



## NEWS

**For Release:** February 20, 2003

**Contact:** **Financial:** Joseph F. Morris  
Senior Vice President, Chief Financial Officer & Treasurer  
(215) 443-3612 or [morris@penn-america.com](mailto:morris@penn-america.com)

**Media:** David Kirk, APR  
(610) 792-3329 or [davidkirk@thePRguy.com](mailto:davidkirk@thePRguy.com)

**Summary:** Penn-America Group, Inc. (NYSE:PNG) declares increased quarterly dividend

HATBORO, PA (February 20, 2003) – The Penn-America Group, Inc. (NYSE:PNG) board of directors today declared a quarterly cash dividend of \$.04375 per share -- an increase of 13 percent -- payable March 20, 2003, to shareholders of record at the close of business as of March 6, 2003. This is the 32nd consecutive quarter in which Penn-America has issued a dividend. Including the payment of the first quarter 2003 dividend, the company has returned cash dividends of \$11.8 million to shareholders.

Jon S. Saltzman, president and CEO said, “Increasing our dividend again is a clear signal of our board’s and our management’s confidence in the strength of Penn-America’s present and future. We are in a unique position to take advantage of the current disruptions in the standard insurance markets, which drive business into the excess and surplus lines markets we target. Our mission is to produce a superior return to shareholders and this is one way we do that.”

On January 22, the company released fourth quarter 2002 results showing net income that increased 173.0 percent and gross written premiums up 42.3 percent, both compared with the fourth quarter of the previous year. With a GAAP combined ratio of 95.7, the fourth quarter of 2002 was the company’s fifth consecutive quarter of producing underwriting profitability.

Penn-America Group, Inc. (NYSE:PNG) is a specialty commercial property and casualty insurance holding company that markets and underwrites general liability, commercial property and multi-peril insurance for small businesses in small towns and rural areas through a select network of wholesale general agents in the excess and surplus lines market.

--more--

**Forward-Looking Information**

*Certain information included in this news release and other statements or materials published or to be published by the company are not historical facts but are forward-looking statements including, but not limited to, such matters as anticipated financial performance, business prospects, technological developments, new and existing products, expectations for market segment and growth, and similar matters. In connection with the “safe harbor” provisions of the Private Securities Litigation Reform Act of 1995, the company provides the following cautionary remarks regarding important factors which, among others, could cause the company’s actual results and experience to differ materially from the anticipated results or other expectations expressed in the company’s forward-looking statements. The risks and uncertainties that may affect the operations, performance, results of the company’s business, and the other matters referred to above include, but are not limited to: (1) risks inherent in establishing loss and loss adjustment expense reserves; (2) uncertainties relating to the financial ratings of the company’s insurance subsidiaries; (3) uncertainties relating to government and regulatory policies; (4) uncertainties arising from the cyclical nature of the company’s business; (5) changes in the company’s relationships with, and the capacity of, its general agents; and (6) the risk that the company’s reinsurers may not be able to fulfill their obligations to the company. For additional disclosure regarding potential risk factors, refer to documents filed by the company with the Securities and Exchange Commission, including the company’s 2001 10-K/A.*

# # #