

EMC INSURANCE GROUP INC. REPORTS
2005 FIRST QUARTER RESULTS

First Quarter 2005

Net Income Per Share -- \$0.77

Net Operating Income Per Share -- \$0.74

GAAP Combined Ratio – 94.6%

DES MOINES, Iowa (April 27, 2005) - EMC Insurance Group Inc. (Nasdaq/NM:EMCI) today reported record operating income of \$0.74 per share for the first quarter ended March 31, 2005 compared to operating income of \$0.70 per share for the first quarter of 2004¹. Net income, including realized investment gains/losses, was \$10,503,000 (\$0.77 per share) for the first quarter of 2005 compared to \$8,349,000 (\$0.72 per share) for the first quarter of 2004.

“We are pleased to report a record-breaking quarter,” stated President and CEO Bruce G. Kelley. “We experienced favorable development on our prior years’ reserves and our current overall premium rate level continues to be adequate. However, there are indications of increased rate competition and we must adhere to our goal of achieving profitability over production. Achieving an underwriting profit is always stressed, but has become even more critical in this lingering low interest rate environment.”

Premiums earned increased 21.4 percent to \$101,294,000 for the three months ended March 31, 2005 from \$83,458,000 for the same period in 2004. The majority of this increase is attributed to a 6.5 percentage point increase in the Company’s aggregate participation percentage in the EMC Insurance Companies pooling arrangement that became effective January 1, 2005. As a result of this increase, the Company’s aggregate participation in the pooling arrangement increased from 23.5 percent to 30.0 percent. The increase in premiums earned also reflects the impact of rate increases that were implemented in the property and casualty insurance business during 2004. On an overall basis, rate competition increased moderately in the property and casualty insurance marketplace during the first quarter of 2005. However, there were indications of more intense rate competition in select territories and lines of business and the Company expects market conditions to remain competitive for the remainder of the year. The Company will continue to implement rate increases in those lines of business and/or territories where such action is warranted, but the overall level of these rate increases is expected to be smaller than those implemented during 2004.

Investment income increased 22.8 percent to \$8,932,000 for the three months ended March 31, 2005 from \$7,274,000 for the same period in 2004. This increase is primarily attributed to additional interest income earned on \$108,076,000 of cash received from Employers Mutual Casualty Company in the first quarter of 2005 in connection with the change in the pooling arrangement and the \$34,890,000 of net proceeds received in October 2004 from the Company’s follow-on stock offering.

Catastrophe and storm losses more than doubled to \$2,625,000 (\$0.13 per share after tax) in the first quarter of 2005 from \$1,015,000 (\$0.06 per share after tax) in the first quarter of 2004. Approximately \$382,000 of this increase is associated with the increased participation in the pooling arrangement; however, the majority of the increase is attributed to European storm losses experienced in the reinsurance segment.

The Company’s GAAP combined ratio was 94.6 percent in the first quarter of 2005 compared to 93.8 percent in the first quarter of 2004.

At March 31, 2005, consolidated assets reached \$1.0 billion, including \$.9 billion in the investment portfolio; stockholders' equity was \$232.7 million; and net book value of the Company's stock was \$17.11 per share, an increase of 1.6 percent from \$16.84 per share at December 31, 2004.

The Company has elected to delay the expensing of stock options in accordance with Statement of Financial Accounting Standards No. 123 (revised 2004), "Share-Based Payment", until the first quarter of 2006 as permitted by the Securities and Exchange Commission's announcement on April 14, 2005.

While first quarter results were very strong and well above the range of analysts' estimates, management believes it is premature to adjust 2005 core earnings guidance of \$2.15 to \$2.40 per share.

The Company will host an earnings call in conjunction with today's release. The teleconference will begin at 11:00 a.m. eastern daylight time, April 28, 2005. Dial-in information for the call is toll-free 1-877-407-8035. The event will be archived and available for digital replay through May 5, 2005. The replay access information is toll-free 1-877-660-6853; account number 286; conference ID number 148746. A webcast of the teleconference will be archived by Vcall and can be accessed from the Company's investor relations page at www.emcinsurance.com or at www.Vcall.com after 1:00 p.m. eastern daylight time on April 28, 2005. The archived webcast will be available for one year. A transcript of the teleconference will also be available on the Company's website shortly after the completion of the teleconference.

EMC Insurance Group Inc., the publicly-held insurance holding company of EMC Insurance Companies, owns subsidiaries with operations in property and casualty insurance and reinsurance. EMC Insurance Companies is one of the largest property and casualty entities in Iowa and among the top 60 insurance entities nationwide. For more information, visit our website www.emcinsurance.com.

The Private Securities Litigation Reform Act of 1995 provides issuers the opportunity to make cautionary statements regarding forward-looking statements. Accordingly, any forward-looking statement contained in this report is based on management's current beliefs, assumptions and expectations of the Company's future performance, taking into account all information currently available to management. These beliefs, assumptions and expectations can change as the result of many possible events or factors, not all of which are known to management. If a change occurs, the Company's business, financial condition, liquidity, results of operations, plans and objectives may vary materially from those expressed in the forward-looking statements. The risks and uncertainties that may affect the actual results of the Company include, but are not limited to the following: catastrophic events and the occurrence of significant severe weather conditions; the adequacy of loss and settlement expense reserves; state and federal legislation and regulations; changes in our industry, interest rates or the performance of financial markets and the general economy; rating agency actions and other risks and uncertainties inherent to the Company's business. When we use the words "believe", "expect", "anticipate", "estimate", or similar expressions, we intend to identify forward-looking statements. You should not place undue reliance on these forward-looking statements.

¹The Company uses a non-GAAP financial measure called "operating income" that management believes is useful to investors because it illustrates the performance of our normal, ongoing operations, which is important in understanding and evaluating our financial condition and results of operations. While this measure is consistent with measures utilized by investors to evaluate performance, it is not a substitute for the U.S. GAAP financial measure of net income. Therefore, we have provided a reconciliation of this non-GAAP financial measure to the U.S. GAAP financial measure of net income in the Consolidated Statements of Income schedule contained in this release. Management also uses non-GAAP financial measures for goal setting, determining employee and senior management awards and compensation, and evaluating performance.

CONSOLIDATED STATEMENTS OF INCOME - UNAUDITED

Quarter Ended March 31, 2005	Property and Casualty Insurance	Reinsurance	Parent Company	Consolidated
Revenues:				
Premiums earned.....	\$ 79,718,272	\$ 21,575,798	\$ -	\$ 101,294,070
Investment income, net.....	6,341,481	2,495,277	94,952	8,931,710
Other income.....	96,096	-	-	96,096
	<u>86,155,849</u>	<u>24,071,075</u>	<u>94,952</u>	<u>110,321,876</u>
Losses and expenses				
Losses and settlement expenses.....	47,130,911	15,712,097	-	62,843,008
Dividends to policyholders.....	1,550,859	-	-	1,550,859
Amortization of deferred policy acquisition costs.....	18,214,990	4,271,721	-	22,486,711
Other underwriting expenses.....	7,617,038	1,283,038	-	8,900,076
Interest expense.....	193,125	84,975	-	278,100
Other expenses.....	171,329	-	234,801	406,130
	<u>74,878,252</u>	<u>21,351,831</u>	<u>234,801</u>	<u>96,464,884</u>
Operating income (loss) before income taxes.....	<u>11,277,597</u>	<u>2,719,244</u>	<u>(139,849)</u>	<u>13,856,992</u>
Realized investment gains (losses).....	867,114	(138,672)	-	728,442
Income (loss) before income taxes.....	<u>12,144,711</u>	<u>2,580,572</u>	<u>(139,849)</u>	<u>14,585,434</u>
Income tax expense (benefit):				
Current.....	5,426,166	121,308	(69,081)	5,478,393
Deferred.....	(1,856,022)	441,481	18,986	(1,395,555)
	<u>3,570,144</u>	<u>562,789</u>	<u>(50,095)</u>	<u>4,082,838</u>
Net income (loss).....	<u>\$ 8,574,567</u>	<u>\$ 2,017,783</u>	<u>\$ (89,754)</u>	<u>\$ 10,502,596</u>
Average shares outstanding.....				13,585,110
Per Share Data:				
Net income per share - basic and diluted.....	\$ 0.63	\$ 0.15	\$ (0.01)	\$ 0.77
(Increase) decrease in provision for insured events of prior years (after tax).....	\$ 0.31	\$ (0.03)	\$ -	\$ 0.28
Catastrophe and storm losses (after tax).....	\$ (0.09)	\$ (0.04)	\$ -	\$ (0.13)
Dividends per share.....				\$ 0.15
Book value per share.....				\$ 17.11
Effective tax rate.....				28.0%
Net income as a percent of beg. SH equity (annualized).....				18.4%
Other Information of Interest:				
Increase (decrease) in provision for insured events of prior years.....	\$ (6,593,093)	\$ 706,770	\$ -	\$ (5,886,323)
Catastrophe and storm losses.....	\$ 1,763,717	\$ 861,585	\$ -	\$ 2,625,302
GAAP Combined Ratio:				
Loss ratio.....	59.1%	72.8%	-	62.0%
Expense ratio.....	34.4%	25.8%	-	32.6%
	<u>93.5%</u>	<u>98.6%</u>	<u>-</u>	<u>94.6%</u>

Quarter Ended March 31, 2004	Property and Casualty Insurance	Reinsurance	Parent Company	Consolidated
Revenues:				
Premiums earned.....	\$ 61,360,228	\$ 22,098,054	\$ -	\$ 83,458,282
Investment income, net.....	4,966,371	2,295,483	12,123	7,273,977
Other income.....	76,479	-	-	76,479
	<u>66,403,078</u>	<u>24,393,537</u>	<u>12,123</u>	<u>90,808,738</u>
Losses and expenses				
Losses and settlement expenses.....	36,395,142	14,566,035	-	50,961,177
Dividends to policyholders.....	768,042	-	-	768,042
Amortization of deferred policy acquisition costs.....	13,839,758	4,579,769	-	18,419,527
Other underwriting expenses.....	6,316,937	1,778,384	-	8,095,321
Interest expense.....	193,125	84,975	-	278,100
Other expenses.....	180,397	-	143,341	323,738

	57,693,401	21,009,163	143,341	78,845,905
Operating income (loss) before income taxes.....	8,709,677	3,384,374	(131,218)	11,962,833
Realized investment gains.....	289,967	110,560	-	400,527
Income (loss) before income taxes.....	8,999,644	3,494,934	(131,218)	12,363,360
<u>Income tax expense (benefit):</u>				
Current.....	3,275,482	787,151	(252,149)	3,810,484
Deferred.....	(268,873)	266,430	206,224	203,781
	3,006,609	1,053,581	(45,925)	4,014,265
Net income (loss).....	\$ 5,993,035	\$ 2,441,353	\$ (85,293)	\$ 8,349,095
Average shares outstanding.....				11,522,643
<u>Per Share Data:</u>				
Net income per share - basic and diluted.....	\$ 0.52	\$ 0.21	\$ (0.01)	\$ 0.72
Decrease in provision for				
insured events of prior years (after tax).....	\$ 0.19	\$ 0.02	\$ -	\$ 0.21
Catastrophe and storm losses (after tax).....	\$ (0.05)	\$ (0.01)	\$ -	\$ (0.06)
Dividends per share.....				\$ 0.15
Book value per share.....				\$ 16.58
Effective tax rate.....				32.5%
Net income as a percent of beg. SH equity (annualized).....				18.5%
<u>Other Information of Interest:</u>				
Decrease in provision for				
insured events of prior years.....	\$ (3,424,903)	\$ (364,748)	\$ -	\$ (3,789,651)
Catastrophe and storm losses.....	\$ 870,174	\$ 144,543	\$ -	\$ 1,014,717
<u>GAAP Combined Ratio:</u>				
Loss ratio.....	59.3%	65.9%	-	61.1%
Expense ratio.....	34.1%	28.8%	-	32.7%
	93.4%	94.7%	-	93.8%

NET WRITTEN PREMIUMS

	Percent of Net Written Premiums *	Percent of Increase/(Decrease) in Net Written Premiums *
Property and Casualty Insurance		
<u>Commercial Lines</u>		
Automobile.....	18.5%	2.7%
Liability.....	16.9%	7.1%
Property.....	14.0%	-1.7%
Workers' Compensation.....	14.2%	-3.1%
Other.....	1.6%	30.4%
Total.....	65.2%	0.4%
<u>Personal Lines:</u>		
Automobile.....	7.8%	-13.3%
Property.....	4.9%	-5.5%
Liability.....	0.2%	7.0%
Total.....	12.9%	-10.3%
Reinsurance.....	21.9%	-13.3%
Total.....	100.0%	

* Excludes portfolio adjustment of \$29,630,612 related to the change in the Company's aggregate participation in the pooling arrangement.

CONSOLIDATED BALANCE SHEETS - UNAUDITED

	March 31, 2005	December 31, 2004
ASSETS		
Investments:		
Fixed maturities:		
Securities held -to-maturity, at amortized cost (fair value \$17,720,250 and \$16,908,726).....	\$ 16,893,257	\$ 15,895,607
Securities available-for-sale, at fair value (amortized cost \$693,107,458 and \$541,401,950).....	709,388,705	565,000,931
Fixed maturity securities on loan:		
Securities held-to-maturity, at amortized cost (fair value \$3,299,513 and \$13,684,880).....	3,164,466	13,310,264
Securities available-for-sale, at fair value (amortized cost \$1,366,976 and \$54,389,046).....	1,524,960	54,653,472
Equity securities available-for-sale, at fair value (cost \$60,570,541 and \$59,589,434).....	79,854,556	78,692,893
Other long-term investments, at cost.....	5,541,923	5,550,093
Short-term investments, at cost.....	85,339,244	46,238,853
Total investments.....	901,707,111	779,342,113
Balances resulting from related party transactions with Employers Mutual:		
Reinsurance receivables.....	33,196,375	26,316,358
Prepaid reinsurance premiums.....	4,768,035	3,682,676
Deferred policy acquisition costs.....	33,668,539	27,940,583
Defined benefit retirement plan, prepaid asset.....	2,819,822	2,684,463
Other assets.....	9,572,170	1,877,564
Cash.....	118,753	61,088
Accrued investment income.....	8,341,383	8,726,292
Accounts receivable (net of allowance for uncollectible accounts of \$0 and \$0).....	201,605	216,836
Income taxes recoverable.....	-	3,399,485
Deferred income taxes.....	13,435,017	9,504,193
Goodwill, at cost less accumulated amortization of \$2,616,234 and \$2,616,234.....	941,586	941,586
Securities lending collateral.....	5,012,693	70,122,695
Total assets.....	\$ 1,013,783,089	\$ 934,815,932
LIABILITIES		
Balances resulting from related party transactions with Employers Mutual:		
Losses and settlement expenses.....	\$ 520,249,140	\$ 429,677,302
Unearned premiums.....	158,695,371	131,589,365
Other policyholders' funds.....	3,977,424	2,825,809
Surplus notes payable.....	36,000,000	36,000,000
Indebtedness to related party.....	1,889,490	6,058,848
Employee retirement plans.....	12,716,691	9,764,406
Other liabilities.....	38,326,255	20,304,475
Income taxes payable.....	4,265,930	-
Securities lending obligation.....	5,012,693	70,122,695
Total liabilities.....	781,132,994	706,342,900
STOCKHOLDERS' EQUITY		
Common stock, \$1 par value, authorized 20,000,000 shares; issued and outstanding 13,595,398 shares in 2005 and 13,568,945 shares in 2004.....	13,595,398	13,568,945
Additional paid-in capital.....	103,969,027	103,467,293
Accumulated other comprehensive income.....	23,220,109	27,928,463
Retained earnings.....	91,865,561	83,508,331
Total stockholders' equity.....	232,650,095	228,473,032
Total liabilities and stockholders' equity.....	\$ 1,013,783,089	\$ 934,815,932

The Company had total cash and invested assets with a carrying value of \$901.8 million and \$779.4 million as of March 31, 2005 and December 31, 2004, respectively. The following table summarizes the Company's cash and invested assets as of the dates indicated:

(\$ in thousands)	Amortized Cost	Fair Value	Percent of Total at Fair Value	Carrying Value
<u>March 31, 2005</u>				
Fixed maturities held-to-maturity.....	\$ 20,058	\$ 21,020	2.3%	\$ 20,058
Fixed maturities available-for-sale.....	694,474	710,914	78.8%	710,914
Equity securities available-for-sale.....	60,571	79,855	8.8%	79,855
Cash.....	119	119	-	119
Short-term investments.....	85,339	85,339	9.5%	85,339
Other long-term investments.....	5,542	5,542	0.6%	5,542
	<u>\$ 866,103</u>	<u>\$ 902,789</u>	<u>100.0%</u>	<u>\$ 901,827</u>
(\$ in thousands)	Amortized Cost	Fair Value	Percent of Total at Fair Value	Carrying Value
<u>December 31, 2004</u>				
Fixed maturities held-to-maturity.....	\$ 29,206	\$ 30,594	3.9%	\$ 29,206
Fixed maturities available-for-sale.....	595,791	619,654	79.4%	619,654
Equity securities available-for-sale.....	59,589	78,693	10.1%	78,693
Cash.....	61	61	-	61
Short-term investments.....	46,239	46,239	5.9%	46,239
Other long-term investments.....	5,550	5,550	0.7%	5,550
	<u>\$ 736,436</u>	<u>\$ 780,791</u>	<u>100.0%</u>	<u>\$ 779,403</u>

The amortized cost and estimated fair values of fixed maturity and equity securities at March 31, 2005 were as follows:

(\$ in thousands)	Held-to-Maturity			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. treasury securities and obligations of				
U.S. government corporations and agencies.....	\$ 19,031	\$ 877	\$ -	\$ 19,908
Mortgage-backed securities.....	1,027	85	-	1,112
Total securities held-to-maturity.....	<u>\$ 20,058</u>	<u>\$ 962</u>	<u>\$ -</u>	<u>\$ 21,020</u>
(\$ in thousands)	Available-for-Sale			
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated Fair Value
U.S. treasury securities and obligations of				
U.S. government corporations and agencies.....	\$ 273,088	\$ 138	\$ 1,037	\$ 272,189
Obligations of states and political subdivisions.....	255,293	8,660	452	263,501
Mortgage-backed securities.....	10,893	588	-	11,481
Public utilities.....	9,196	1,054	-	10,250
Debt securities issued by foreign governments.....	7,145	149	-	7,294
Corporate securities.....	138,859	8,094	754	146,199
Total fixed maturity securities.....	<u>694,474</u>	<u>18,683</u>	<u>2,243</u>	<u>710,914</u>
Equity securities				
Common stocks.....	60,071	19,887	619	79,339
Non-redeemable preferred stocks.....	500	16	-	516
Total equity securities.....	<u>60,571</u>	<u>19,903</u>	<u>619</u>	<u>79,855</u>
Total securities available-for-sale.....	<u>\$ 755,045</u>	<u>\$ 38,586</u>	<u>\$ 2,862</u>	<u>\$ 790,769</u>