



NEWS

For Release: February 27, 2004

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

HATBORO, PA (February 27, 2004) – Penn-America Group, Inc. (NYSE:PNG) declared a quarterly cash dividend of \$.06 per share at its board of directors meeting yesterday. This dividend represents an increase of 11.6 percent compared with the quarterly dividend paid in the fourth quarter of 2003. The dividend is payable March 25, 2004, to shareholders of record at the close of business as of March 11, 2004. This will mark the 36th consecutive quarter in which Penn-America has paid a cash dividend. Including this first quarter dividend, the company will have returned more than \$14.6 million to its shareholders.

Commenting on the dividend increase, Jon S. Saltzman, president and CEO, stated: “This is the company’s third increase in our quarterly dividend in the last five quarters and is a clear signal of our board’s and our management’s confidence in the strength of Penn-America.”

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 marketplace.

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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 the anticipated closing of its trust subsidiary's offering of trust preferred securities, 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 2002 10-K.

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