



FOR IMMEDIATE RELEASE  
Contact: Anita Novak (Investors)  
515-345-2515  
Lisa Hamilton (Media)  
515-345-7589  
717 Mulberry Street  
Des Moines, IA 50309

## **EMC INSURANCE GROUP INC. COMMENTS ON FREDDIE MAC AND FANNIE MAE INVESTMENT IMPAIRMENTS**

DES MOINES, Iowa (September 9, 2008) – EMC Insurance Group Inc. (the Company) today announced that it will record an “other-than-temporary” investment impairment loss in the third quarter of 2008 on its investments in perpetual preferred stock issued by the Federal National Mortgage Association (Fannie Mae) and the Federal Home Loan Mortgage Corporation (Freddie Mac) as a result of the U.S. government’s announcement that it is placing these companies under conservatorship. The Company’s investment in the perpetual preferred stocks of Fannie Mae and Freddie Mac are included in equity securities available for sale at a cost of \$10 million and \$6 million, respectively. These securities currently trade at seven to twelve percent of par value. The Company does not hold any other equity securities issued by Fannie Mae or Freddie Mac.

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 based on premium volume. EMC Insurance Companies has been included on the 2008 Ward’s 50 list and has become a member of the Independent Insurance Agents & Brokers of America (the Big “I”) Trusted Choice. For more information, visit our website [www.emcinsurance.com](http://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, including those discussed under the heading “Risk Factors” in the Company’s annual report on Form 10-K. Management intends to identify forward-looking statements when using the words “believe”, “expect”, “anticipate”, “estimate”, “project” or similar expressions. Undue reliance should not be placed on these forward-looking statements.