

National General Holdings Corp.

Form 424B5

November 13, 2018

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The information in this preliminary prospectus supplement is not complete and may be changed. This preliminary prospectus supplement and the accompanying prospectus do not constitute an offer to sell these securities and we are not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Filed pursuant to Rule 424(b)(5)

SEC File No. 333-224717

SUBJECT TO COMPLETION

PRELIMINARY PROSPECTUS SUPPLEMENT DATED NOVEMBER 13, 2018

PROSPECTUS SUPPLEMENT

(To Prospectus dated May 7, 2018)

5,000,000 Shares

COMMON STOCK

We are offering 5,000,000 shares of our common stock.

Our shares of common stock are quoted on the NASDAQ Global Market under the symbol NGHC. On November 12, 2018, the last sale price of the shares as reported on the NASDAQ Global Market was \$27.73 per share.

Investing in our common stock involves risks. See **Risk Factors** on page 2 of the accompanying prospectus, as well as the risks described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, to read about important factors you should consider before making a decision to invest in our common stock.

Price \$ per share

	Price to Public	Underwriting Discount	Proceeds, before expenses, to Company
Per Share	\$	\$	\$
Total	\$	\$	\$

To the extent the underwriters sell more than 5,000,000 shares of common stock, we have granted the underwriters an option to purchase up to an additional 750,000 shares of our common stock within 30 days after the date of this prospectus supplement at the purchase price less the underwriting discount stated above.

Neither the Securities and Exchange Commission (the SEC), any state securities commission or any other regulatory body has approved or disapproved of these securities or passed upon the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

The shares are expected to be ready for delivery on or about _____, 2018.

Joint Book-Running Managers

Goldman Sachs & Co. LLC

J.P. Morgan

Deutsche Bank Securities

Co-Managers

JMP Securities

B. Riley FBR

Keefe, Bruyette & Woods

A Stifel Company

William Blair

The date of this prospectus supplement is _____, 2018.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectus filed by us with the SEC, for use in connection with this offering. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information and, accordingly, you should not rely on any such information if it is provided to you. We are not, and the underwriters are not, making an offer to sell, or the solicitation of an offer to buy, any of these securities in any jurisdiction where such an offer or sale is not permitted. You should not assume that the information contained or incorporated by reference in this prospectus supplement, the accompanying prospectus or any such free writing prospectus is accurate as of any date other than the respective dates of the related documents or the incorporated documents, as the case may be.

References in this prospectus supplement and the accompanying prospectus to we, us, our, the Company or National General or other similar terms refer to National General Holdings Corp. and its consolidated subsidiaries, unless we state otherwise or the context indicates otherwise. Additionally, in this prospectus supplement and the accompanying prospectus, unless otherwise stated or the context otherwise requires, references to dollars or \$ are to the lawful currency of the United States.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This prospectus supplement is a supplement to the accompanying prospectus that is also a part of this document. The accompanying prospectus is part of a registration statement that we filed with the SEC using a shelf registration process. Under the shelf registration process, from time to time, we may offer debt securities, common stock, preferred stock, depositary shares, warrants and units. In the accompanying prospectus, we provide you with a general description of the securities we may offer from time to time under this shelf registration statement. In this prospectus supplement, we provide you with specific information about the shares of common stock that we are selling in this offering. Both this prospectus supplement and the accompanying prospectus include, or incorporate by reference, important information about us, the securities being offered and other information you should know before making a decision to invest in our common stock. This prospectus supplement also adds to, updates and changes information contained or incorporated by reference in the accompanying prospectus. If any specific information regarding the common stock being offered by this prospectus supplement is inconsistent with the more general description of the securities in the accompanying prospectus, you should rely on the information contained in this prospectus supplement. You should read this prospectus supplement, the accompanying prospectus and any free writing prospectus we file with the SEC in connection with this offering, as well as the additional information described under **Where You Can Find More Information; Incorporation by Reference** in this prospectus supplement, before making a decision to invest in our common stock. In particular, you should review the information under the heading **Risk Factors** in the accompanying prospectus and included in our Annual Report on Form 10-K for the year ended December 31, 2017 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018, each of which is incorporated by reference herein.

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SUMMARY

*The information below is only a summary of more detailed information included elsewhere or incorporated by reference in this prospectus supplement and the accompanying prospectus. This summary does not contain all the information that you should consider before making a decision to invest in the securities in this offering. The other information is important, so please read this entire prospectus supplement and the accompanying prospectus, as well as the information incorporated by reference herein, carefully. You should pay special attention to the information under the heading **Risk Factors** in the accompanying prospectus and included in our Annual Report on Form 10-K for the year ended December 31, 2017 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018, each of which is incorporated by reference herein.*

OUR COMPANY

Overview

We are a specialty personal lines insurance holding company that, through our subsidiaries, provides a variety of insurance products, including personal and small business automobile, homeowners, umbrella, recreational vehicle, motorcycle, lender-placed, supplemental health and other niche insurance products. We sell insurance products with a focus on underwriting profitability through a combination of our customized and predictive analytics and our technology driven low cost infrastructure.

Our automobile insurance products protect our customers against losses due to physical damage to their motor vehicles, bodily injury and liability to others for personal injury or property damage arising from auto accidents. Our homeowners and umbrella insurance products protect our customers against losses to dwellings and their contents from a variety of perils, as well as coverage for personal liability. We offer our property and casualty (P&C) insurance products through a network of approximately 32,100 independent agents, a number of affinity partners and through direct-response marketing programs and retail storefronts. We have approximately 3.9 million P&C policyholders.

Our accident and health (A&H) business provides accident and non-major medical health insurance products targeting our existing P&C policyholders and persons who are uninsured or underinsured. We market our and other carriers' A&H insurance products through a multi-pronged distribution platform that includes a network of over 34,300 independent agents, direct-to-consumer marketing, wholesaling, worksite marketing and the internet.

We are licensed to operate in 50 states and the District of Columbia, but focus on underserved niche markets. As of December 31, 2017, approximately 77.8% of our P&C premium written is originated in ten core states: California, North Carolina, New York, Florida, Texas, New Jersey, Louisiana, Virginia, Michigan and Washington.

For the years ended December 31, 2017, 2016 and 2015, our gross premium written was \$4,756 million, \$3,501 million and \$2,590 million, net premium written was \$3,578 million, \$3,073 million and \$2,187 million and total consolidated revenues were \$4,422 million, \$3,569 million and \$2,515 million, respectively.

Our company was formed to acquire the private passenger auto business of the U.S. consumer property and casualty insurance segment of General Motors Acceptance Corporation (now known as Ally Financial Inc.), which operations date back to 1939. We acquired this business on March 1, 2010.

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Our wholly-owned subsidiaries include twenty-one regulated domestic insurance companies, of which nineteen write primarily P&C insurance and two write A&H insurance. Our insurance subsidiaries have an A- (Excellent) group rating by A.M. Best Company, Inc. We currently conduct a limited amount of business outside the United States, primarily in Bermuda, Luxembourg and Sweden.

Two of our wholly-owned subsidiaries that we acquired in 2014 are management companies that act as attorneys-in-fact for Adirondack Insurance Exchange, a New York reciprocal insurer, and New Jersey Skylands Insurance Association, a New Jersey reciprocal insurer (together, the Reciprocal Exchanges or Exchanges). We do not own the Reciprocal Exchanges but are paid a fee to manage their business operations through our wholly-owned management companies.

Business Segments

We are a specialty national carrier with regional focuses. We manage our business through two segments:

Property and Casualty Our P&C segment operates its business through three primary distribution channels: agency, affinity and direct. Our agency channel focuses primarily on writing standard, preferred and nonstandard auto coverage and homeowners and umbrella coverage through our network of approximately 32,100 independent agents. In our affinity channel, we partner with a number of affinity groups and membership organizations to deliver insurance products tailored to the needs of our affinity partners members or customers under our affinity partners brand name or label, which we refer to as selling on a white label basis. A primary focus of a number of our affinity relationships is providing recreational vehicle coverage, of which we believe we are one of the top writers in the United States. Our direct channel is operated through approximately 430 store fronts, web/mobile, phone sales centers and kiosks. In addition, we operate our lender-placed services through long-term distribution agreements with certain mortgage lenders.

Accident and Health Our A&H segment provides accident and non-major medical health insurance products targeting our existing policyholders and uninsured or underinsured individuals. Through a number of acquisitions of both carriers and general agencies, including VelaPoint, LLC, our call center general agency, National Health Insurance Company, a life and health insurance carrier established in 1979, Euro Accident Health & Care Insurance Aktiebolag, our European group life and health insurance managing general agent, Quotit Corporation, an application service provider for health insurance, HealthCompare Insurance Services, Inc., a call center agency, Healthcare Solutions Team, LLC, a healthcare insurance managing general agency, and North Star Marketing Corporation, a proprietary small group sales channel, we have assembled a multi-pronged distribution platform that includes direct-to-consumer marketing through our call center agency, selling through approximately 34,300 independent agents, wholesaling insurance products through large general agencies/program managers and, through our affinity relationships, worksite marketing through employers and the internet.

Additional financial information regarding our segments and additional information regarding the products we sell and the distribution channels through which we sell them is presented in our Annual Report on Form 10-K for the year ended December 31, 2017 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2018, June 30, 2018 and September 30, 2018, each of which is incorporated by reference herein. See Where You Can Find More Information; Incorporation by Reference in this prospectus supplement.

Recent Developments

On November 13, 2018, a subsidiary of the Company entered into a securities purchase agreement, pursuant to which, subject to the satisfaction or waiver of the conditions set forth therein, such subsidiary agreed to

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acquire National Farmers Union Property & Casualty Insurance Company (National Farmers Union Insurance) from a subsidiary of QBE Insurance Group. National Farmers Union Insurance is a Wisconsin domiciled P&C insurance company that predominantly writes personal and farm auto and farm and homeowners insurance in the Midwestern United States. The estimated purchase price for the transaction is approximately \$43 million, subject to closing adjustments. The transaction is expected to close in the first half of 2019, subject to approval of governmental authorities and other customary closing conditions.

The Company expects that gross losses from the early November California wildfires will breach the retention under its property catastrophe excess of loss reinsurance program. Accordingly, the Company expects its fourth quarter 2018 results to include approximately \$41 million in losses (approximately \$32 million after-tax), net of reinsurance recoverables and excluding reinstatement premiums, relating to the wildfires.

Supplemental Financial Information

Annex A to this prospectus supplement includes certain supplemental financial and other statistical information about our business and financial condition. Such information in Annex A includes certain non-GAAP financial measures presented on a segment and consolidated basis, including operating expense ratio, combined ratio, operating expense ratio before amortization and impairment and combined ratio before amortization and impairment, as well as reconciliations thereto, each for the periods presented. This financial and statistical information supplements, but is not a substitution for, our consolidated financial statements under GAAP that are incorporated by reference herein.

CORPORATE AND OTHER INFORMATION

Our principal executive offices are located at 59 Maiden Lane, 38th Floor, New York, New York 10038, and our telephone number at that location is (212) 380-9500.

Our website address is <http://www.nationalgeneral.com>. Our internet website and the information contained therein or connected thereto are not intended to be incorporated by reference into this prospectus supplement and the accompanying prospectus.

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THE OFFERING

The following is a brief summary of certain terms of this offering. For a more complete description of our common stock, see Description of Common Stock in the accompanying prospectus.

Issuer National General Holdings Corp. (NGHC).

Securities Offered We are offering 5,000,000 shares (or 5,750,000 shares if the underwriters exercise their option to purchase additional shares in full) of common stock, par value \$0.01 per share.

Approximate Number of Shares of Common Stock to Be Outstanding Immediately After this Offering 112,132,560 shares (or 112,882,560 shares if the underwriters exercise their option to purchase additional shares in full) of common stock.

Voting Rights Each share of our common stock entitles its holder to one vote on all matters to be voted upon by the stockholders. See Description of Common Stock in the accompanying prospectus.

Use of Proceeds We estimate that the net proceeds to us from the sale of the common stock issued in this offering will be approximately \$ (or \$ if the underwriters exercise their option to purchase additional shares in full) after deducting the underwriting discount and our estimated offering expenses. We intend to use the net proceeds of this offering for general corporate purposes, including strategic acquisitions (including our acquisition of National Farmers Union Insurance) and to support our current and future policy writings. See Use of Proceeds in this prospectus supplement.

Transfer Agent American Stock Transfer & Trust Company, LLC.

Risk Factors See Risk Factors in the accompanying prospectus and in our Annual Report on Form 10-K for the year ended December 31, 2017 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, each of which is incorporated by reference herein, for the risks you should consider carefully before deciding to invest in our common stock.

The number of shares of common stock to be outstanding immediately after this offering that appears above is based on the number of shares of common stock outstanding as of September 30, 2018, and excludes:

an aggregate of approximately 3,235,127 shares of common stock issuable pursuant to outstanding employee stock options with a weighted average exercise price of \$9.48 per share;

outstanding restricted stock units issuable into a maximum of 948,545 shares of common stock; and

521,311 additional shares of common stock available for grant under our share based compensation plans.

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The following tables set forth our selected historical consolidated financial and operating information for the periods ended and as of the dates indicated, which, except for the nine months ended September 30, 2018 and 2017, is derived from our audited consolidated financial statements and the notes thereto. Our consolidated balance sheet data as of September 30, 2018 and our consolidated statements of operations data for the nine months ended September 30, 2018 and 2017 are derived from our unaudited condensed consolidated financial statements. In the opinion of our management, our unaudited condensed consolidated financial statements include all adjustments, consisting only of normal recurring adjustments, considered necessary for a fair presentation of the financial information. Operating results for the nine months ended September 30, 2018 are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. The following information should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and our consolidated financial statements and related notes, which appear in Part II, Items 7 and 8, respectively, of our Annual Report on Form 10-K for the year ended December 31, 2017 and Management's Discussion and Analysis of Financial Condition and Results of Operations and the condensed consolidated financial statements and related notes, which appear in Part I, Items 2 and 1, respectively, of our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, each of which is incorporated by reference herein. For more details on how you can obtain our SEC reports and other information, you should read the section entitled Where You Can Find More Information; Incorporation by Reference in this prospectus supplement.

	Nine Months Ended			Year Ended December 31,			
	September 30, 2018	2017 (1)	2017	2016 (1)	2015 (1)	2014 (1)	2013 (1)
(Amounts in thousands, except percentages and per share data)							
Selected Income Statement Data (2)							
Gross premium written	\$ 4,129,250	\$ 3,591,603	\$ 4,755,985	\$ 3,500,898	\$ 2,590,044	\$ 2,135,107	\$ 1,338,755
Ceded premiums (3)	(1,209,608)	(852,996)	(1,178,390)	(428,202)	(403,502)	(265,083)	(659,439)
Net premium written	\$ 2,919,642	\$ 2,738,607	\$ 3,577,595	\$ 3,072,696	\$ 2,186,542	\$ 1,870,024	\$ 679,316
Change in unearned premium	(131,671)	25,930	76,581	(77,525)	(56,436)	(236,804)	8,750
Net earned premium	\$ 2,787,971	\$ 2,764,537	\$ 3,654,176	\$ 2,995,171	\$ 2,130,106	\$ 1,633,220	\$ 688,066
Ceding commission income	158,976	91,604	116,456	45,600	43,790	12,430	87,100
Service and fee income	415,313	373,644	502,927	380,817	273,548	168,571	127,541
Net investment income (4)	81,702	81,725	101,950	115,187	78,783	53,606	32,082
Net gain (loss) on investments	(22,756)	44,018	46,763	7,904	(11,095)	(4,552)	(1,653)
Other income (expense)		(198)	(198)	24,308			
Total revenues	\$ 3,421,206	\$ 3,355,330	\$ 4,422,074	\$ 3,568,987	\$ 2,515,132	\$ 1,863,275	\$ 933,136
Loss and loss adjustment expense	1,961,804	1,969,156	2,626,082	2,092,280	1,485,320	1,125,136	521,022
Acquisition costs and other underwriting expenses (5)	542,040	527,100	672,429	497,007	406,662	315,089	134,887
General and administrative expenses (6)	691,167	680,806	912,996	709,148	426,976	283,334	221,654
Interest expense	38,775	34,590	47,086	40,180	28,885	17,736	2,042
Total expenses	\$ 3,233,786	\$ 3,211,652	\$ 4,258,593	\$ 3,338,615	\$ 2,347,843	\$ 1,741,295	\$ 879,605
Income before provision for income taxes	\$ 187,420	\$ 143,678	\$ 163,481	\$ 230,372	\$ 167,289	\$ 121,980	\$ 53,531
Provision for income taxes	38,261	40,751	61,273	33,998	16,176	21,551	11,140
Net income	\$ 149,159	\$ 102,927	\$ 102,208	\$ 196,374	\$ 151,113	\$ 100,429	\$ 42,391
Less: Net (income) loss attributable to non-controlling interest	31,979	4,973	3,637	(20,668)	(14,025)	(2,504)	(82)
Net income attributable to National General Holdings Corp.	\$ 181,138	\$ 107,900	\$ 105,845	\$ 175,706	\$ 137,088	\$ 97,925	\$ 42,309
Dividends on preferred stock	(23,625)	(23,625)	(31,500)	(24,333)	(14,025)	(2,291)	(2,158)
Net income attributable to National General Holdings Corp. common stockholders	\$ 157,513	\$ 84,275	\$ 74,345	\$ 151,373	\$ 123,063	\$ 95,634	\$ 40,151

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	Nine Months Ended September 30,			Year Ended December 31,			
	2018	2017 (1)	2017	2016 (1)	2015 (1)	2014 (1)	2013 (1)
(Amounts in thousands, except percentages and per share data)							
Per common share data:							
Basic earnings per share	\$ 1.47	\$ 0.79	\$ 0.70	\$ 1.43	\$ 1.25	\$ 1.05	\$ 0.62
Weighted average shares outstanding basic	106,944	106,557	106,588	105,952	98,242	91,499	65,018
Diluted earnings per share	\$ 1.44	\$ 0.78	\$ 0.68	\$ 1.40	\$ 1.22	\$ 1.02	\$ 0.59
Weighted average shares outstanding diluted	109,316	108,690	108,752	108,278	100,724	93,515	71,802
Dividends declared per common share	\$ 0.12	\$ 0.12	\$ 0.16	\$ 0.14	\$ 0.09	\$ 0.05	\$ 0.01
Insurance Ratios							
Net loss ratio (7)	70.4%	71.2%	71.9%	69.9%	69.7%	68.9%	75.7%
Net operating expense ratio (non-GAAP) (8)(9)	23.6%	26.9%	26.4%	26.0%	24.2%	25.6%	20.6%
Net combined ratio (non-GAAP) (8)(10)	94.0%	98.1%	98.3%	95.9%	93.9%	94.5%	96.3%

	As of September 30,		As of December 31,			
	2018	2017	2016 (1)	2015 (1)	2014 (1)	2013 (1)
(Amounts in thousands)						
Selected Balance Sheet Data						
Investments	\$ 3,863,534	\$ 3,649,788	\$ 3,631,064	\$ 2,785,510	\$ 1,991,105	\$ 1,042,884
Cash, cash equivalents and restricted cash	\$ 434,930	\$ 357,484	\$ 285,900	\$ 282,277	\$ 132,615	\$ 73,823
Premiums and other receivables, net	\$ 1,461,332	\$ 1,324,321	\$ 1,091,774	\$ 694,577	\$ 588,125	\$ 344,633
Reinsurance recoverable	\$ 1,527,040	\$ 1,294,165	\$ 948,236	\$ 897,232	\$ 971,116	\$ 1,055,447
Intangible assets, net and Goodwill	\$ 567,186	\$ 578,223	\$ 626,084	\$ 461,312	\$ 319,601	\$ 156,915
Total assets	\$ 9,249,088	\$ 8,439,743	\$ 7,238,028	\$ 5,556,192	\$ 4,324,716	\$ 2,837,515
Unpaid loss and loss adjustment expense reserves	\$ 2,855,135	\$ 2,663,557	\$ 2,273,866	\$ 1,762,575	\$ 1,568,796	\$ 1,259,241
Unearned premiums and other revenue	\$ 2,331,855	\$ 2,032,605	\$ 1,701,286	\$ 1,257,598	\$ 872,963	\$ 483,551
Debt	\$ 675,263	\$ 713,710	\$ 752,001	\$ 491,537	\$ 299,082	\$ 81,142
Total liabilities	\$ 7,206,109	\$ 6,486,318	\$ 5,320,670	\$ 4,029,034	\$ 3,255,584	\$ 2,194,648
Common stock and additional paid-in capital	\$ 924,195	\$ 918,818	\$ 914,851	\$ 901,170	\$ 691,670	\$ 437,803
Preferred stock	\$ 450,000	\$ 420,000	\$ 420,000	\$ 220,000	\$ 55,000	\$
Non-controlling interest	\$ (13,955)	\$ 24,856	\$ 31,918	\$ 22,840	\$ 13,756	\$ 87
Total stockholders' equity	\$ 2,042,979	\$ 1,953,425	\$ 1,917,358	\$ 1,527,158	\$ 1,069,132	\$ 642,867

- (1) Prior years reflect the retrospective correction of errors and certain reclassifications have been made to facilitate period-to-period comparisons. For the year ended December 31, 2014, Loss and loss adjustment expense increased by \$72,071, and General and administrative expenses and Provision for income taxes decreased by \$65,428 and \$2,325, respectively. For the year ended December 31, 2013, Loss and loss adjustment expense increased by \$58,898 and General and administrative expenses decreased by \$58,898. As of December 31, 2015, both Investments and Total assets decreased by \$7,200, Unpaid loss and loss adjustment expense reserves increased by \$6,951, Unearned premiums and other revenue decreased by \$296, Total liabilities increased by \$2,282 and Total stockholders' equity decreased by \$9,482. As of December 31, 2014, Unpaid loss and loss adjustment expense reserves and Total liabilities increased by \$6,643 and \$4,318, respectively, and Total stockholders' equity decreased by \$4,318. See Note 3, Revisions of Previously Issued Financial Statements in the notes to our consolidated financial statements contained in our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference herein, for more information about these accounting changes.
- (2) Results of operations were affected by our various acquisitions and reinsurance transactions from 2013 to 2018.
- (3) Premiums ceded to related parties were not material for the nine months ended September 30, 2018 and 2017, and for the years ended December 31, 2017 and 2016, and amounted to \$1,578, \$44,936 and \$501,067 for the years ended December 31, 2015, 2014 and 2013, respectively.
- (4) Earnings (losses) of equity method investments with related parties is included as a component of net investment income.
- (5) Acquisition costs and other underwriting expenses include policy acquisition expenses, commissions paid directly to producers, premium taxes and assessments, salary and benefits and other insurance general and administrative expenses, which represent other costs that are directly attributable to insurance activities.
- (6) General and administrative expenses are composed of all other operating expenses, including various departmental salaries and benefits expenses for employees that are directly involved in the maintenance of policies, information systems, and accounting for insurance transactions, and other insurance expenses such as federal excise tax, postage, telephones and internet access charges, as well as legal and auditing fees and board and bureau charges. In addition, general and administrative expenses include those charges that are related to the amortization of tangible and intangible assets and non-insurance activities in which we engage.

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- (7) Net loss ratio is calculated by dividing the loss and loss adjustment expense by net earned premiums.
- (8) Net operating expense ratio and net combined ratio are considered non-GAAP financial measures under applicable SEC rules because a component of those ratios, net operating expense, is calculated by offsetting acquisition costs and other underwriting expenses and general and administrative expenses by ceding commission income and service and fee income. Management uses net operating expense ratio (non-GAAP) and net combined ratio (non-GAAP) to evaluate financial performance against historical results and establish targets on a consolidated basis. We believe this presentation enhances the understanding of our results by eliminating what we believe are volatile and unusual events and presenting the ratios with what we believe are the underlying run rates of the business. Other companies may calculate these measures differently, and, therefore, their measures may not be comparable to those used by the Company's management. For a reconciliation showing the total amounts by which acquisition costs and other underwriting expenses and general and administrative expenses were offset by ceding commission income and service and fee income in the calculation of net operating expense, see Annex A to this prospectus supplement.
- (9) Net operating expense ratio (non-GAAP) is calculated by dividing the net operating expense by net earned premium. Net operating expense consists of the sum of acquisition costs and other underwriting expenses and general and administrative expenses less ceding commission income and service and fee income. See Annex A to this prospectus supplement.
- (10) Net combined ratio (non-GAAP) is calculated by adding net loss ratio and net operating expense ratio (non-GAAP) together. See Annex A to this prospectus supplement.

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USE OF PROCEEDS

We estimate that the net proceeds we will receive from this offering will be approximately \$ (or \$ if the underwriters exercise their option to purchase additional shares in full) after deducting the underwriting discount and the estimated offering expenses payable by us.

We will retain broad discretion over the use of the net proceeds from this offering. We currently intend to use the net proceeds from this offering for general corporate purposes, including strategic acquisitions (including our acquisition of National Farmers Union Insurance) and to support our current and future policy writings. Pending the application of any net proceeds, we intend to invest them in short-term interest-bearing securities.

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The following table sets forth our consolidated capitalization as of September 30, 2018:

on an actual basis; and

on an as adjusted basis to give effect to the issuance of the shares of common stock in this offering (assuming the underwriters do not exercise any part of their option to purchase additional shares).

This table should be read in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations and the consolidated financial statements and the related notes, which appear in our Annual Report on Form 10-K for the year ended December 31, 2017 and our Quarterly Report on Form 10-Q for the quarter ended September 30, 2018, each of which is incorporated by reference herein. For more details on how you can obtain our SEC reports and other information, you should read the section entitled "Where You Can Find More Information; Incorporation by Reference" in this prospectus supplement.

(Dollar and Share Amounts In Thousands, Except Par Value)	As of September 30, 2018	
	Actual	As Adjusted
Debt outstanding:		
Long-term debt	\$ 675,263	\$ 675,263
Stockholders' equity:		
Common stock, par value \$0.01 per share; 150,000 shares authorized, 107,133 shares issued and outstanding on an actual basis and 112,133 shares issued and outstanding on an as adjusted basis	\$ 1,071	
Preferred stock, par value \$0.01 per share; 10,000 shares authorized, 2,565 shares issued and outstanding on an actual and as adjusted basis	450,000	450,000
Additional paid-in capital	923,124	
Retained earnings	751,320	748,838
Accumulated other comprehensive income (loss)	(68,581)	(68,581)
Total National General Holdings Corp. stockholders' equity	\$ 2,056,934	
Non-controlling interest	(13,955)	(13,955)
Total stockholders' equity	\$ 2,042,979	
Total capitalization	\$ 2,718,242	

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Our common stock is traded on the NASDAQ Global Market under the symbol NGHC. The following table shows the high and low sales prices per share for our common stock and the cash dividends declared with respect to such stock:

Year Ending December 31, 2018	High	Low	Dividends Declared
First quarter	\$ 25.17	\$ 18.22	\$ 0.04
Second quarter	\$ 28.05	\$ 23.71	\$ 0.04
Third quarter	\$ 28.25	\$ 25.10	\$ 0.04
Fourth quarter (through November 12, 2018)	\$ 28.89	\$ 23.25	\$ 0.04

Year Ended December 31, 2017	High	Low	Dividends Declared
First quarter	\$ 26.99	\$ 21.98	\$ 0.04
Second quarter	\$ 23.78	\$ 20.98	\$ 0.04
Third quarter	\$ 21.96	\$ 16.21	\$ 0.04
Fourth quarter	\$ 22.38	\$ 19.00	\$ 0.04

On November 12, 2018, the closing price per share for our common stock was \$27.73.

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DIVIDEND POLICY

Our board of directors currently intends to continue to authorize the payment of a quarterly cash dividend to our stockholders of record. Any declaration and payment of dividends by our board of directors will depend on many factors, including general economic and business conditions, our strategic plans, our financial results and condition, legal and regulatory requirements and other factors that our board of directors deems relevant.

We are a holding company and have no direct operations. Our ability to pay dividends in the future depends on the ability of our operating subsidiaries, including our insurance subsidiaries, to pay dividends to us. The laws of the jurisdictions in which our insurance subsidiaries are organized regulate and restrict, under certain circumstances, their ability to pay dividends to us. The aggregate amount of dividends that could be paid to us by our insurance subsidiaries without prior approval by the various domiciliary states of our insurance subsidiaries was approximately \$387.6 million as of December 31, 2017, taking into account dividends paid in the prior twelve month period. Under the terms of our credit agreement, we are not prohibited from paying cash dividends so long as no event of default has occurred and is continuing and we are not out of compliance with our financial covenants. We may, however, enter into credit agreements or other debt arrangements in the future that will restrict our ability to declare or pay cash dividends on our common stock.

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MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS

The following discussion summarizes the material U.S. federal income tax consequences applicable to U.S. holders and non-U.S. holders (each as defined below) with respect to the purchase, ownership and disposition of shares of our common stock. This summary is based upon current provisions of the Internal Revenue Code of 1986, as amended from time to time (the Code), Treasury regulations and judicial and administrative authority, all of which are subject to differing interpretations or change, possibly with retroactive effect. This summary is limited to investors who will hold shares of our common stock as capital assets and does not discuss all aspects of U.S. federal income taxation that may be important to particular investors in light of their individual circumstances. This discussion does not address all of the tax consequences relevant to investors who are subject to special tax rules, such as banks and other financial institutions, insurance companies, governments and governmental entities, broker-dealers, partnerships and their partners, tax-exempt organizations, investors that will hold the common stock