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For Immediate Release

Unico American Corporation Reports First Quarter 2009 Financial Results

Woodland Hills, California, May 14, 2009 - Unico American Corp. (NASDAQ - "UNAM") ("Unico," the "Company"), an insurance holding company that, through its subsidiaries, including Crusader Insurance Company, offers a variety of property and casualty insurance products and services, announced today its financial results for the first quarter ended March 31, 2009. Revenues were \$10.6 million and net income was \$1.0 million (\$0.18 per diluted share) compared with revenues of \$12.3 million and net income of \$1.0 million (\$0.17 per diluted share) for the quarter ended March 31, 2008.

First Quarter Highlights

➤ **Product Development Activity:**

During the first quarter of 2009, there were no material product developments. However the Company's sales of new and changed products continued to increase during the first quarter of 2009.

➤ **Customer Service Activity:**

Our Health Care division's new billing system, implemented during the third quarter of 2008, proved to be of great benefit to our customers during the first quarter of 2009, resulting in a 100% reduction in calls received for billing assistance and zero complaints.

The search for vendors to help us replace our legacy IT system with web-enabled policy administrative systems continued through the first quarter of 2009. The search is taking longer than originally expected; but the new system is an integral part of our long-term plan for success and is therefore, deserving of the added attention.

➤ **Sales Force Activity:**

As of March 31, 2009, the Company had appointed thirteen agents. As of the date of this release one of those agency agreements was terminated. Our original target of twenty-four agents by the end of 2009 was revised during the first quarter of 2009, to eighteen. The decision to slow the growth of our agency force was made in order to accommodate the delayed schedule for implementing our new web-enabled policy administration systems.

Consistent with our original agency business plan, the Company engaged in a variety of promotional activities during the first quarter. That activity included direct marketing to and branding with consumers, through the help of our marketing personnel and newly-appointed agency force. Significant effort was also spent in publicizing the recent upgrade of Crusader Insurance Company's A.M. Best rating, particularly to potential customers in niches where an A- rating is important: commercial building owners for example.

Three Month Period Ended March 31, 2009

In the first quarter of 2009, total revenues were \$10.6 million, compared with \$12.3 million a year ago, primarily as a result of continued competition in the California marketplace.

Net premium earned was \$7.6 million, or 72.0% of revenues, compared to \$8.9 million, or 72.7% of revenues, in the first quarter of 2008.

Net investment income was \$1.2 million, compared with \$1.6 million a year ago as the weighted average investment yield on the Company's fixed maturity investments fell to 3.4% for the quarter compared to 4.4% for the same quarter last year.

Total insurance company revenues were \$9.0 million, or 85.4% of total revenues, compared to \$10.6 million, or 86.8% of total revenues, in the first quarter of 2008.

Gross commissions and fees declined 2.1% to \$1.4 million, or 13.6% of revenues, from \$1.5 million, or 12.0% of revenues, a year ago.

Loss and loss adjustment expenses were \$4.6 million, or 60.8% of net premium earned, compared to \$6.2 million or 69.4% a year ago. This reduction primarily resulted from an increase in favorable development from prior accident years' losses and loss adjustment expenses of \$0.7 million, compared with \$0.4 million in the same quarter last year. Current accident year losses were 70% of net premium earned compared to 73% in the same period in the prior year.

Policy acquisition costs were \$2.0 million, or 18.5% of total revenues, compared to \$2.1 million, or 17.0% of total revenues, in the first quarter of 2008.

Commissions to agents and brokers were \$0.3 million for the first quarter 2009 and 2008, respectively.

Total expenses during the first quarter of 2009 were \$9.0 million, compared to \$10.8 million for the first quarter of 2008.

Net income was \$1 million, or \$0.18 per diluted share, compared with \$1 million or \$0.17 per diluted share a year ago.

"During the first quarter of 2009, we combined initiatives for growth, with the care, consideration and prudent underwriting standards that give us the best chance for a profitable future. The market remains highly competitive but we have improved our performance and lowered our loss ratio for the current year compared to last year," said Mr. Cary Cheldin, President of Unico. "While the prospects for longer-term growth continue to look attractive to us, we are planning to grow with enhanced levels of efficiency and the same level of conservative management that brought us another profitable quarter."

Financial Condition

As of March 31, 2009, the Company had cash and investments of \$143 million (at amortized cost), of which \$130 million were fixed maturity investments. Of these, \$119 million (91%) are U.S. treasury securities.

Stockholders' equity at March 31, 2009, was \$76.2 million, or \$13.69 per common share, including unrealized after-tax investment gains of \$4.2 million compared to stockholders' equity of \$77.0 million, or \$13.81 per common share, including unrealized after-tax investment gains of \$4.9 million at December 31, 2008.

Share Repurchase Programs

During the three months ended March 31, 2009, the Company purchased an additional 6,688 shares of its common stock at a total cost of \$51,866. As of March 31, 2009, under the stock repurchase programs previously adopted by the Company, the Company had remaining authority to repurchase up to an aggregate of 508,779 shares of common stock.

About Unico American Corp.

Headquartered in Woodland Hills, California, Unico is an insurance holding company that underwrites property and casualty insurance, mainly through its insurance company subsidiary Crusader Insurance Company; provides property, casualty, and health insurance through its agency subsidiaries; and through its other subsidiaries provides insurance premium financing and membership association services. For more information, please visit www.crusaderinsurance.com.

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995: Certain statements contained herein, including the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," that are not historical facts are forward-looking. These statements, which may be identified by forward-looking words or phrases such as "anticipate," "believe," "expect," "intend," "may," "should," and "would," involve risks and uncertainties, many of which are beyond the control of the Company. Such risks and uncertainties could cause actual results to differ materially from these forward-looking statements. Factors which could cause actual results to differ materially include underwriting actions not being effective, rate increases for coverages not being sufficient, premium rate adequacy relating to competition or regulation, actual versus estimated claim experience, regulatory changes or developments, unforeseen calamities, general market conditions, and the Company's ability to introduce new profitable products.

- Financial Tables Follow -

UNICO AMERICAN CORPORATION
AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(\$ in thousands)

| | March 31, <u>2009</u> (Unaudited) | December 31, <u>2008</u> |
|----------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------|-----------------------------|
| <u>ASSETS</u> | | |
| Investments | | |
| Available for sale: | | |
| Fixed maturities, at market value (amortized cost: March 31, 2009 \$130,452; December 31, 2008 \$135,540) | \$136,812 | \$142,972 |
| Short-term investments, at cost | <u>12,486</u> | <u>9,502</u> |
| Total Investments | 149,298 | 152,474 |
| Cash | 33 | 28 |
| Accrued investment income | 1,056 | 1,301 |
| Premiums and notes receivable, net | 5,790 | 4,681 |
| Reinsurance recoverable: | | |
| Paid losses and loss adjustment expenses | 1,096 | 114 |
| Unpaid losses and loss adjustment expenses | 18,726 | 19,816 |
| Deferred policy acquisition costs | 5,365 | 5,220 |
| Property and equipment (net of accumulated depreciation) | 360 | 360 |
| Other assets | <u>616</u> | <u>609</u> |
| Total Assets | <u>\$182,340</u> | <u>\$184,603</u> |
| <u>LIABILITIES AND STOCKHOLDERS' EQUITY</u> | | |
| <u>LIABILITIES</u> | | |
| Unpaid losses and loss adjustment expenses | \$75,445 | \$78,655 |
| Unearned premiums | 20,705 | 19,962 |
| Advance premium and premium deposits | 1,631 | 1,193 |
| Income taxes payable | 584 | 559 |
| Deferred income taxes | 274 | 795 |
| Accrued expenses and other liabilities | 6,473 | 6,481 |
| Dividends payable | <u>1,002</u> | <u>-</u> |
| Total Liabilities | <u>\$106,114</u> | <u>\$107,645</u> |
| <u>STOCKHOLDERS' EQUITY</u> | | |
| Common stock, no par – authorized 10,000,000 shares; issued and outstanding shares 5,567,627 at March 31, 2009, and 5,574,315 at December 31, 2008 | \$3,566 | \$3,569 |
| Accumulated other comprehensive income | 4,198 | 4,905 |
| Retained earnings | <u>68,462</u> | <u>68,484</u> |
| Total Stockholders' Equity | <u>\$76,226</u> | <u>\$76,958</u> |
| Total Liabilities and Stockholders' Equity | <u>\$182,340</u> | <u>\$184,603</u> |

UNICO AMERICAN CORPORATION
AND SUBSIDIARIES

SUMMARY OF CONSOLIDATED FINANCIAL DATA
(UNAUDITED)
(\$ in thousands, except per share)

| | Three Months Ended | |
|------------------------------------------|--------------------|---------------|
| | <u>March 31</u> | |
| | <u>2009</u> | <u>2008</u> |
| <u>REVENUES</u> | | |
| Insurance Company Revenues | | |
| Premium earned | \$9,874 | \$11,147 |
| Premium ceded | <u>2,255</u> | <u>2,222</u> |
| Net premium earned | 7,619 | 8,925 |
| Net investment income | 1,224 | 1,597 |
| Net realized investment gains | - | 6 |
| Other income | <u>204</u> | <u>115</u> |
| Total Insurance Company Revenues | 9,047 | 10,643 |
| Other Revenues from Insurance Operations | | |
| Gross commissions and fees | 1,440 | 1,471 |
| Investment income | - | 25 |
| Finance charges and fees earned | 99 | 125 |
| Other income | <u>2</u> | <u>4</u> |
| Total Revenues | <u>10,588</u> | <u>12,268</u> |
| <u>EXPENSES</u> | | |
| Losses and loss adjustment expenses | 4,635 | 6,196 |
| Policy acquisition costs | 1,954 | 2,081 |
| Salaries and employee benefits | 1,429 | 1,437 |
| Commissions to agents/brokers | 314 | 321 |
| Other operating expenses | <u>709</u> | <u>787</u> |
| Total Expenses | <u>9,041</u> | <u>10,822</u> |
| Income Before Taxes | 1,547 | 1,446 |
| Income Tax Provision | <u>518</u> | <u>486</u> |
| Net Income | <u>\$1,029</u> | <u>\$960</u> |
| <u>PER SHARE DATA</u> | | |
| Basic Earnings Per Share | \$0.18 | \$0.17 |
| Weighted Average Shares (000) | 5,569 | 5,625 |
| Diluted Earnings Per Share | \$0.18 | \$0.17 |
| Weighted Average Shares (000) | 5,607 | 5,670 |

UNICO AMERICAN CORPORATION
AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(\$ in thousands)

| | Three Months Ended | |
|-----------------------------------------------------------------|--------------------|----------------|
| | <u>March 31,</u> | |
| | <u>2009</u> | <u>2008</u> |
| Cash Flows from Operating Activities: | | |
| Net Income | \$1,029 | \$960 |
| Adjustments to reconcile net income to net cash from operations | | |
| Depreciation | 49 | 53 |
| Bond amortization, net | 85 | 57 |
| Net realized investment gains | - | (6) |
| Changes in assets and liabilities | | |
| Premium, notes and investment income receivable | (864) | 577 |
| Reinsurance recoverable | 108 | 3,265 |
| Deferred policy acquisitions costs | (146) | 199 |
| Other assets | (9) | (81) |
| Reserve for unpaid losses and loss adjustment expenses | (3,210) | (5,645) |
| Unearned premium reserve | 743 | (1,196) |
| Funds held as security and advanced premiums | 438 | 381 |
| Accrued expenses and other liabilities | (8) | 2,696 |
| Income taxes current/deferred | <u>(129)</u> | <u>489</u> |
| Net Cash (Used in) Provided by from Operations | <u>(1,914)</u> | <u>1,749</u> |
| Investing Activities | | |
| Purchase of fixed maturity investments | (2,196) | (11,185) |
| Proceeds from maturity of fixed maturity investments | 7,200 | 16,510 |
| Proceeds from sale of fixed maturity investments | - | 506 |
| Net (increase) in short-term investments | (2,984) | (7,630) |
| Additions to property and equipment | <u>(49)</u> | <u>(12)</u> |
| Net Cash Provided (Used) by Investing Activities | <u>1,971</u> | <u>(1,811)</u> |
| Financing Activities | | |
| Repurchase of common stock | (52) | - |
| Net Cash Used by Financing Activities | <u>(52)</u> | <u>-</u> |
| Net increase (decrease) in cash | 5 | (62) |
| Cash at beginning of period | <u>28</u> | <u>108</u> |
| Cash at End of Period | <u>\$33</u> | <u>\$46</u> |
| Supplemental Cash Flow Information | | |
| Cash paid during the period for: | | |
| Income taxes | \$650 | - |