

TORONTO, June 20, 2011 - (TSX.V: AFH) Atlas Financial Holdings, Inc. ("Atlas" or the "Company") today announced its financial results for the first quarter 2011. All amounts are in U.S. dollars unless indicated otherwise.

As at March 31, 2011, shareholder's equity was \$55.7 million. Factoring in the Company's convertible preferred shares, common shareholder's equity was \$40.2 million or \$2.19 per outstanding share. The Company carries a provision for deferred tax assets currently deemed unrealizable in the amount of \$0.54 per share at March 31, 2011, primarily related to loss carry-forwards assumed through the acquisition of its operating insurance subsidiaries. These deferred tax assets could be realized in the future based on profitability during the next twenty year period.

Including approximately \$627,000 of non-recurring costs related to the closing of the qualifying transaction forming Atlas and the transition to the Company's "go forward" infrastructure, the Company reported a net loss of \$889,000 or a loss of \$0.05 per share diluted as compared to a loss of \$0.62 per share diluted for the fourth quarter 2010. Excluding non-recurring charges, the first quarter 2011 net loss per share would have been \$0.01 diluted.

Commercial automobile gross premium written in the first quarter 2011 was \$6.6 million, representing an increase of 113% over the prior quarter. These core lines of business represented 53% of net premium written in the quarter.

The Company's loss and loss adjustment expense ratio was 78.2% in the first quarter 2011 as compared with 87.0% in the prior quarter. This improvement was due to core lines of business becoming an increasingly larger percentage of total premiums earned coupled with the positive impact of the Company's more efficient infrastructure.

Other underwriting expense in the first quarter 2011 was \$2.4 million, representing a 45.8% reduction from \$4.4 million in the prior quarter despite the \$627,000 impact of non-recurring costs. Expense reductions were the result of strategic activities and contract renegotiations undertaken to align the Company's infrastructure with its business plans.

Excluding non-recurring costs, the Company's combined operating ratio was 116% for the first quarter 2011. The combined operating ratio was 140.7% in the prior quarter.

"We are very pleased with this result for the first quarter," said Scott D. Wollney, Atlas President & CEO. "Our loss ratio is moving towards expected levels reflecting the results of core specialty lines of commercial auto business. Expenses are in-line with our plan and the Company is on track to return to profitability in 2011 as expected. Renewal retention rates in core lines continue to improve and new business application volumes are also increasing."

Premiums were written in twelve states in the first quarter 2011. The Company expects to actively write its core lines of business in more than twenty states by the end of 2011.

## **Financial Information**

Additional information about Atlas, including a copy of the Company's first quarter 2011 financial statements and MD&A, can be accessed on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com) or through the Company's website at [www.atlas-fin.com](http://www.atlas-fin.com).

## **Continuation Accounting**

The Company was formed on December 31, 2010 through a reverse triangular merger and the consolidated financial statements for 2010 are those of Atlas and two operating insurance subsidiaries, American Country Insurance Company and American Service Insurance Company, Inc., which have been prepared in accordance with continuation accounting concepts included in IFRS 3 – Business Combinations and IAS 27 Consolidated and Separate Financial Statements. Accordingly, and as a result of the merger date, shareholder's equity and earnings per share information provided herein for 2010 reflect the ordinary voting shares outstanding at the date of the merger as well as the ordinary voting shares, restricted voting shares and preferred shares that were issued in connection with the merger, as if such capitalization structure were in place during all 2010 periods for which financial information is being provided.

## **Financial Statement Presentation**

As noted above, Atlas' financial statements reflect the Company's consolidated results including prior periods based on historical financial statements of the Company's subsidiaries American Insurance Acquisition Inc., American Country Insurance Company and American Service Insurance Company, Inc. while under the management of its previous owners. The 2010 financial statements and the historic results reflected therein contain certain expenses and fees that supported the infrastructure of the previous parent of these subsidiaries. The Company does not expect to incur similar expenses, which included management fees, allocated overhead cost, and shared infrastructure expenses, after the December 31, 2010 date of the reverse triangular merger.

## **About Atlas**

The primary business of Atlas is commercial automobile insurance in the United States, with a niche market orientation and focus on insurance for the "light" commercial automobile sector including taxi cabs, non-emergency paratransit, limousine/livery and business auto. The business of Atlas is carried on through its operating insurance subsidiaries American Country Insurance Company and American Service Insurance Company, Inc. Atlas' operating insurance subsidiaries have decades of experience with a commitment to always be an industry leader in these specialized areas of insurance.

### ***Notice regarding forward-looking statements:***

*This release includes forward-looking statements regarding the Company and its*

*subsidiaries and businesses. Such statements are based on the current expectations of the management of each entity. The words "anticipate", "expect", "believe", "may", "should", "estimate", "project", "outlook", "forecast" or similar words are used to identify such forward looking information. The forward-looking events and circumstances discussed in this release may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting the companies, including risks regarding the insurance industry, economic factors and the equity markets generally and the risk factors discussed in the "Risk Factors" section of our Management Discussion and Analysis and Annual Report for the year ended December 31, 2010. No forward-looking statement can be guaranteed. Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and the Company and its subsidiaries undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.*

**Neither TSX Venture Exchange nor its Regulation Services Provider (as that term is defined in the policies of the TSX Venture Exchange) accepts responsibility for the adequacy or accuracy of this release.**

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