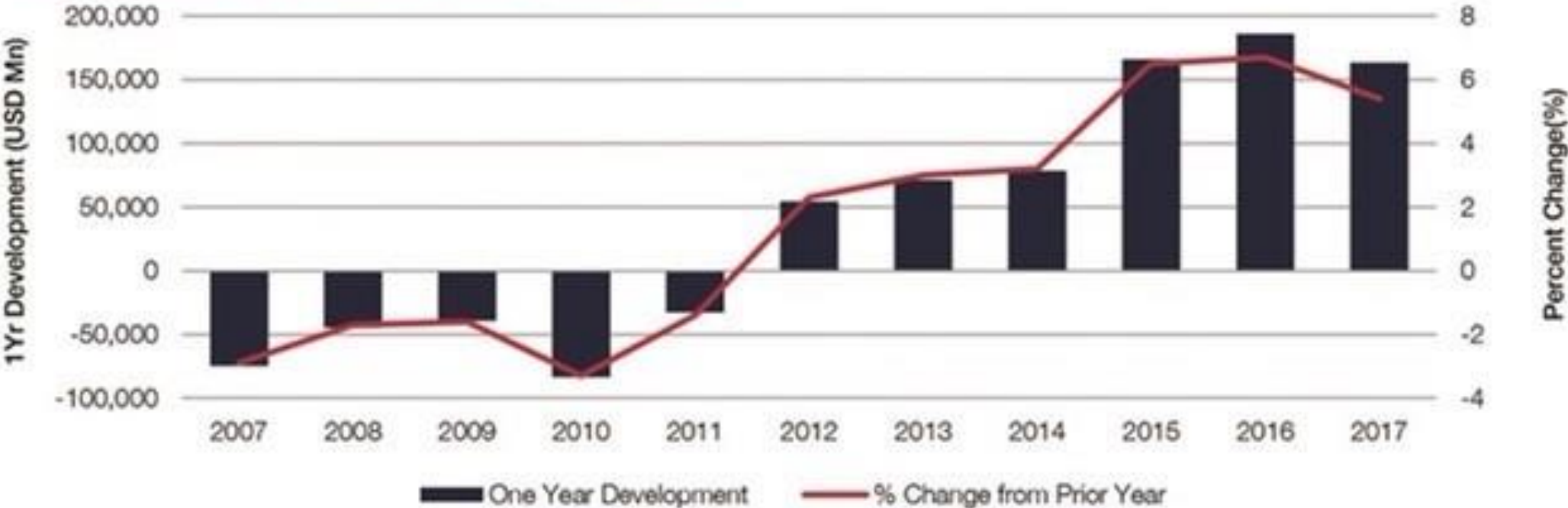


3 Seconds Later - Curb



1 Second Later

U.S. Commercial Auto Liability Reserve development



Source: A.M. Best

¹ Source: SNL Financial
² Source: AFH estimates based on market analysis

Claim Statistics

- Active claim inventory
 - ✓ Approximately 11,000 features open
 - ✓ More than 2,600 new claims rec'd per month
- Over 100 claim adjusters
 - ✓ Varying levels of experience, authority and focus
- Numerous tools available to deploy based on claim characteristics
- Approximately half of our claim payments in dollars relate to \$10k - \$100k claims which are 15% of total claims received by count

Process Change

- Identify potentially large claims earlier
- Assign features to most appropriate level of adjuster and deploy appropriate resources
- Faster recognition of ultimate liabilities

Key Objectives

- Optimize operating efficiency
- Reduce leakage/inflation related to indemnity payments
- Improve return on deployed allocated loss adjustment expense
- Overcome challenges facing Commercial Auto Insurance generally

Claim Related Objectives

Goals

Intended Impacts

Better predict ultimate severity



Target potentially larger claims earlier

Enhance triage and routing of claims



Earlier settlement for meritorious claims

Amplify resource allocation



Adjuster experience and more effective defense, when appropriate

Increase expected return on internal resource and ALAE deployment



Achieve better overall results for policyholders and company



Amplifies Internal Expertise

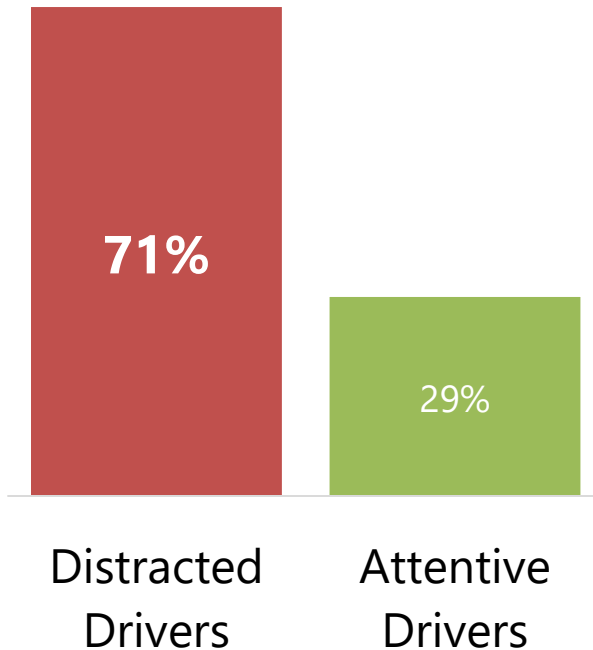
Specific tools for range of challenges/issues

Hard to Replicate

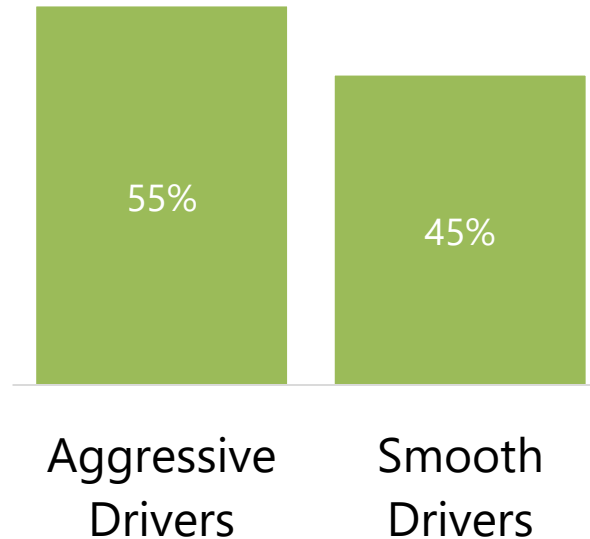


Atlas' goal is to not only improve pricing and claim handling but to ultimately reduce the number of and severity of accidents that occur.

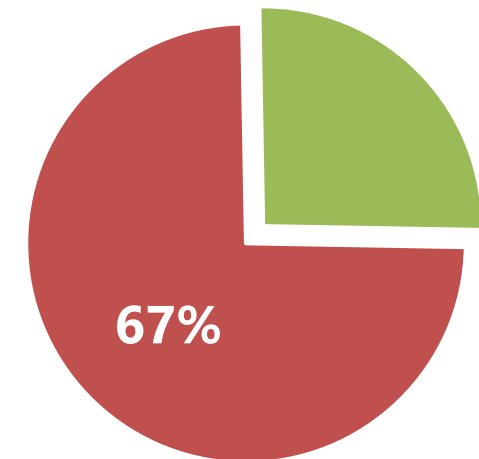
Distracted drivers were involved in **2.4x more collisions**



Technologies only based on **ABCs don't assess risk as accurately**



Almost 70% of the most severe collisions involved distracted drivers



Source: Atlas/NAUTO pilot involving 1,450 commercial drivers



Atlas Vehicles In Force with In-Vehicle Technology / Cameras



5 Years Ago

< 2%

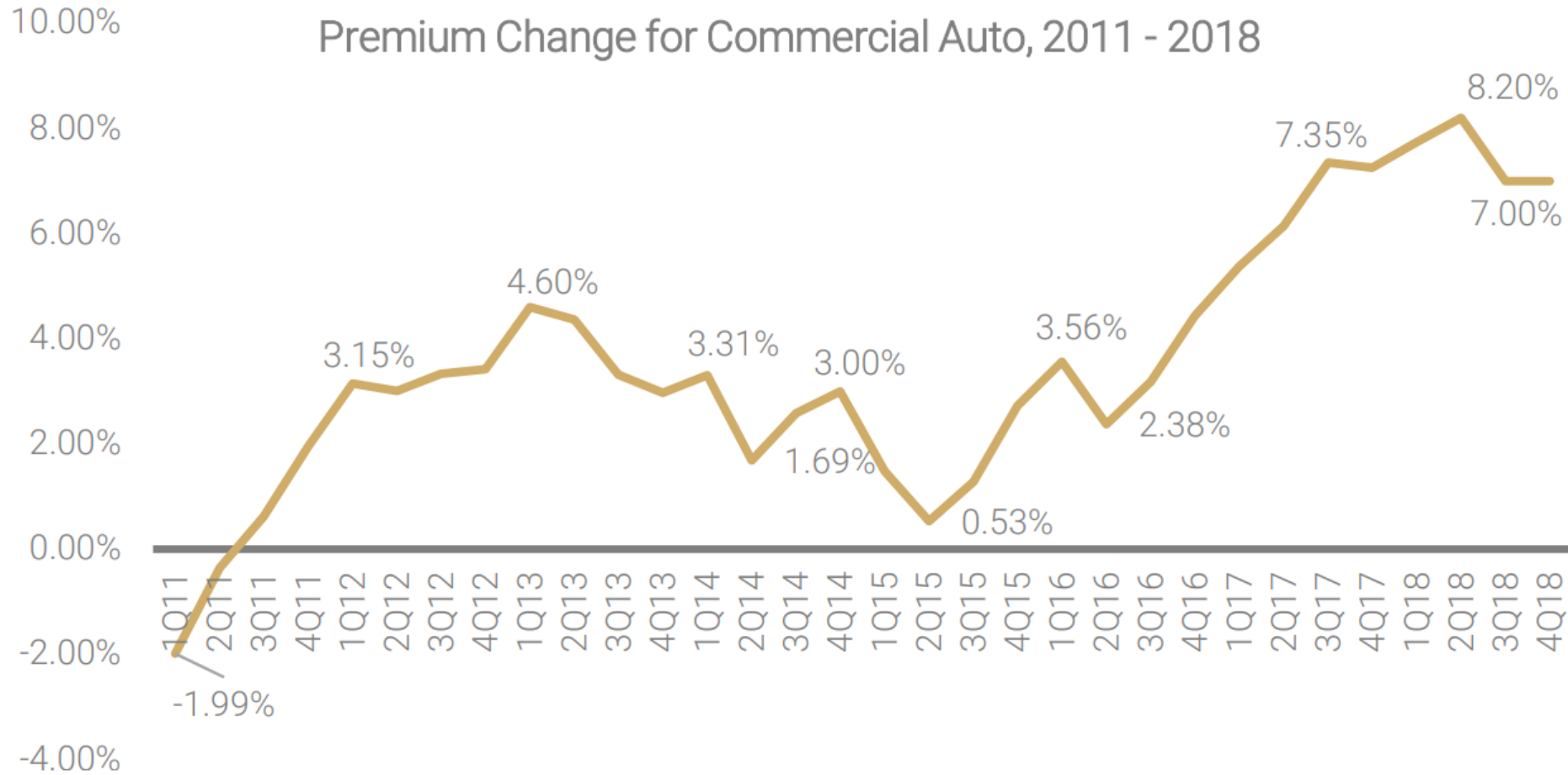
Present

a. 15%

3-5 Year Goal

> 50%

Pricing Trend as of Q4 2018 ~ 30 Consecutive Quarters of Rate Increases



Overall “buoyancy” expected in Atlas’ niche market based on continued broader commercial auto hard market conditions

Pricing Trend

Commercial Auto is the large P&C segment with highest positive rate activity

By-Line Fourth Quarter 2018 Rate Changes Ranged From -3.3% to +7.0%

	COMM'L AUTO	WORKERS' COMP	COMM'L PROPERTY	GEN'L LIABILITY	UMBRELLA	AVERAGE
Fourth Quarter 2018	7.0%	-3.3%	2.9%	1.4%	2.3%	2.1%
Third Quarter 2018	7.0%	-2.6%	2.9%	0.8%	1.4%	1.9%
Second Quarter 2018	8.2%	-2.9%	2.2%	0.8%	1.5%	2.0%
First Quarter 2018	7.7%	-2.0%	3.4%	0.6%	1.0%	2.2%
Fourth Quarter 2017	7.3%	-2.0%	2.4%	0.1%	0.6%	1.7%
High	28.6%	24.9%	45.4%	26.0%	51.9%	35.3%
Low	-11.6%	-12.3%	-15.0%	-13.6%	-13.5%	-13.2%

Source:

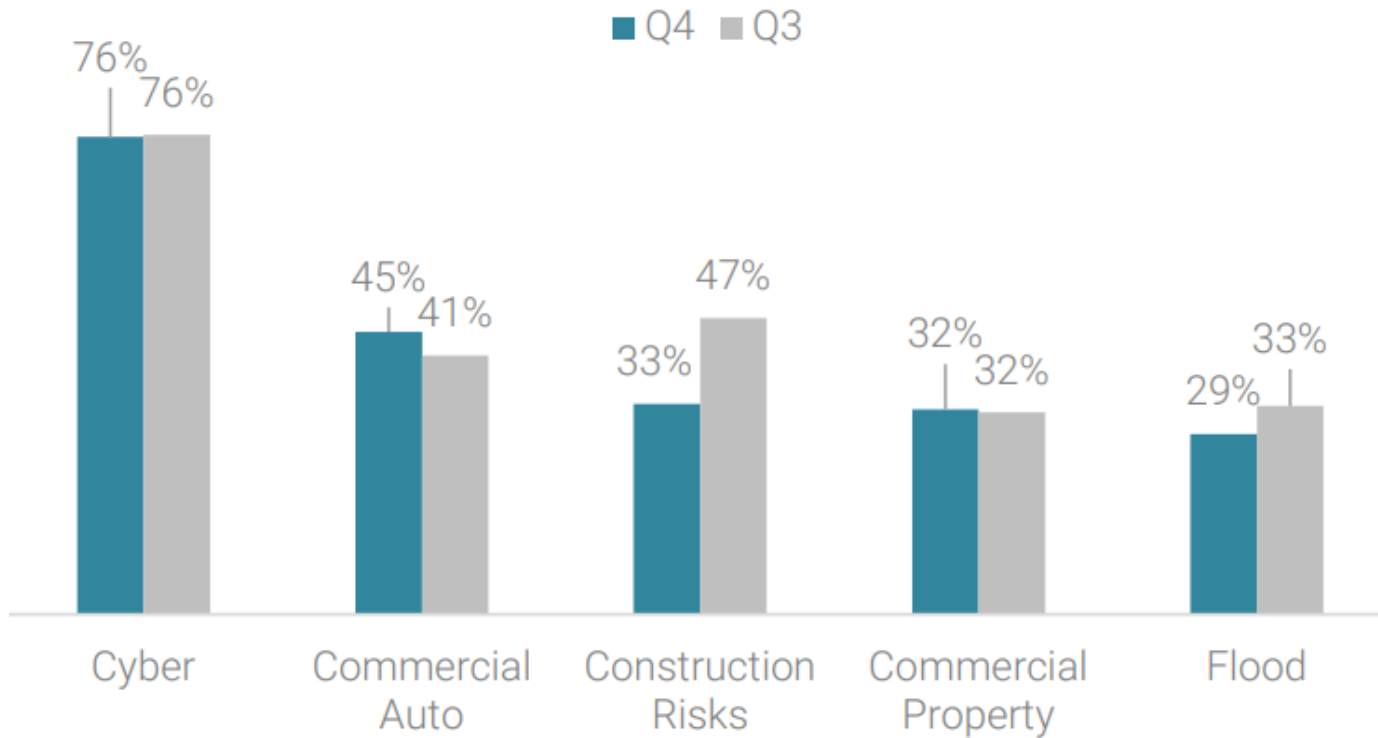
The Council of Insurance Agents & Brokers. Chart prepared by Barclays Research.

Market Notes:

Competitors in Atlas' niche are primarily local, often "non-standard", insurance carriers. MGA programs continue to have limited capacity in the public auto space. At this point, there are no signs of significant new market entrant. Continuing incremental increases in broader commercial auto rates should further this benefit.

Demand Trends

Respondents Noting an Increase in Demand

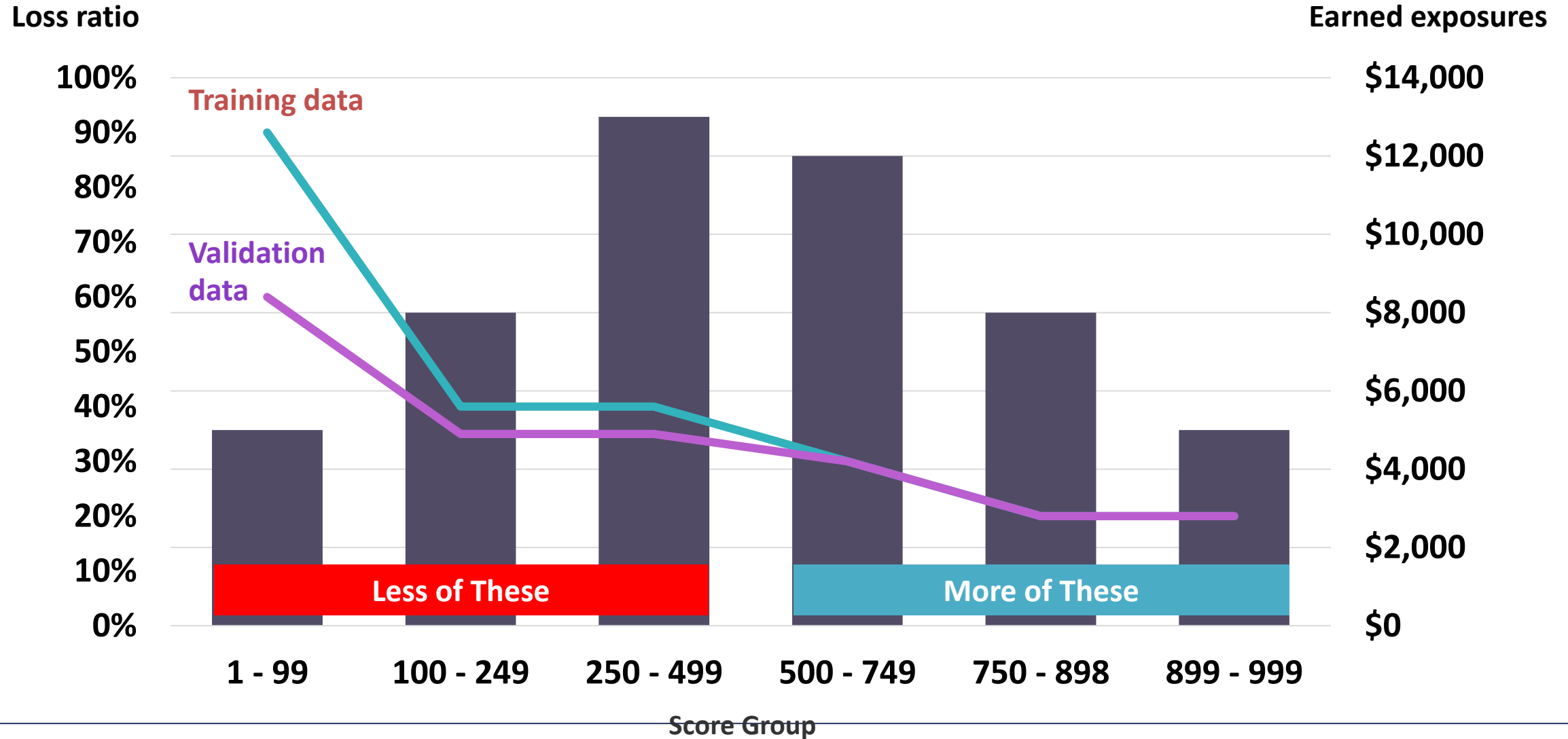


Increase in Demand with
Decrease in Supply

Commercial Auto saw the biggest decrease in underwriting capacity, with approximately 56 percent of respondents stating they had seen a decrease in Commercial Auto underwriting capacity.

Source: Council of Insurance Agents and Brokers (Q4 2018)

Underwriting Related Objectives



People Who Transport People or Things in Light Vehicles

Attractive Niche Industry Sector

Limited number of competitors

Low correlation to overall economy

Operators less likely to take vehicles out of service

Businesses and business reputations rely on availability

Vehicles in Atlas' niche grew >12% in past two years

Value Proposition Based on Competitive Strengths Within Niche

Strong brand recognition and market presence

Long-standing distribution relationships

Specialized operations
Customer Centric
Highly Transactional

Sophisticated underwriting
Decades of Experience

Value additive claim handling
Vehicles In Service
Effective Defense

Built on Heritage of Subsidiaries Acquired Since 2011



Continued Evolution with Impact of TNC

2016 Full Year



■ Taxi ■ Limo/Livery
■ Para-transit

Taxi	2.0
Limo/Livery	1.7
Para-transit	3.1

2017 Full Year



■ Taxi ■ Limo/Livery/TNC
■ Para-transit

Taxi	2.0
Limo/Livery	2.1
Para-transit	3.3

2018 Full Year



■ Taxi ■ Limo/Livery/TNC
■ Para-transit

Taxi	2.6
Limo/Livery	1.7
Para-transit	5.4

Atlas is well positioned with respect to Transportation Network / Gig Economy

Premium

- Priority on margin over top line growth
- Rate increases exceeding industry levels
- No expected A.M. Best rating impact on quality or quantity of business
- Significant opportunities in evolving specialty niche
- Building on partnership opportunities that may accelerate expansion in the TNC space

Operating Margin

- Continued focus on increasing rate relative to exposure
- Maintain operating efficiency
- Leverage value of core assets through partnership
- Continue to expand utilization of in-vehicle technologies
- Ongoing commitment to analytics across enterprise

Current Actions

- Management and the Company's Board working together
- Engaging industry experts
- Focusing on all aspects of business
- Mid-year 2019 update on conclusions and recommendations

Contact Information



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For Additional Information

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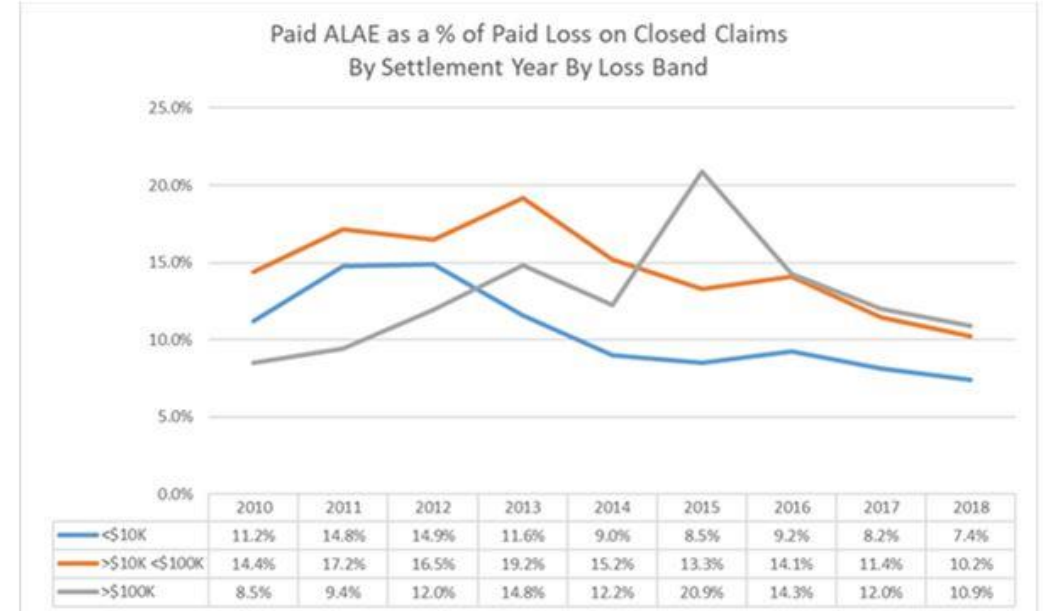
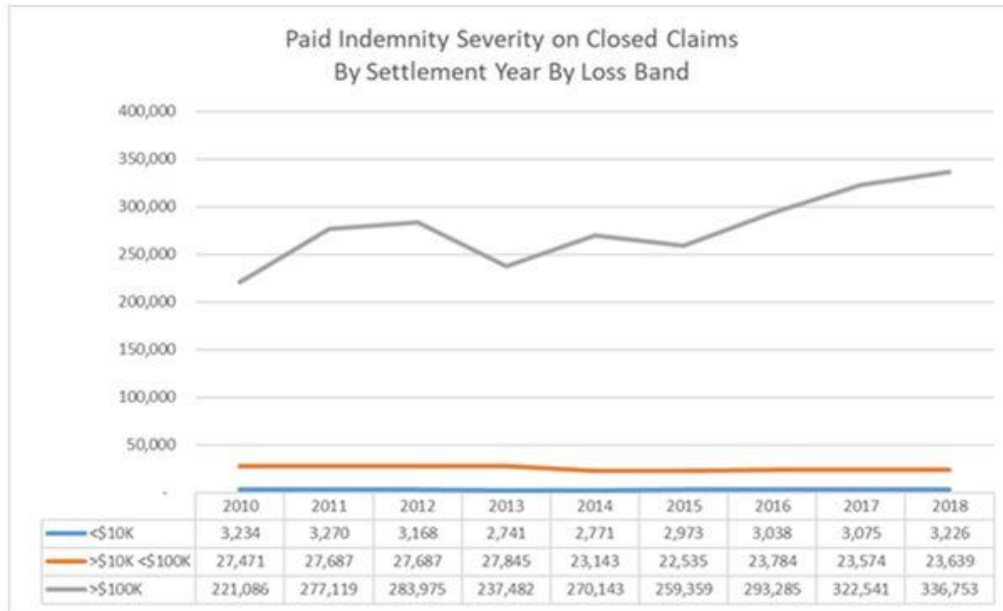
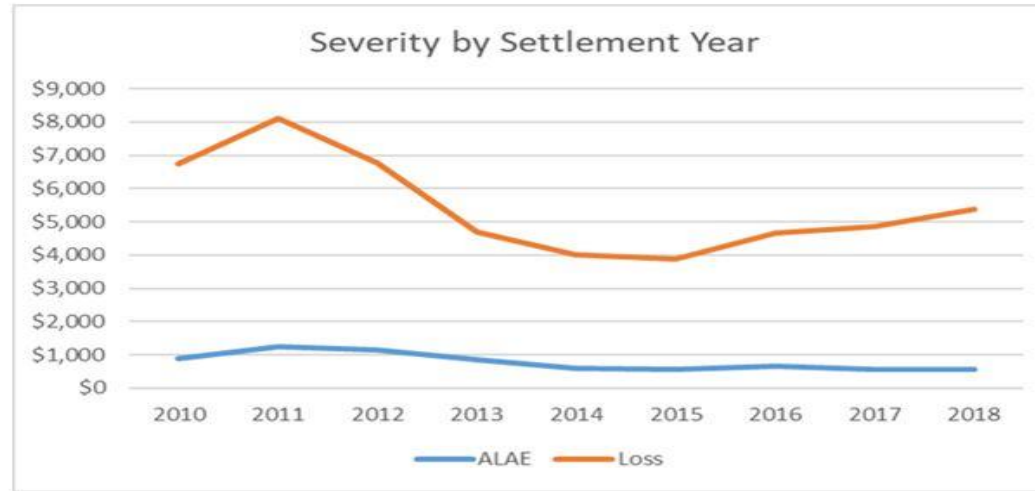




Appendix

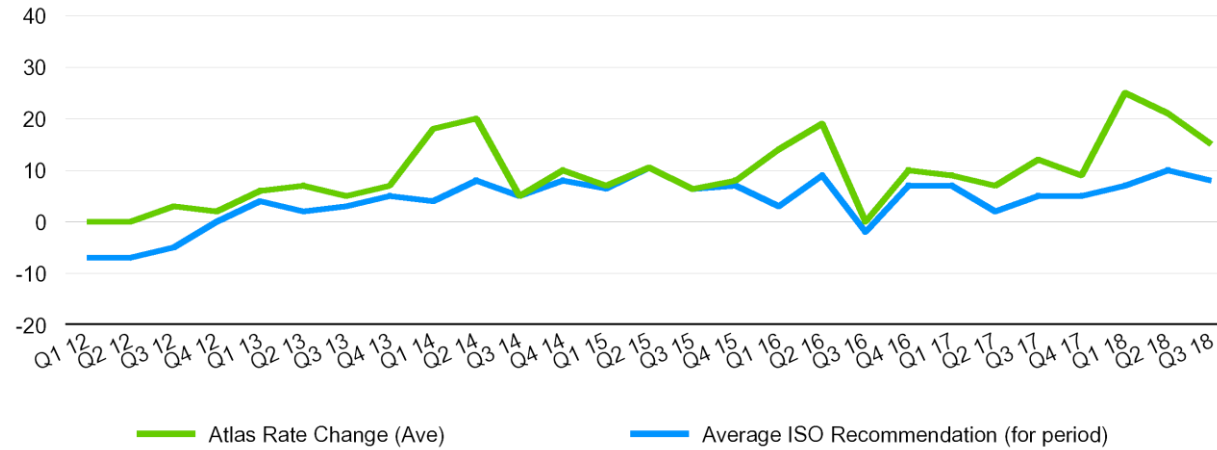


Claim Severity Data

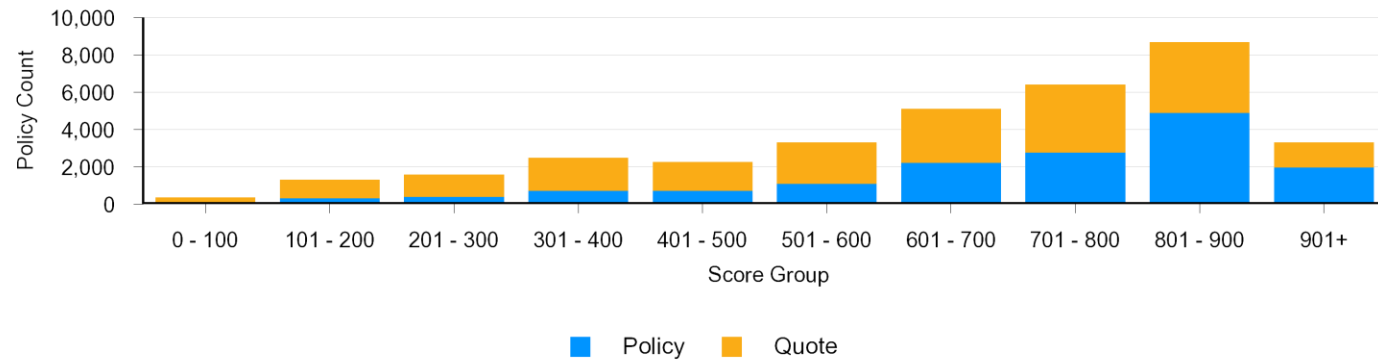


Premiums Written: Rate Activity

Pricing Relative to ISO



Predictive Model Policy Counts
6/1/2016 - 9/30/2018



Incremental Benefit of Predictive Analytics

Claim Activity

New Claims Presented versus Vehicles In Force

