

1347 Property Insurance Holdings Announces the Sale of its Homeowners' Insurance Operations to FedNat Holding Company

Deal Value: Approximately \$51.0 million

Sandler O'Neill served as exclusive financial advisor to 1347 Property Insurance Holdings in connection with this transaction.

Sandler O'Neill has advised on 54 U.S. insurance industry transactions since January 1, 2012, which represents more transactions than any other full-service investment bank during that time period.¹

Tampa, FL – February 25, 2019 – 1347 Property Insurance Holdings, Inc. (Nasdaq: PIH) (the “Company” or “1347 PIH”), today announced a definitive agreement with FedNat Holding Company (NASDAQ: FNHC) (“FedNat”) pursuant to which FedNat will acquire substantially all of 1347 PIH’s homeowners’ insurance operations, consisting of Maison Insurance Company, Maison Managers, Inc., and ClaimCor LLC (collectively, “Maison”), in a cash and stock transaction valued at approximately \$51 million. In addition, \$18 million of outstanding surplus note obligations will be repaid to 1347 PIH, plus all accrued but unpaid interest. At December 31, 2018, 1347 PIH had approximately 6.0 million shares outstanding.

The \$51 million purchase price will be comprised of a 50/50 mix of cash and stock, including the receipt of approximately 1.35 million shares of FedNat common stock, as estimated based on the closing share price of FedNat common stock on February 22, 2019, which represents less than 10% of pro forma shares outstanding. In addition to the purchase price, 1347 PIH will receive five-year rights of first refusal to provide reinsurance on up to 7.5% of any layer in FedNat’s catastrophe reinsurance program. 1347 PIH will also enter into a five-year agreement to provide investment advisory services to FedNat. The transaction includes a 30 day “go shop” provision for the benefit of 1347 PIH.

As a result of the transaction, 1347 PIH’s insurance operations will become wholly-owned subsidiaries of FedNat. Douglas Raucy, Chief Executive Officer of 1347 PIH and President of Maison, and Dean Stroud, Chief Underwriting Officer of 1347 PIH, are expected to become employees of FedNat as of the closing.

1347 Property Insurance Holdings Corp. intends to maintain its NASDAQ listing and utilize the proceeds from the transaction to launch a new growth strategy focused on reinsurance, investment management and new investment opportunities. The Company intends to provide additional details on the rollout of this strategy prior to the expected closing of the transaction in the second quarter of 2019.

Mr. Kyle Cerminara, Chairman of 1347 PIH, stated, “We were pleased to announce a transaction that benefits all parties and our shareholders. We believe that FedNat represents a strong partner that will allow Maison and its policyholders an opportunity to achieve its full potential, while at the same time receiving a valuation for Maison that we felt was fair and beneficial for our shareholders. Our entire Board of Directors has significant experience and skills enabling us to leverage our expertise in reinsurance and investment management to achieve a strong return for our shareholders, and we expect to announce the details of this strategy in the coming months.”

(1) Full service investment banks defined as those advising on insurance industry transactions with an average disclosed deal value of \$50 million or greater. Excludes terminated transactions, self-advisory roles and managed care insurance transactions.

Sources: S&P Global Market Intelligence; 1347 Property Insurance Holdings press release.

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