

A.M. BEST AFFIRMS A (EXCELLENT) IX RATINGS FOR UNITED NATIONAL GROUP, LTD.'S U.S. SUBSIDIARIES AND ASSIGNS RATINGS FOR NON-U.S. SUBSIDIARIES

George Town, Grand Cayman, Cayman Islands, December 15, 2004 – United National Group, Ltd. (Nasdaq: UNGL) today announced that A.M. Best has affirmed, with a stable outlook, the ratings of its U.S. insurance company subsidiaries and assigned ratings to its non-U.S. subsidiaries-Wind River Insurance Company, Ltd. (Bermuda) and Wind River Insurance Company (Barbados) Ltd.

The A.M. Best A (Excellent) IX rating for the U.S. insurance companies, United National Insurance Company, Diamond State Insurance Company, United National Specialty Insurance Company and United National Casualty Insurance Company, had been placed under review with developing implications following the announcement of the proposed business combination of UNGL and Penn-America Group, (NYSE: PNG), and Penn Independent Corporation. A.M. Best has advised UNGL that it has removed these ratings from being under review and that the A (Excellent) IX rating of the U.S. insurance companies has been affirmed with a stable outlook.

A.M. Best has assigned an A (Excellent) IX rating for Wind River Insurance Company (Barbados) Ltd. and an A - (Excellent) VII rating for Wind River Insurance Company, Ltd. (Bermuda). Each rating was assigned with a stable outlook. These assigned ratings will enable our non-U.S. operations to gain additional opportunities in their areas of expertise and to pursue additional state insurance department approvals.

The proposed business combination with Penn-America Group and Penn Independent Company is expected to close in the first quarter of 2005, subject to pending regulatory and shareholder approvals and the satisfaction of other closing conditions. Upon closing UNGL will be renamed United America Indemnity, Ltd.

About United National Group, Ltd.:

United National Group, Ltd. is a holding company formed under the laws of the Cayman Islands that, through its wholly-owned operating subsidiaries, is a specialty property and casualty insurer with a 44-year operating history in the specialty insurance markets. Its U.S. insurance subsidiaries are either licensed or authorized to write surplus lines or specialty admitted business in all states. Its non-U.S. operations consist of recently formed Barbados-based and Bermuda-based insurance companies.

Safe Harbor statement:

This release contains forward-looking information about United National Group, Ltd. that are intended to be covered by the safe harbor for forward looking statements provided by the Private Securities Litigation Reform Act of 1995. Forward-looking statements are statements that are not historical facts. These statements can be identified by the use of forward-looking terminology such as "believe," "expect," "may," "will," "should," "project," "plan," "seek," "intend," or "anticipate" or the negative thereof or comparable terminology, or by discussions of strategy, financial projections and estimates and their underlying assumptions, statements regarding plans, objectives, expectations or consequences of the transactions, and statements about future performance, operations, products and services of United National Group, Ltd.

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United National Group, Ltd.'s business and operations are subject to a variety of risks, and uncertainties and other factors. Consequently, actual results may materially differ from those contained in any forward-looking statements. Such risks, uncertainties and other factors that could cause actual results to differ from those projected include, but are not limited to, the following: (1) ineffectiveness of United National Group, Ltd.'s business strategy due to changes in current or future market conditions, (2) the effects of competitors' pricing policies, and of changes in laws and regulations on competition, including industry consolidation and development of competing financial products, (3) greater frequency or severity of claims and loss activity than United National Group, Ltd.'s underwriting, reserving or investment practices have anticipated, (4) decreased level of demand for United National Group, Ltd.'s insurance products or increased competition due to an increase in capacity of property and casualty insurers, (5) risks inherent in establishing loss and loss adjustment expense reserves, (6) uncertainties relating to the financial ratings of United National Group, Ltd.'s insurance subsidiaries, (7) uncertainties relating to the cyclical nature of United National Group, Ltd.'s business, (8) the risk that reinsurers may not be able to fulfill obligations and (9) uncertainties relating to governmental and regulatory policies. The foregoing review of important factors should be read in conjunction with the other cautionary statements that are included in United National Group, Ltd.'s Annual report on Form 10-K for the fiscal year ended December 31, 2003. United National Group, Ltd. makes no commitment to revise or update any forward-looking statements in order to reflect events or circumstances occurring or existing after the date any forward-looking statement is made.

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