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FOR IMMEDIATE RELEASE

**Medicus Insurance Holdings, Inc. Secures Funding from The Cypress Group
and CHL Medical Partners**

New insurance company to target professional medical liability market

October 2, 2006, Austin, Texas—Medicus Insurance Holdings, Inc. announced today that it has entered into a financing arrangement with institutional investors for the issuance of up to \$100 million of Series A Preferred Stock. Medicus and its operating subsidiary, Medicus Insurance Company, were formed in order to provide a new source of professional medical liability insurance coverage to physicians in Texas and other states.

In the first round of funding Medicus Insurance Holdings, Inc. received \$15 million, with subsequent rounds to support growth expected over the next three years. Sponsoring investors of Medicus are affiliates of The Cypress Group and CHL Medical Partners. The Medicus management team, led by Howard H. Lamb and Sheldon Davidow, has also made a significant investment in the company.

The Medicus management team has extensive industry experience and local roots in the Texas market. Over the course of his 50-year career in the insurance industry, Medicus CEO Howard Lamb served as CEO of The Doctors Company and held other senior leadership positions in the insurance industry. Medicus President and Chief Operating Officer Sheldon Davidow has over 25 years of insurance industry experience and has worked with Mr. Lamb previously as executive vice president of The Doctors Company. Charles W. Bailey, Jr., M.D., J.D., former president of the Texas Medical Association, will serve as the company's vice President of medical Relations.

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"Medicus offers the medical community a compelling combination of a highly experienced management team supported by a substantial capital base," said Howard Lamb. "We look forward to becoming the insurer of choice for physicians in Texas and plan to earn their confidence by delivering quality, service and value in our product offerings."

Speaking on behalf of the investor group, Walter Keenan of The Cypress Group, said, "We congratulate Howard and Sheldon for assembling an extraordinary team of industry professionals at Medicus and for becoming a fully licensed and admitted carrier in the state of Texas. We are grateful for the encouraging response to Medicus' startup from doctors and their agents, and look forward to supporting the company's future growth."

The shares of common stock and Series A Preferred Stock of Medicus Insurance Holdings, Inc. have not been registered under the United States Securities Act of 1933 and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements. This press release does not constitute an offer to sell or the solicitation of an offer to buy any security and shall not constitute an offer, solicitation or sale in any jurisdiction in which such offering would be unlawful.

About The Cypress Group

The Cypress Group is a New York-based private equity sponsor managing two private equity funds with over \$3 billion of invested capital. Cypress insurance industry investments have included Montpelier Re Holdings, Ltd.; Catlin Group Limited.; Financial Guaranty Insurance Company (FGIC); Lancashire Holdings Limited; and Scottish Re Group Limited. More information about Cypress may be found at www.cypressgp.com.

About CHL Medical Partners

CHL Medical Partners is a Stamford, Conn.-based venture capital firm founded in 1990, managing funds with combined committed capital of more than \$300 million. CHL has made over 70 early-stage private investments in the healthcare sector. More information about CHL may be found at www.chlmedical.com.

About Medicus Insurance Company

Medicus Insurance Holdings, Inc. is a Delaware holding company whose sole subsidiary, Medicus Insurance Company, offers malpractice insurance to physicians, surgeons and related medical service providers in the state of Texas. The Medicus leadership team is comprised of insurance and medical leaders dedicated to providing lower-priced malpractice coverage that supports and protects medical practitioners in today's complex health care environment.

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