



NEWS

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Summary: Penn-America Group, Inc. (NYSE:PNG) Announces Pricing for Common Stock Offering

HATBORO, PA (December 10, 2002) – Penn-America Group, Inc. (NYSE:PNG) announced today that it priced its previously announced public offering of 2,600,000 shares of its common stock at \$8.50 per share. The company also granted the underwriters an over-allotment to purchase up to 390,000 shares at the offering price. The intended use of proceeds is to support business growth of the company's insurance operations by increasing the capital of the company's insurance subsidiary, Penn-America Insurance Company.

The lead manager for this offering was Bear, Stearns & Co. Inc. and the co-managers were Ferris, Baker Watts Incorporated and Keefe, Bruyette & Woods, Inc.

Jon Saltzman, president and CEO said: "With the proceeds of this offering and the \$15 million trust preferred offering of last week, we have raised \$38 million of capital to support our general agents and the dramatic growth opportunities available to us in the excess and surplus lines marketplace."

This press release does not constitute an offer to sell or a solicitation of an offer to buy, nor will there be any sale of these securities in any state or jurisdiction in which such an offer, solicitation or sale would be unlawful. A registration statement relating to these securities has previously been filed with the Securities and Exchange Commission and has become effective. Any offer will be made only by means of a prospectus, forming a part of the effective registration statement. Copies of the prospectus may be obtained from Bear, Stearns & Co. Inc., 383 Madison Avenue, New York, NY 10179 (212) 272-2000.

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

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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 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.

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