



CRM Holdings, Ltd. Acquires Fee-Based Business, Medical Expense Management

HAMILTON, Bermuda, Oct 02, 2007 /PRNewswire-FirstCall via COMTEX News Network/ -- CRM Holdings, Ltd. ("CRM" or "the Company") (Nasdaq: CRMH), a leading provider of a full range of products and services for the workers' compensation insurance industry, announced today that its medical bill review and case management services subsidiary, Eimar, L.L.C., has purchased the assets of Medical Expense Management, Inc. ("MEMI"), a medical expense claims management business. Financial details of the transaction were not disclosed.

The Company also announced that Mr. Charles Manzo, President of MEMI, will join CRM as Senior Vice President of Claims Management Services for its Compensation Risk Managers, LLC subsidiary. Mr. Manzo has 30 years experience in the insurance industry, focusing on workers' compensation claims management and managed care quality controls. Before founding MEMI, he worked for two major insurance carriers and a major insurance broker.

"We see this acquisition as an opportunity to enhance and diversify our fee-based business," said Mr. Chester J. Walczyk, Chief Operating Officer of CRM. "This transaction broadens Eimar's client base, expanding it beyond self-insured entities to now include third-party insurance companies and law firms. We are also pleased to welcome Charles Manzo to CRM. His expertise and experience in workers' compensation claims management and managed care will be an invaluable asset to the fee-based side of our business."

The Company expects MEMI to contribute immaterially to revenue and earnings per share in the fourth quarter of fiscal 2007.

In completing the transaction, CRM was advised by Mystic Capital Advisors Group, LLC, which also advised the Company during its acquisition of Majestic Insurance Co. in November 2006.

About CRM Holdings, Ltd.

CRM Holdings, Ltd. is a provider of workers' compensation insurance products. Its main business activities include providing fee-based management and other services to workers' compensation self-insured groups and, beginning in November 2006, the offering of a traditional workers' compensation insurance product. The Company provides its fee-based management services to self-insured groups in New York and California. It provides its traditional workers' compensation insurance coverage primarily to employers in California but also has active operations in Alaska, Arizona, Nevada, Oregon, Washington and, starting on April 1, 2007, New Jersey. CRM is a provider of reinsurance and excess workers' compensation coverage to the self-insured groups it manages as well as other qualified self-insured entities. Further information can be found on the CRM website at <http://www.CRMHoldingsLtd.bm>.

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Forward-Looking statements

This press release contains forward-looking statements within the meaning of federal securities law, including statements concerning plans, objectives, goals, strategies, projections of future events or performance and underlying assumptions (many of which are based, in turn, upon further assumptions). These statements are based on our current expectations and projections about future events and are identified by terminology such as "may," "will," "should," "expect," "scheduled," "plan," "seek," "intend," "anticipate," "believe," "estimate," "aim," "potential," or "continue" or the negative of those terms or other

comparable terminology.

All forward-looking statements involve risks and uncertainties. Although we believe that our plans, intentions and expectations are reasonable, we may not achieve our plans, intentions or expectations. There are or may be important factors that could cause actual results to differ materially from the forward-looking statements we make in this document. Such risks and uncertainties are discussed in the Company's Form 10-K for the year ended December 31, 2006 and in other documents filed by the Company with the Securities and Exchange Commission. We believe that these factors include, but are not limited to the following:

- The cyclical nature of the insurance and reinsurance industry;
- Premium rates;
- Investment results;
- Regulatory changes;
- The estimation of loss reserves and loss reserve development;
- Reinsurance may be unavailable on acceptable terms, and we may be unable to collect reinsurance;
- The occurrence and effects of wars and acts of terrorism;
- The effects of competition;
- The possibility that the outcome of any litigation or arbitration proceeding is unfavorable;
- Failure to retain key personnel;
- Economic downturns; and
- Natural disasters.

These risks and others could cause actual results to differ materially from those expressed in any forward-looking statements made. The Company undertakes no obligation to update publicly or revise any forward-looking statements made.

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