



# Investor Briefing

---

FY19 Q3 Results

Reported October 30, 2019



# Forward-looking statements and Regulation G Disclosure Statement

## Forward-looking statements

This presentation may contain "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. The words "believe," "expect," "anticipate," and similar expressions identify forward-looking statements, which speak only as of the date the statement was made. Such statements may include commentary on plans, products and lines of business, marketing arrangements, reinsurance programs and other business developments and assumptions relating to the foregoing. Forward-looking statements are inherently subject to risks and uncertainties, some of which cannot be predicted or quantified. Future results could differ materially from those described, and the Company disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. For further information regarding risk factors that could affect the Company's operations and future results, refer to the Company's reports filed with the Securities and Exchange Commission, including the Company's Annual Report on Form 10-K.

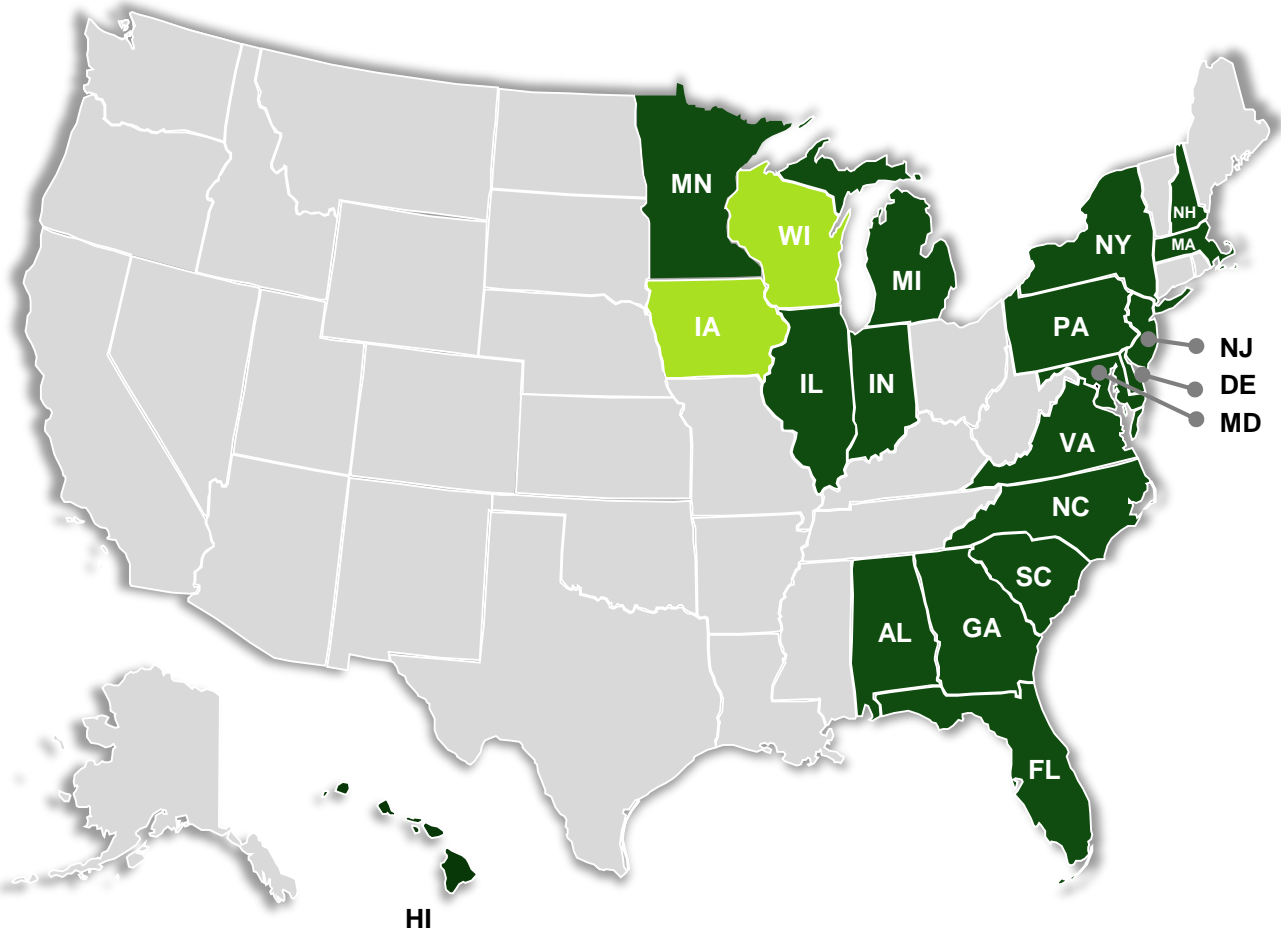
## Regulation G Disclosure Statement

This presentation includes financial results with respect to adjusted operating income, and adjusted earnings per share, which are non-GAAP financial measures as defined by the SEC's Regulation G. Non-GAAP financial measures should be viewed as supplementing, and not as an alternative or substitute for the Company's financial results prepared in accordance with GAAP. Reconciliations of such non-GAAP financial measures in this presentation to the most comparable GAAP financial measures can be found in the Company's earnings release for the third quarter of 2019, filed with the SEC as an exhibit to a Current Report on Form 8-K on October 30, 2019, and also available on the Company's website at <https://UniversallInsuranceHoldings.com> under "Investors" with the subheading of "Earnings Releases."

# Universal Insurance Holdings (UVE) Overview

Doing business

Licensed



Leading holding company of personal residential homeowners insurance and services

**\$1B+**

FY18 Direct Premiums Written

**#1**

Best-in-class Return on Equity (5-yr Average)

**18**

States actively doing business

**>800K**

Customer policies managed

**700+**

Full time equivalent employees

**9,000+**

Independent agents in the distribution channel

**Ft. Lauderdale, FL**

Headquarters

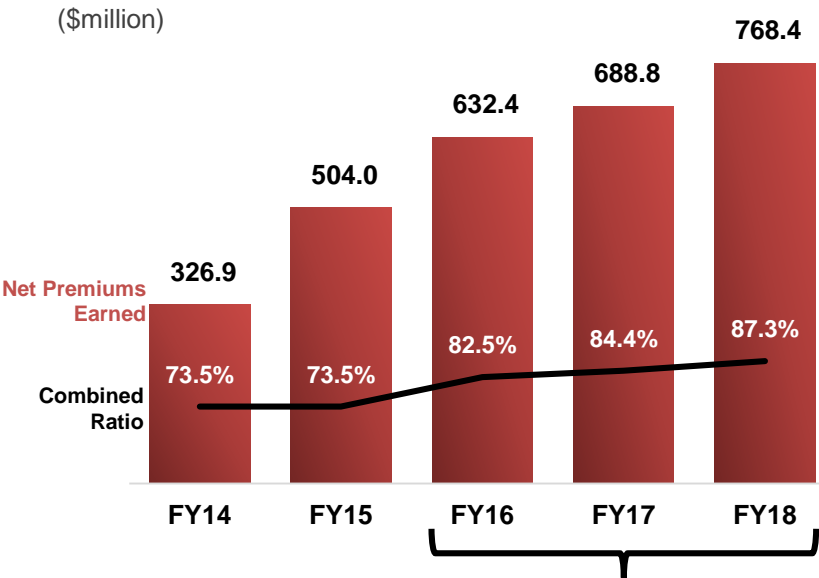
**A**

**Exceptional**

Demotech financial stability rating

# Financial Overview

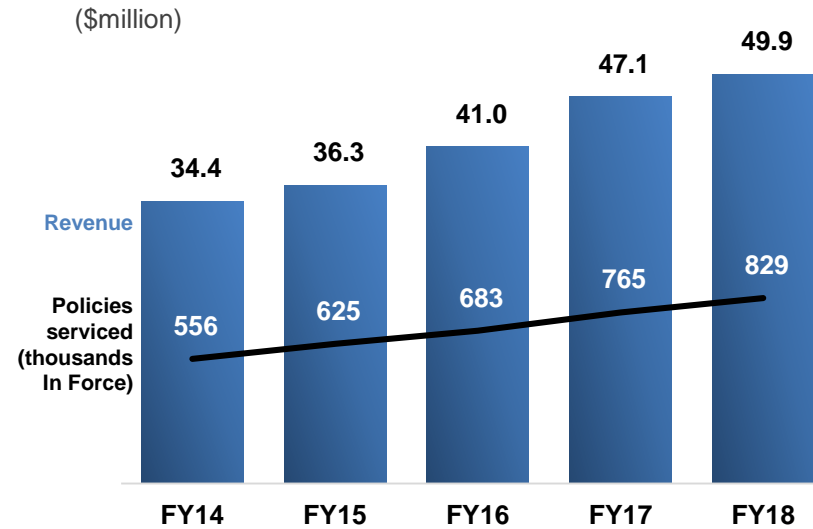
## Underwriting



Combined ratio driven by Hurricane Matthew (2016), Irma (2017), Florence (2018) & Michael (2018)

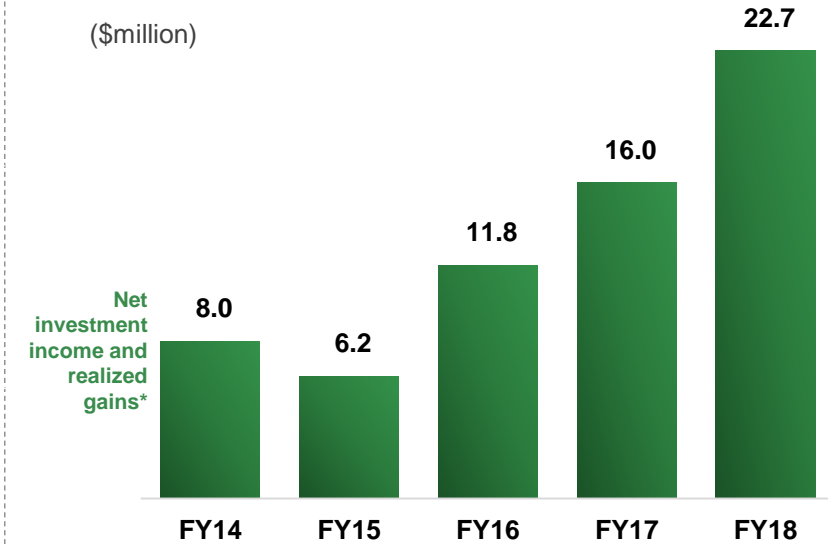
- **Protection Solutions:** Insurance for personal residential homeowners, renters/tenants, condo unit owners, dwelling/fire, allied lines, other structures, personal property, liability and articles coverages, in addition to commercial residential multi-peril.
- **Claims Management:** Claims processing and adjustment from claim inception to conclusion

## Services



- **Risk Management:** Advises on actuarial analysis, distribution, claims payment and policy administration, underwriting and reinsurance negotiations.
- **Distribution:** Markets and sells insurance products through independent agents and direct-to-consumer online distribution platforms.

## Investments



- **Fixed Income:** Focused on preservation of capital and liquidity for claims payments
- **Equity Securities and Real Estate:** Seeks capital appreciation and diversification

\*Excludes net unrealized gains and losses on investments.

# Organized around protection and insurance systems capabilities ...



# ... with an end-market focus across the insurance value chain



# Improving customer experience through digital transformation



Revitalized UVE brand and launched all new Investor website.



Refreshed Universal Property brand; New online presence to get a quote, bind a policy, download policy docs, and track a claim.



New online presence to get a quote, bind a policy, download policy docs, and track a claim.



- Launched multi-rater quote-to-bind platform on our online insurance distribution channel, Clovered<sup>SM</sup>, where consumers can receive up to five side-by-side quotes online from different carriers.
- Licensed in 17 states with more than two dozen carrier appointments across Home, Auto, Flood and E&S lines.

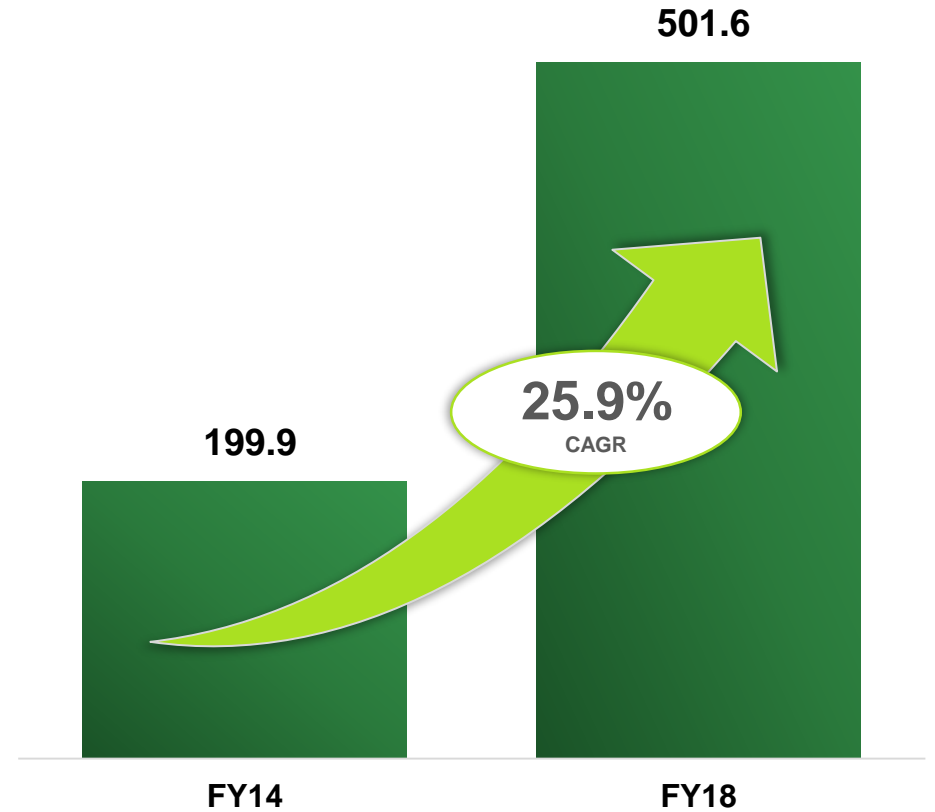
# Proven track record ...

## Best-in-class Return on Average Equity (ROE)



## Book value growth

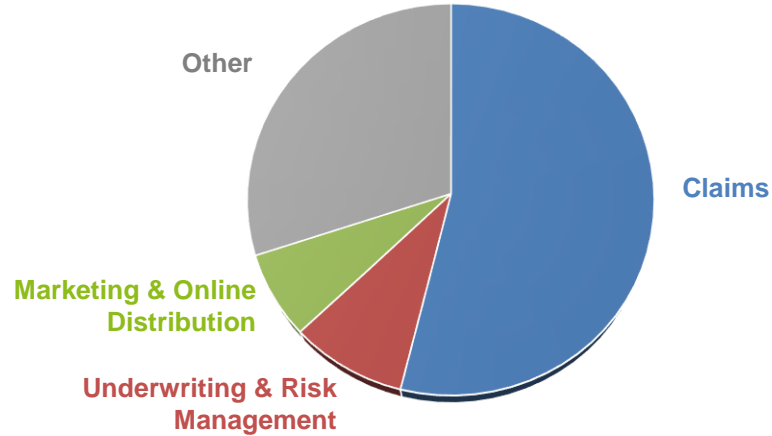
(\$million)





# ... backed by the strength of our employees and agents

**Talent** (as of 9/30/2019)



UVE Tenure  
Average **7.0+**  
YRS

**Talent Management**  
*(Core Underwriting Specialists & Risk Management)*

**150**  
YRS

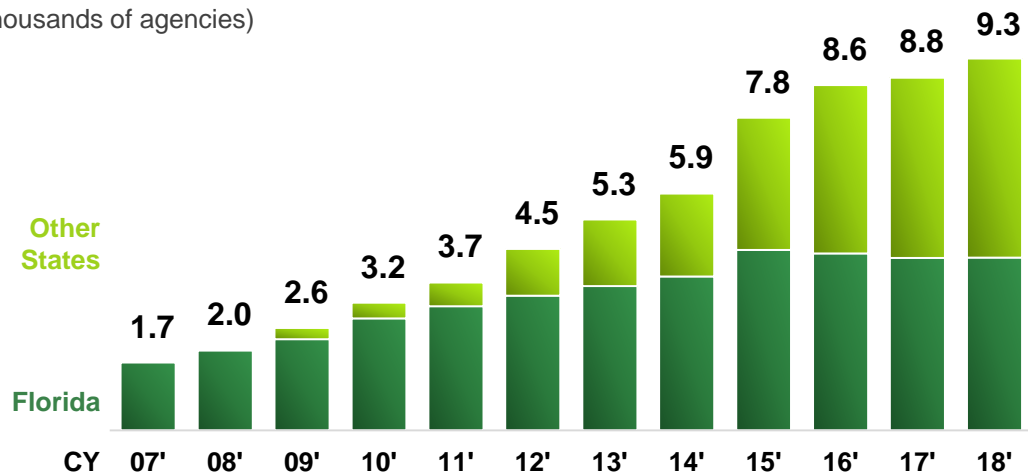
**Combined Reinsurance Experience**

**500+**  
YRS

**Combined Claims Experience**  
*(Department Management)*

## Independent agent distribution channel

(thousands of agencies)



**Service**

- Strong partner relationships
- Quality customer advocates

**Training**

- In-house and third party best practices training
- Technology-enabled point of sale tools

**Compensation**

- Attractive commission and performance based incentives

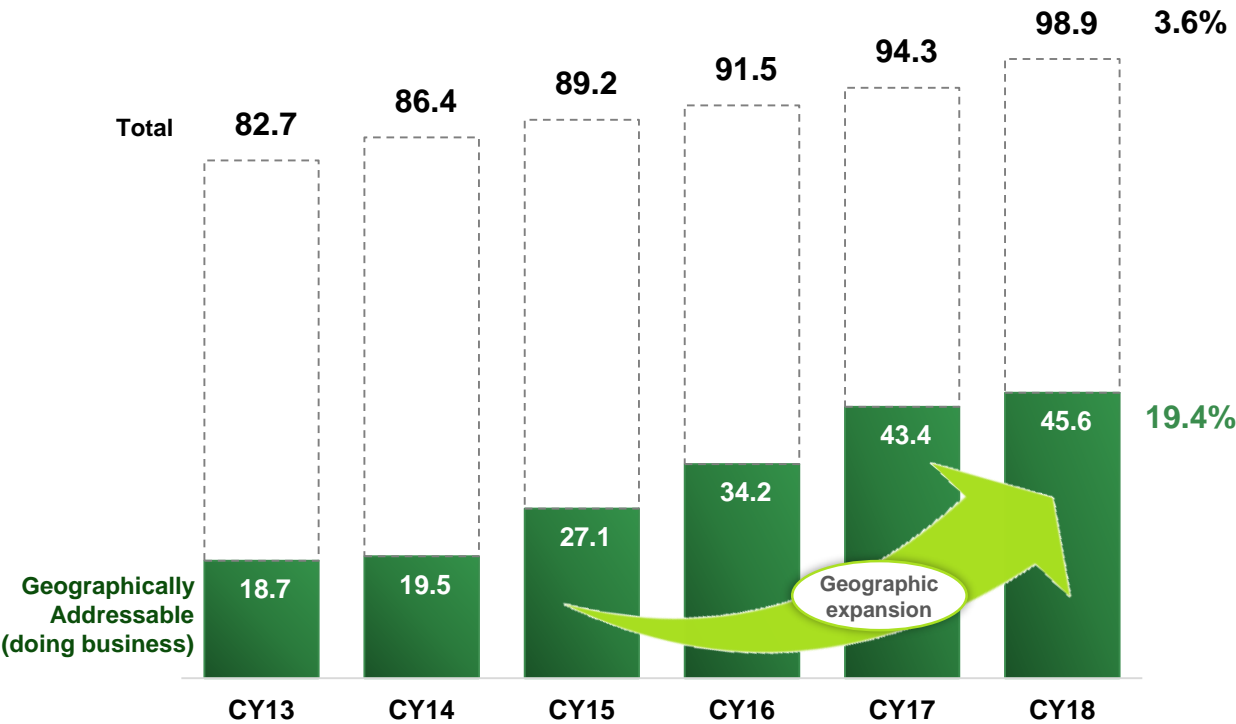
# Large and growing Homeowners Multi-peril (MP) insurance opportunity

## P&C Industry Homeowners MP Direct Premiums Written

(U.S & territories Homeowners Multi-Peril)

(\$billion)

CY13-CY18  
CAGR



## Opportunistic expansion

### Price

- Focus on rate adequate markets and positioning for market dislocation events

### Customer Experience

- Leveraging domain expertise in CAT-exposed conditions to provide seamless experience across the insurance value chain

### Diversification

- Provide earnings stability and reinsurance pricing benefits from risk profile improvements
- Writing business in 11 out of the largest 15 states in America\*

States doing business	7	8	11	14	16	17
FL as % of addressable	46.8%	44.8%	32.4%	25.7%	21.2%	21.1%

\*Measured by Homeowners MP Direct Premiums Written 2018. Not currently writing in TX, CA, OH, CO from the top15 10

# Strategic priorities – Strengthening the foundation

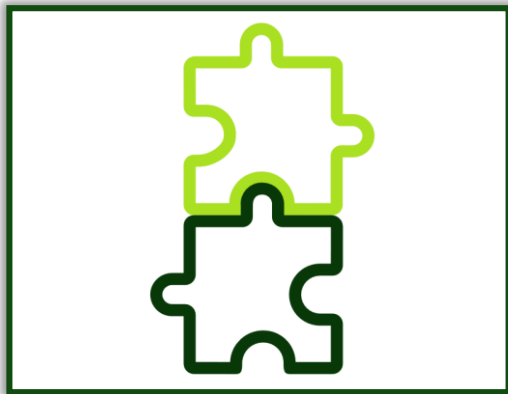
## Core franchises



Protection Solutions



Distribution



Risk Management



Claims Management

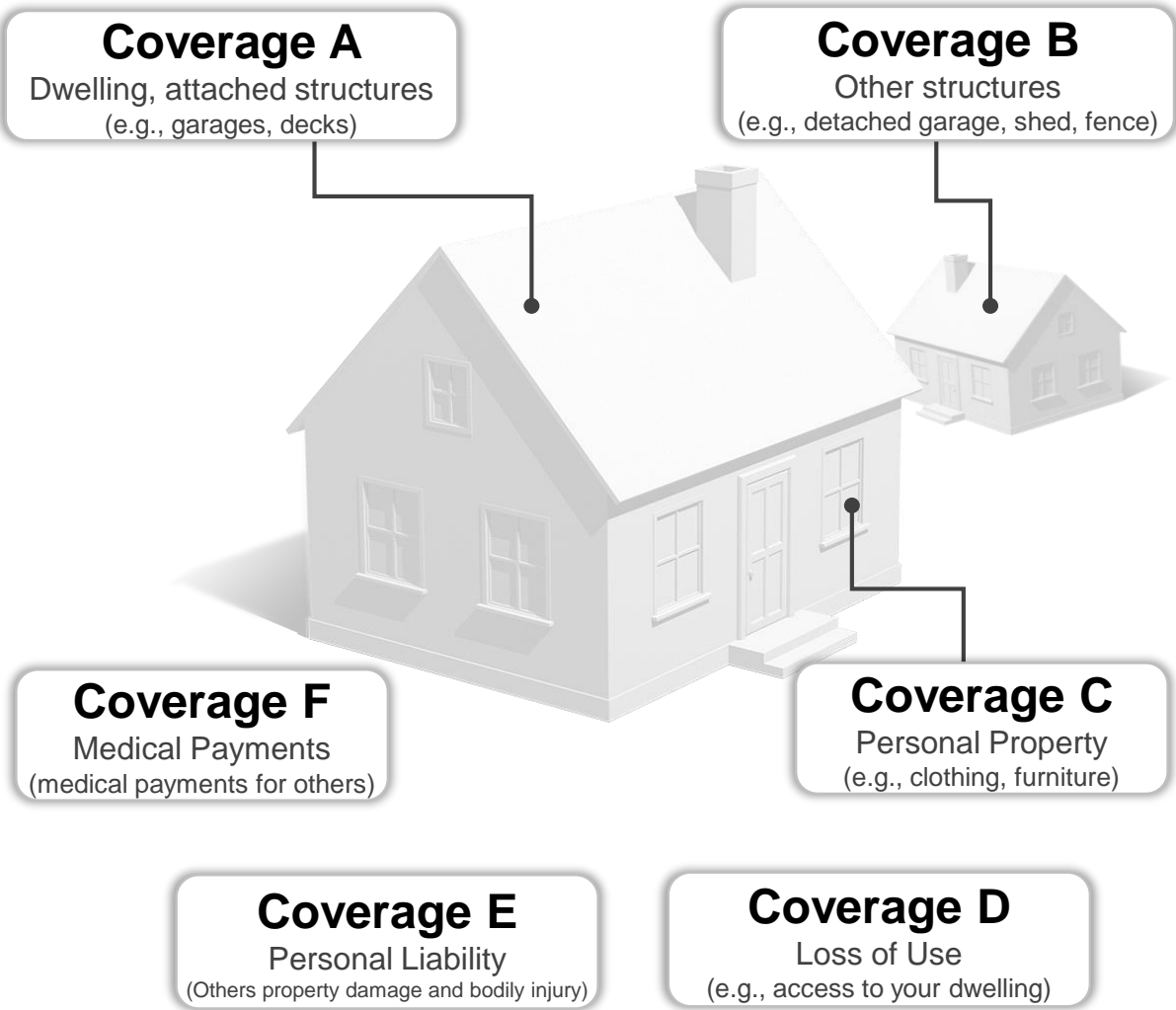
- 1 Make customer service and continuous improvement a way-of-life
- 2 Focus on disciplined growth
- 3 Maintain a strong balance sheet
- 4 Maximize earnings stability









# Underwriting







# Overview of insurance offerings

## Homeowners coverage

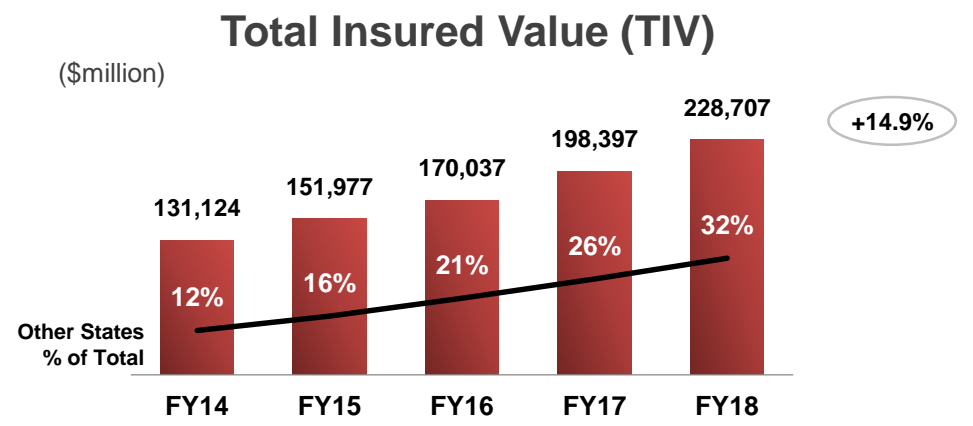
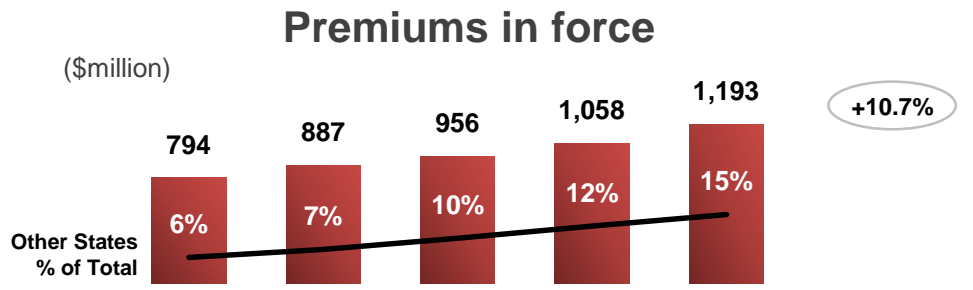
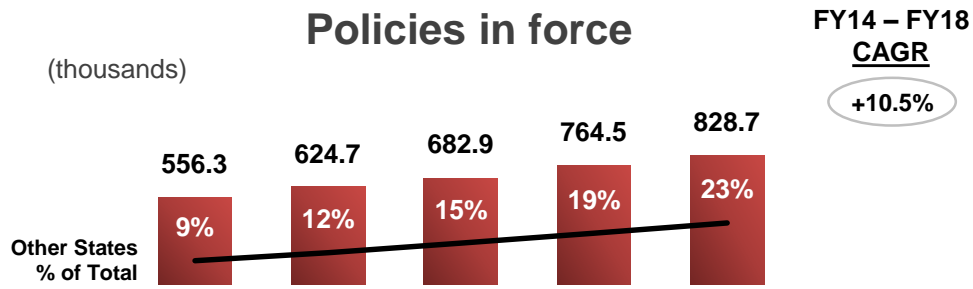


## Products offered

-   
**Homeowners**
-   
**Condo**
-   
**Renters**
-   
**Landlords**
-   
**Homeowners**
-   
**Commercial Residential**

<u>Form Type</u>	<u>Carrier</u>
<ul style="list-style-type: none"> <li>▪ HO2 – Broad Form (named perils only)</li> <li>▪ HO3 – Special Form (Most common)</li> <li>▪ HO5 – Comprehensive Form</li> <li>▪ HO8 – Older Home Form</li> </ul>	
<ul style="list-style-type: none"> <li>▪ HO6 – Condo Form (individual condo unit owner)</li> </ul>	
<ul style="list-style-type: none"> <li>▪ HO4 – Renters Form (tenant occupant)</li> </ul>	
<ul style="list-style-type: none"> <li>▪ DP1 – Named peril only - rental or investment property</li> <li>▪ DP2 – Named perils only – more comprehensive</li> <li>▪ DP3 – Open Peril policies</li> </ul>	
<ul style="list-style-type: none"> <li>▪ HO3 – Special Form (Property values in excess of \$1M)</li> </ul>	
<ul style="list-style-type: none"> <li>▪ CP10 – Business &amp; Personal Property Form (e.g., HOA's, Apartments)</li> <li>▪ CP17 – Condo Property Form</li> </ul>	

# Underwriting overview



## Industry trends



Technology-enabled innovation improving intelligence



Rate increases improving rate adequacy

NEUTRAL

Cautiously optimistic that assignment of benefits legislative reform will address fraud

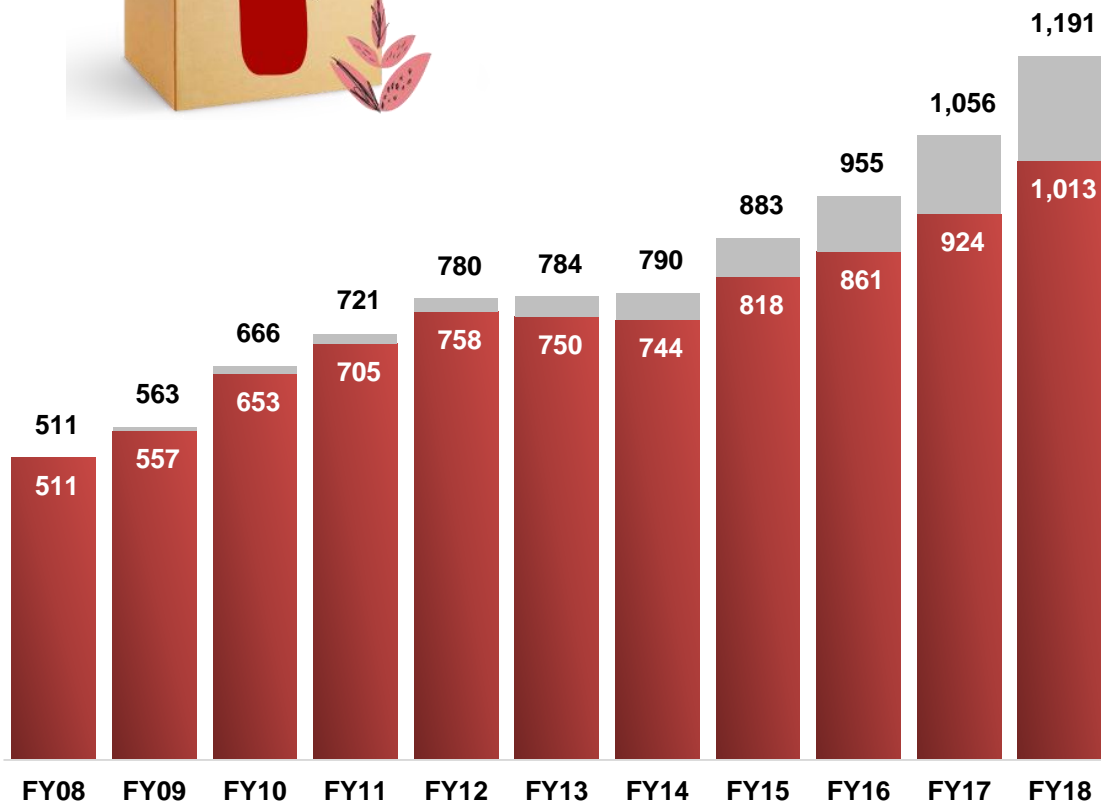
NEUTRAL

Monitoring global reinsurance catastrophe capacity

# UVE organically grew into #1 in FL

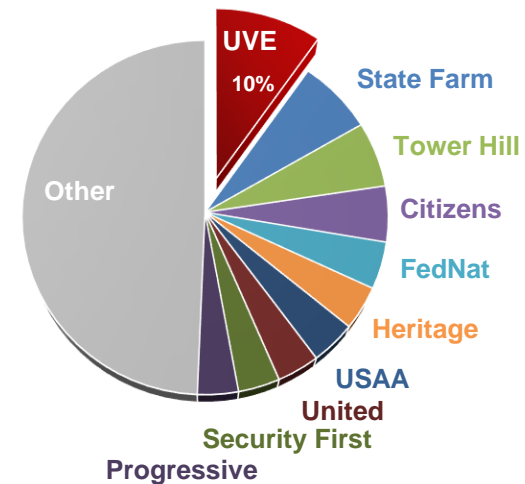
## FL Direct premiums written growth ...

(\$million)

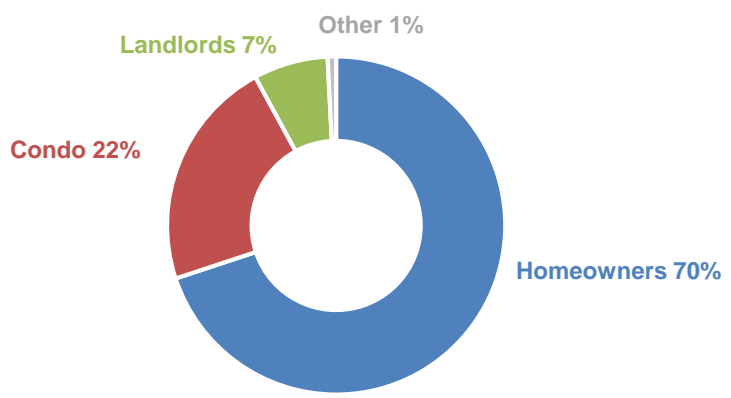


## ... led to #1 homeowner provider in FL

2018 Homeowners MP FL segment\*



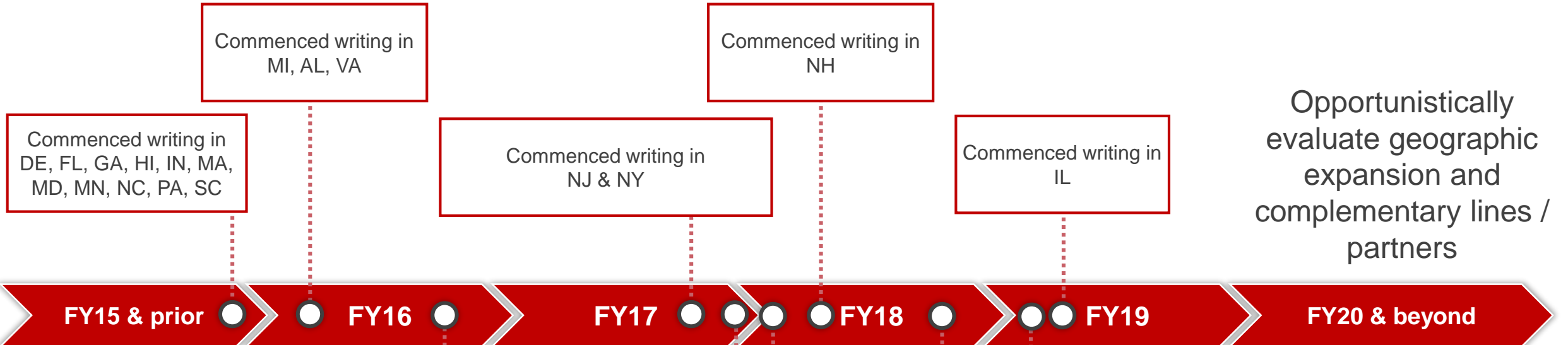
2018 UVE FL Homeowners MP by product



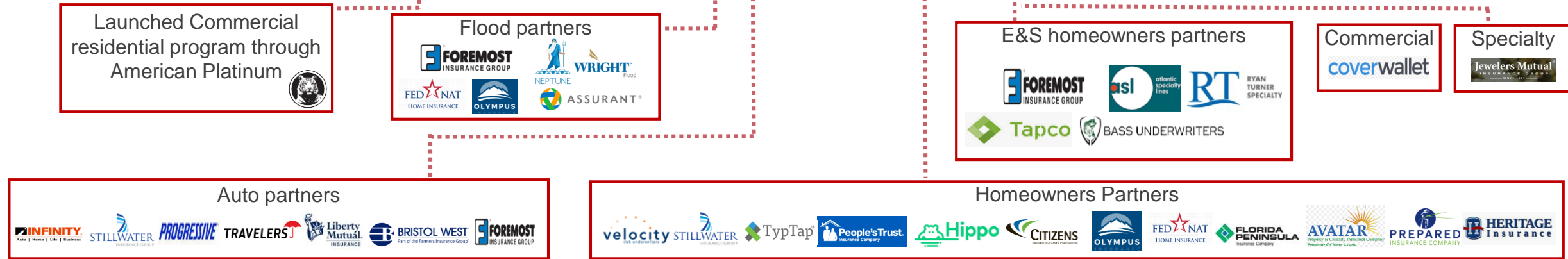
\*Excludes Fire and Allied lines as defined by S&P Global Market Intelligence.

# Leverage domain expertise in FL for geographic diversification and opportunistically offer or partner on complementary lines

## Geographic Expansion



Opportunistically evaluate geographic expansion and complementary lines / partners



## Complementary lines expansion (offerings / partners)

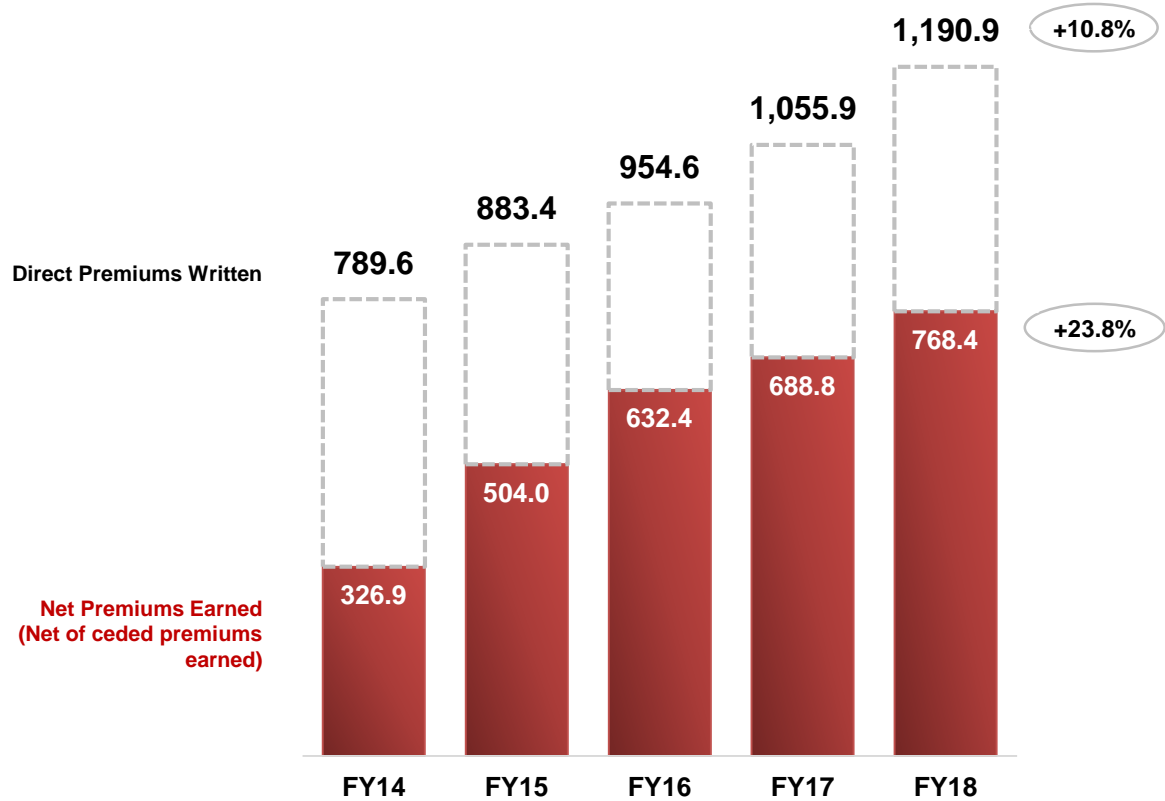


# Solid performance

## Revenue (Direct and net premiums)

(\$million)

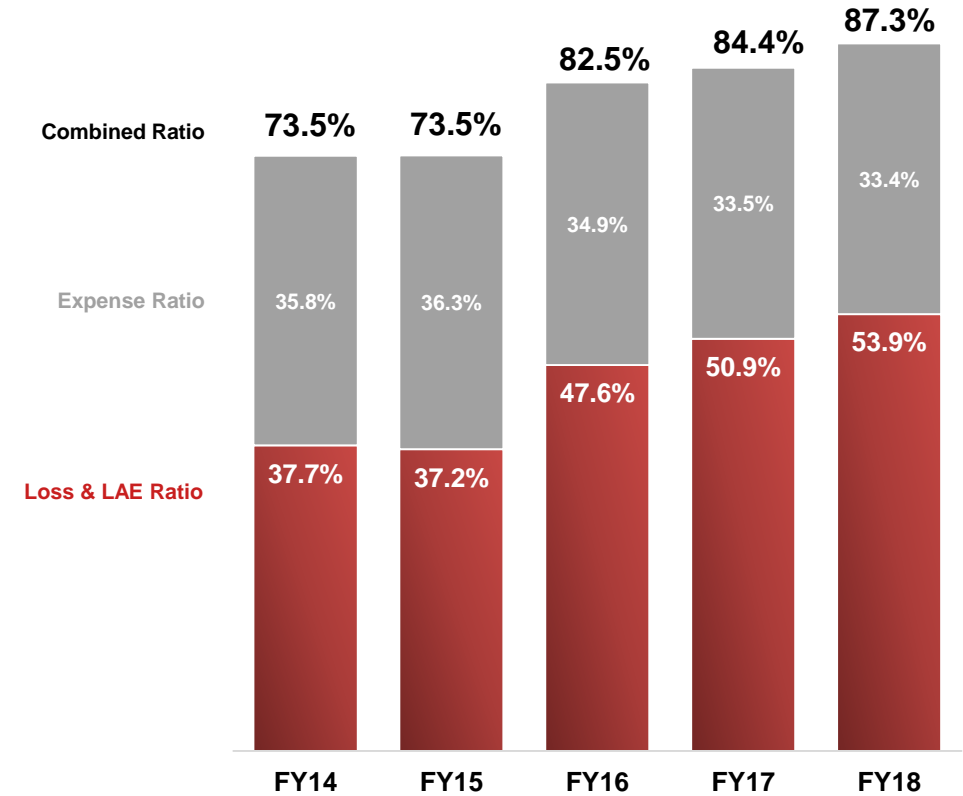
FY14 – FY18  
CAGR



FY14 FY15 FY16 FY17 FY18

Direct Premiums Earned	777.3	836.8	921.2	999.2	1,121.6
Ceded Premiums earned as % of Direct Premiums Earned*	57.9%	39.8%	31.4%	31.1%	29.7%

## Consolidated GAAP Combined Ratio (Related expense / Net premiums earned)

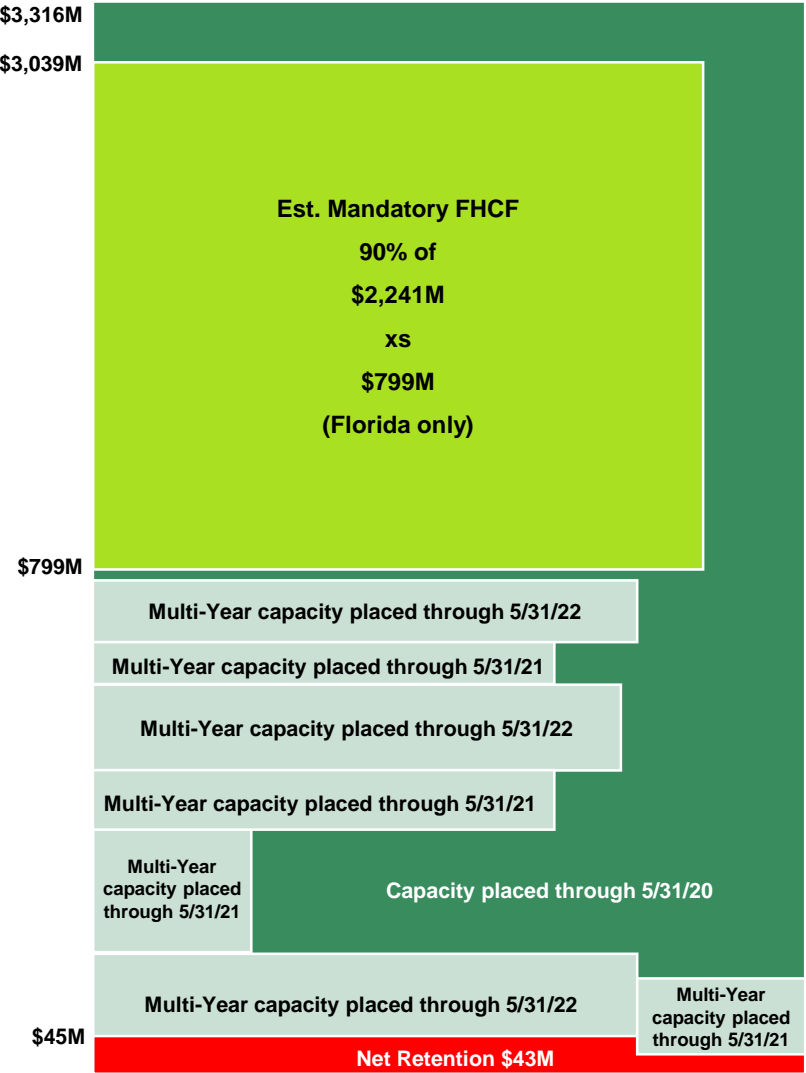


FY14 FY15 FY16 FY17 FY18

\*Excludes reinstatement premium

# Strong balance sheet supported by robust reinsurance program ( All States)

## 1<sup>st</sup> Event coverage in excess of \$3.3B



\* All non-FHCF layers cascades to \$111M

Note: June, 1, 2019 reinsurance program

## 2<sup>nd</sup> Event



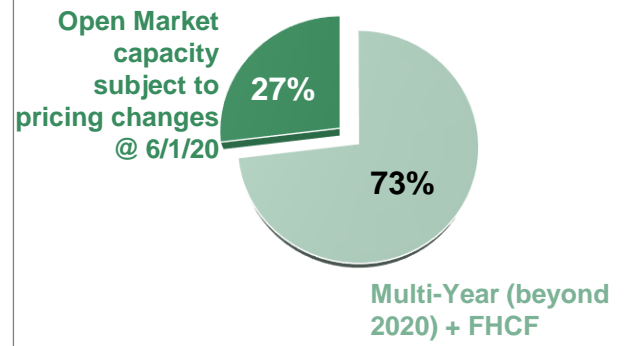
## 3<sup>rd</sup> Event



## 4<sup>th</sup> Event

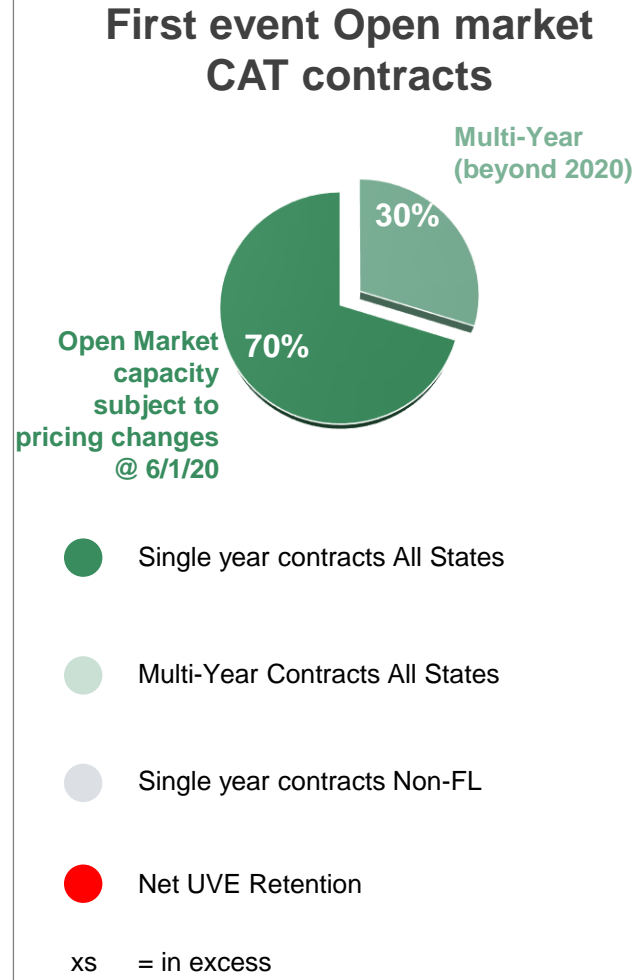
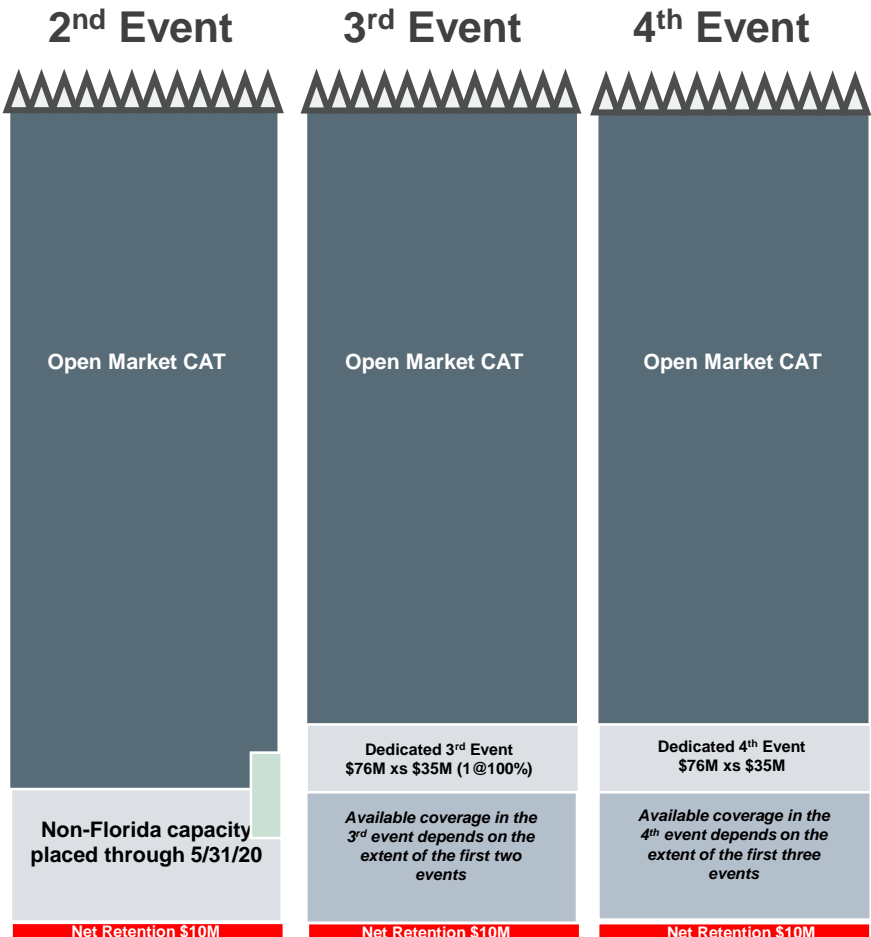
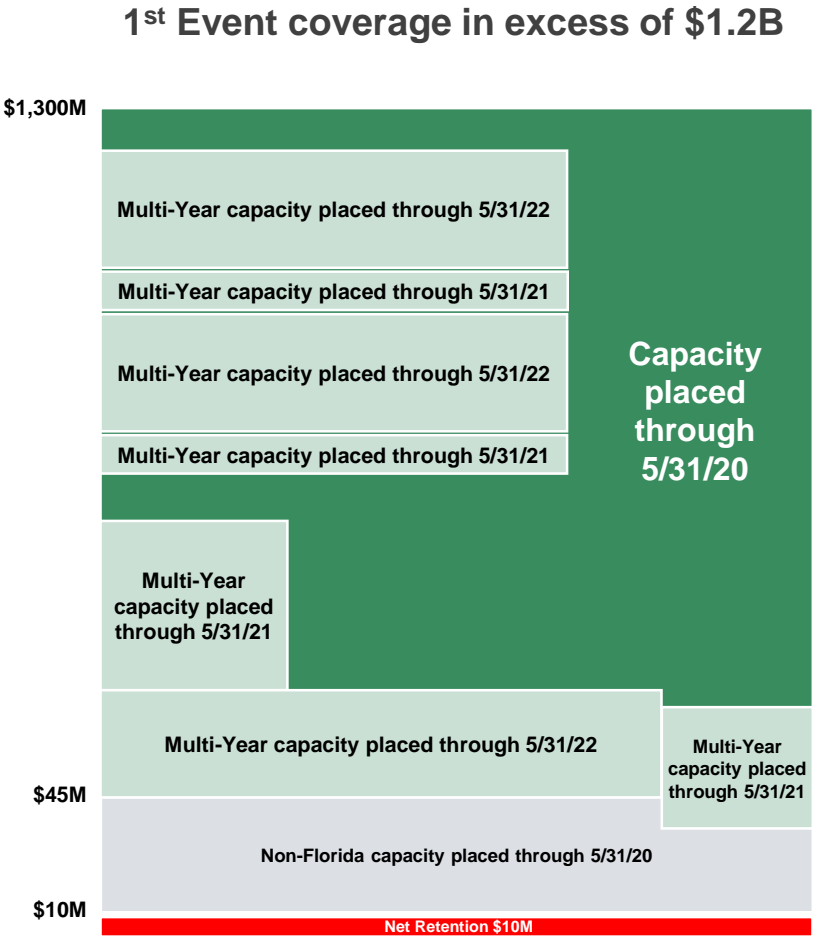


## First event CAT contracts



- Expiring contracts
- Florida Hurricane CAT Fund (FHCF)
- Multi-Year Contracts
- Net UVE Retention
- xs = in excess

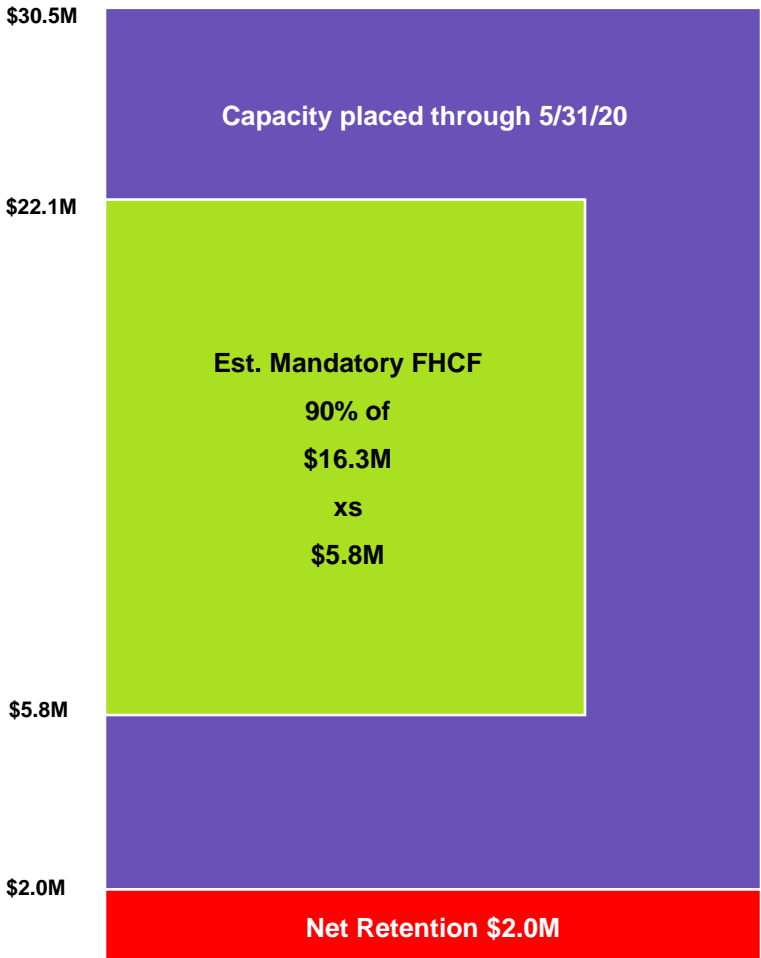
# Strong balance sheet supported by robust reinsurance program ( Other States)



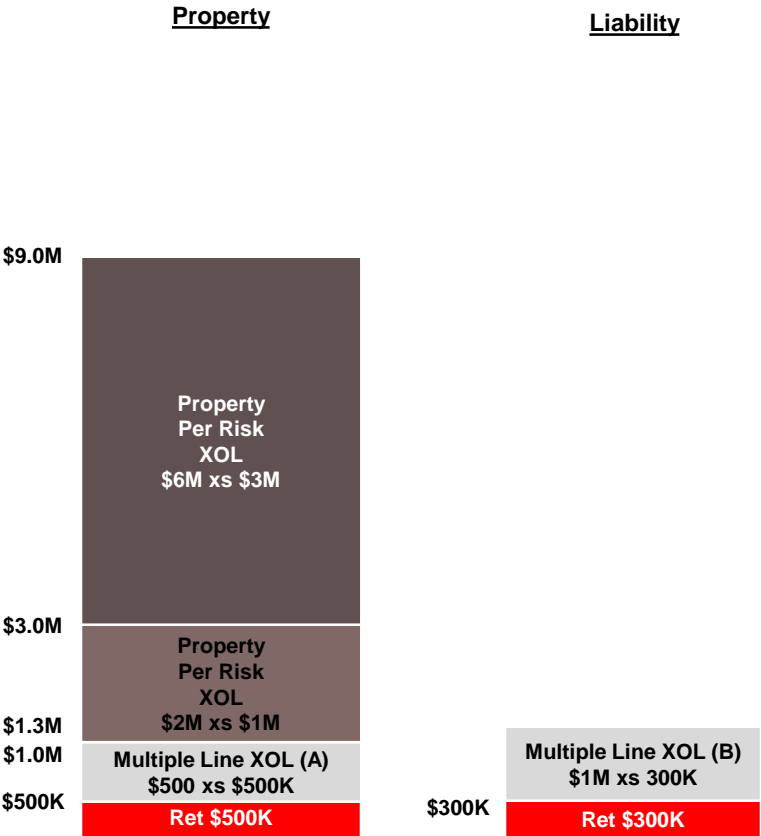
\* All non-FHCF All States layers cascade to \$111M  
 \*\* All non-Florida only layers cascade to \$10M

# Strong balance sheet supported by robust reinsurance program ( )

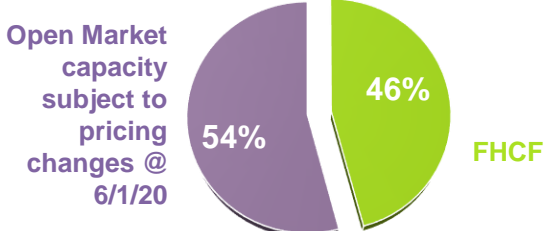
## Coverage in excess of \$30M



## Property and liability per risk



## CAT contracts



- Single year contracts
- Florida Hurricane CAT Fund (FHCF)
- Net UVE Retention
- xs = in excess

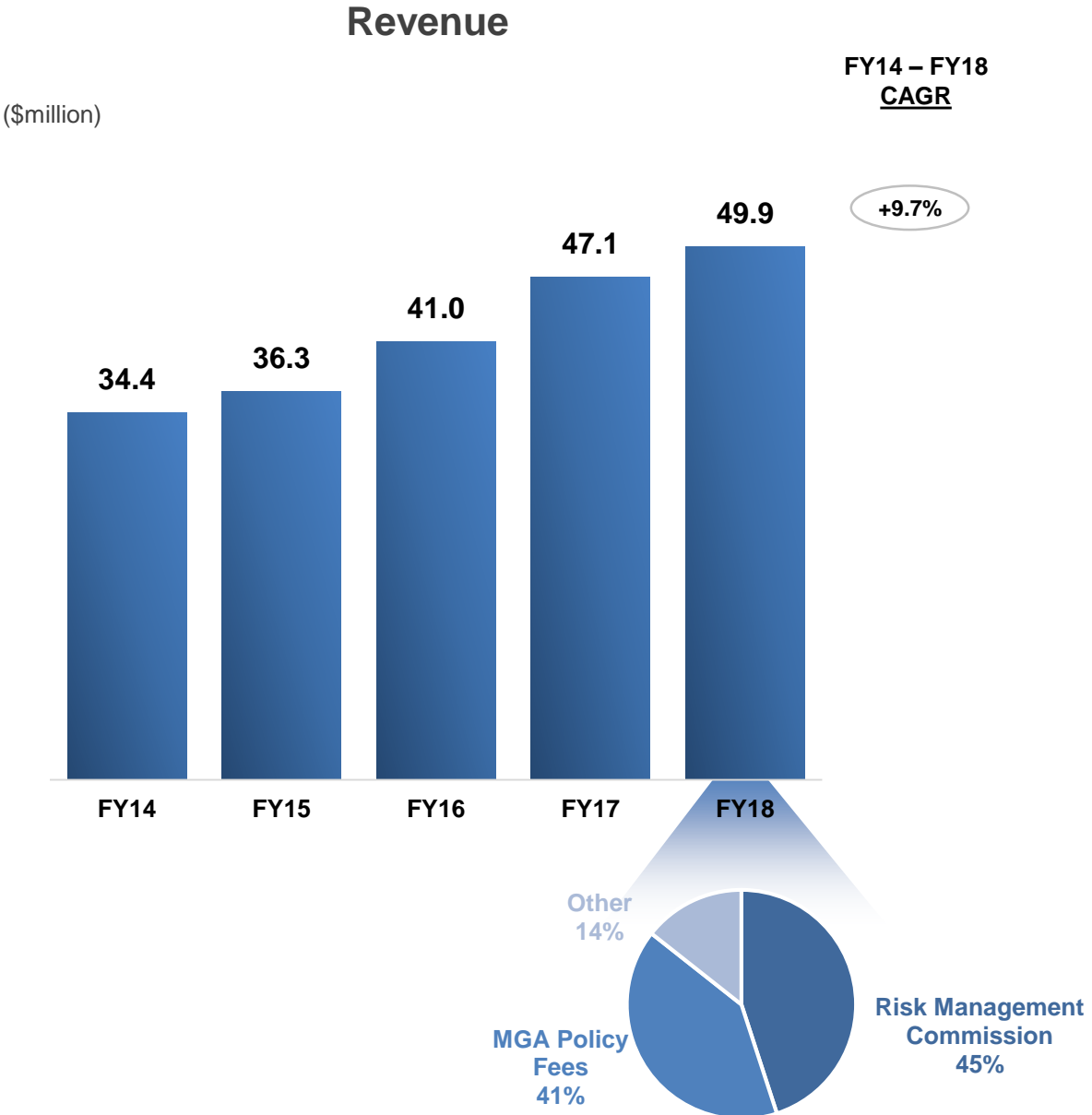
\* All non-FHCF layers cascade to \$2M



Services



# Services overview



## Industry trends



Technology-enabled innovation improving the customer experience



Remote surveillance increasing to improve accuracy and speed of risk management and claims



Improved operations with adoption of cloud based reporting tools and automated processes

NEUTRAL

Large scale, technology-enabled disruptors pose opportunities and threats to distribution

NEUTRAL

Customers expectations increasing



Streamlined technology adoption will put pressure on long-term services pricing

# Risk Management

## Catastrophe modeling



AIR model



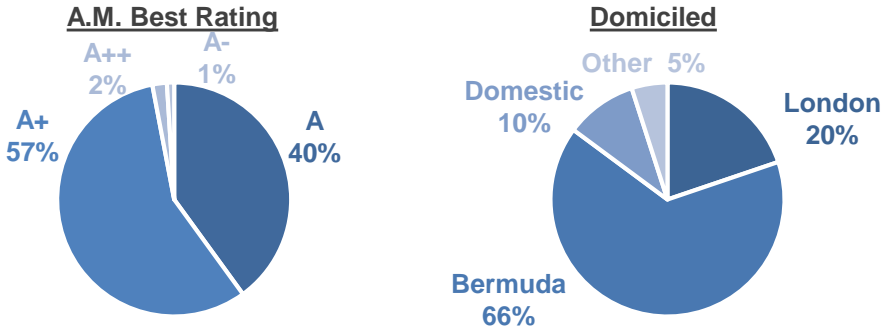
RMS model

In-house reinsurance brokers, underwriters and licensed actuaries with insurance and reinsurance experience

Daily operations catastrophe modeling utilizing licensed AIR and RMS models

Exposure management through proprietary Internal Profitability Measure (IPM) models and rate level scenario analysis

## Reinsurance partners



Strong relationships with traditional reinsurance partners

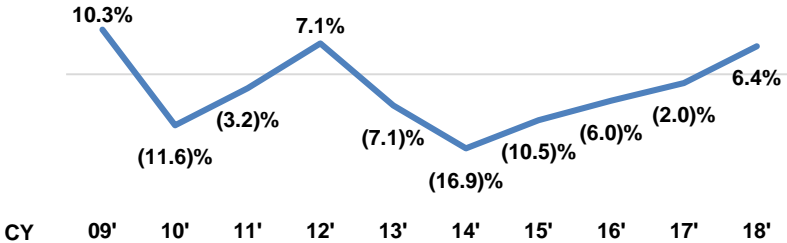
99% of capacity A or better A.M. Best rating for all reinsurance partners

Significant property and casualty and reinstatement premium protection coverage

**Largest participants:**



## Industry reinsurance pricing



Source: Guy Carpenter U.S. Property Catastrophe Rate-On-Line Index

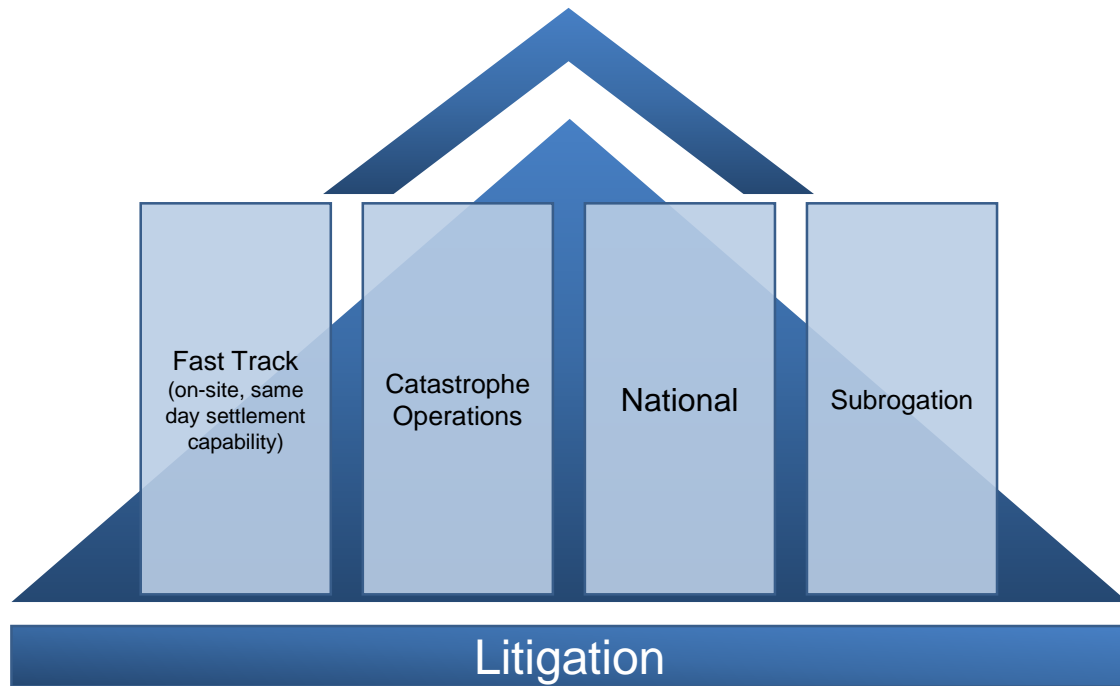
Utilize single and multi-year capacity and actively monitor pricing trends

All reinsurance capacity utilized through traditional reinsurers today

Broker reinsurance through in-house fully-licensed reinsurance intermediary Blue Atlantic Reinsurance Company (BARC) in partnership with our in-house MGA Evolution Risk Advisors and world's largest third party reinsurance broker

# Claims management

## Optimized claims management structure



- In-house claims department organized by capability
- Streamlined processes to efficiently accelerate close rate
- Proprietary claims administration system
- Retain small percentage of outside adjusters for surge demand

\*Claims paid in partnership with reinsurers

\*\* Cash receipts

## Significant experience

**\$3.5B+**

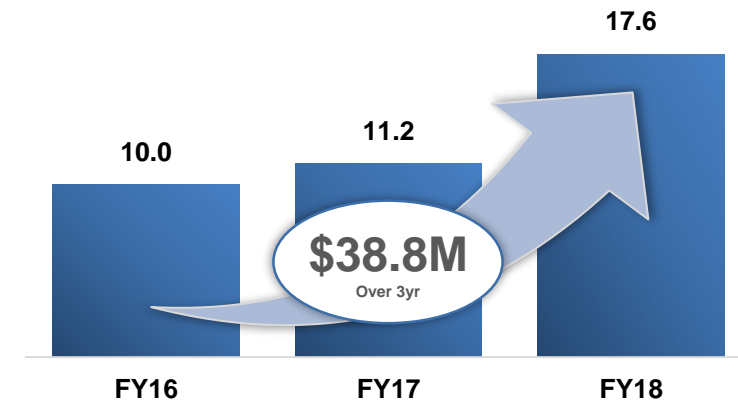
Claims paid over past 15 years\*

**450K+**

Claims over past 15 years

## Subrogation Recoveries\*\*

(\$million)

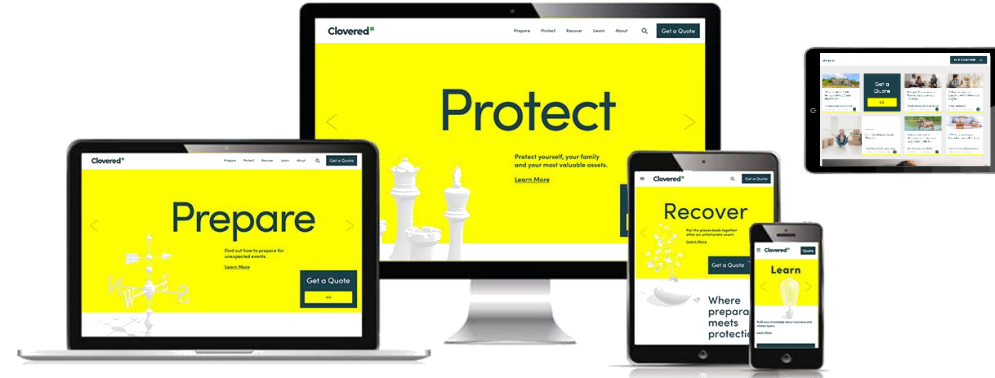
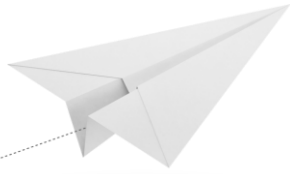


Accelerated subrogation efforts against third parties responsible for property damage losses to our insureds



# Investing in technology: Device agnostic, digitally enabled distribution

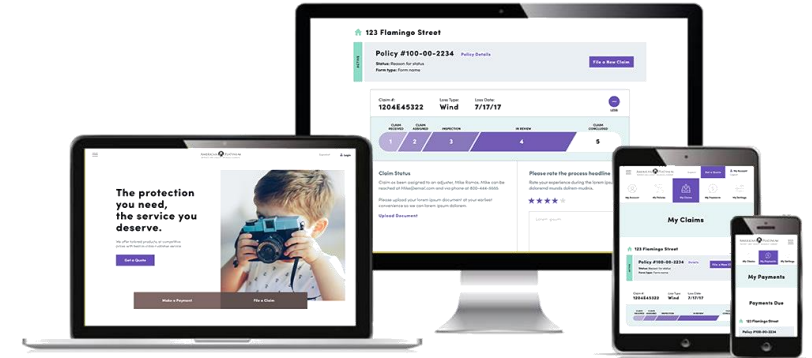
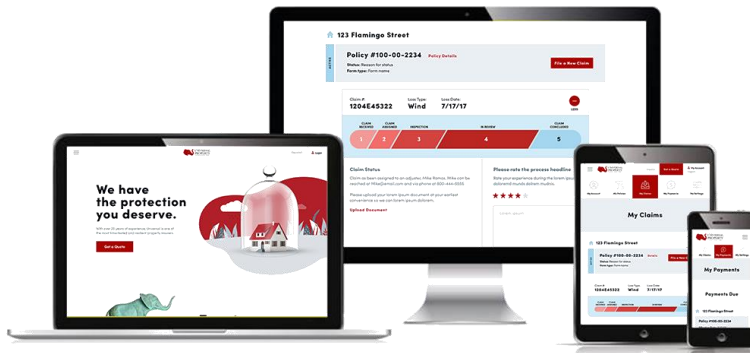
Go Paperless  
Environmentally and  
Socially Conscious



## Clovered



- Insurance Content Authority
- Prepare, Protect, Recover, Learn
- Get a Quote



- Download policy documents
- Track certain types of claims
- Get a Quote

- Download policy documents
- Track certain types of claims
- Get a Quote

### Partners



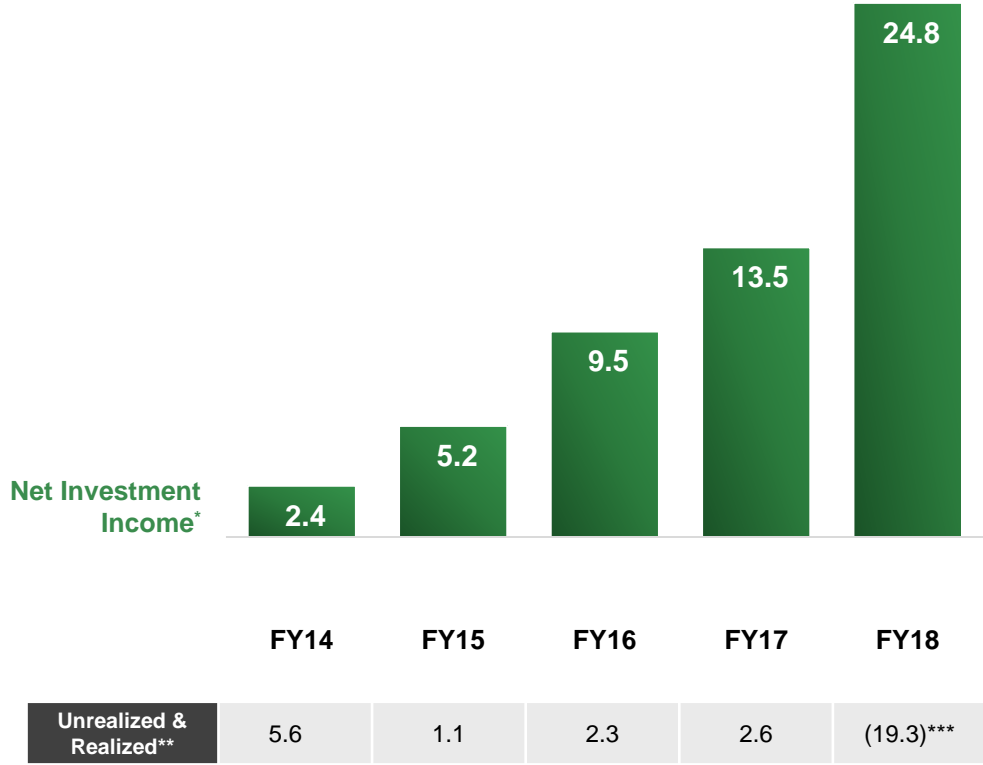


# Investments

# Investments overview

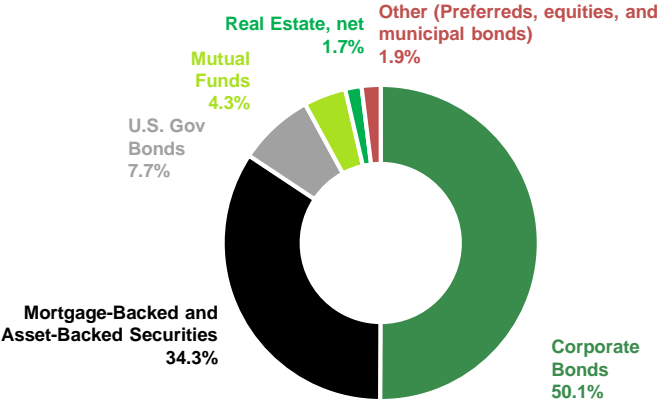
## Net investment income

(\$million)



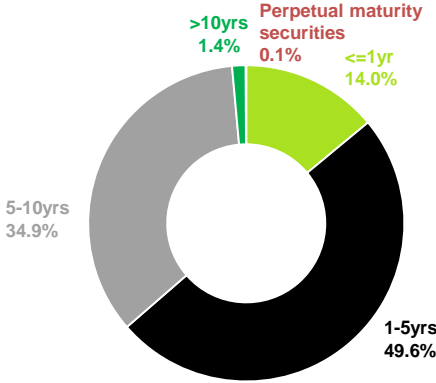
## Investment Portfolio

(\$937.4M as of 9/30/19)

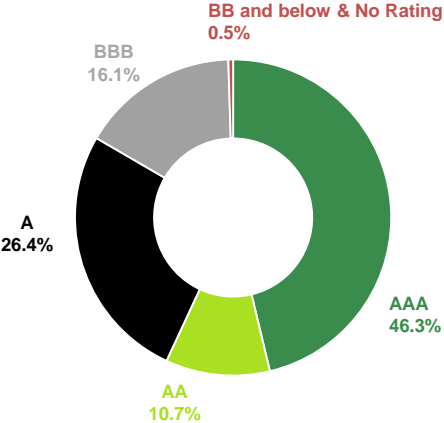


## Fixed maturities

### Effective Maturity (3.2yrs)

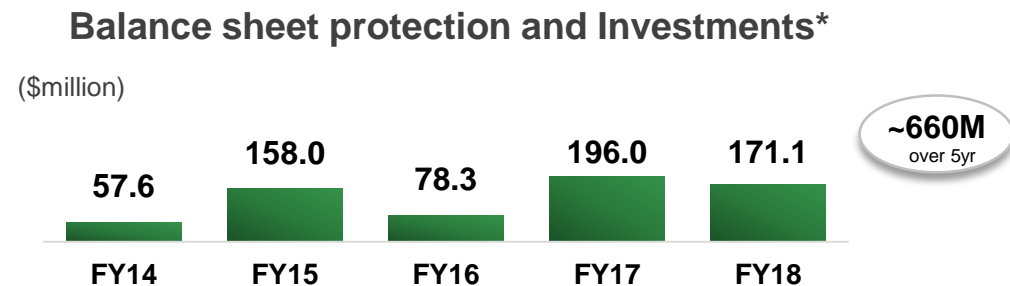
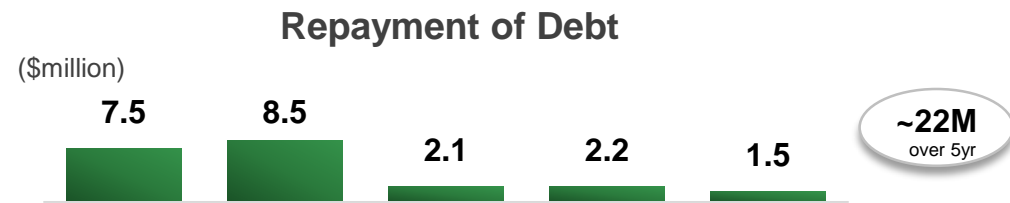
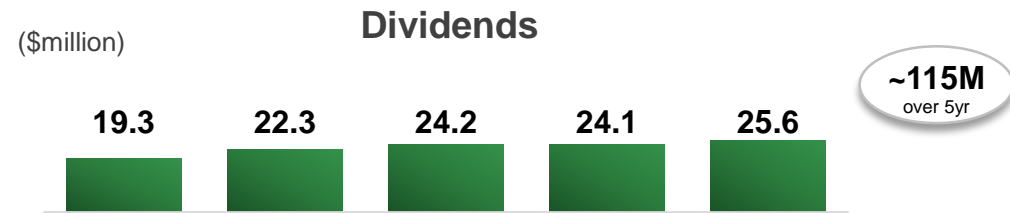
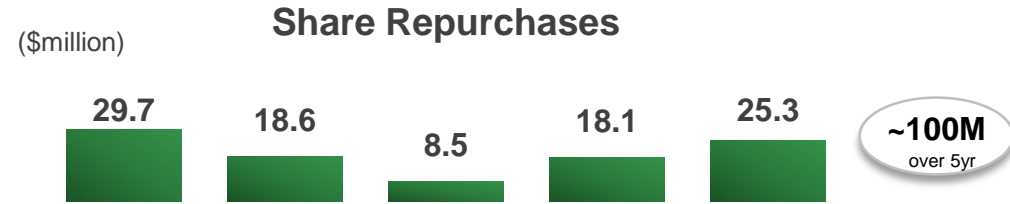


### Average Rating (A+)



\*Includes interest earned on cash and cash equivalents and restricted cash and investment income earned on real estate investments. Net of custodial fees, investment accounting, advisory fees and expenses associated with real estate investments  
 \*\* Net unrealized & realized gains (losses) on equity investments.  
 \*\*\*Beginning in 2018 unrealized amounts were recognized on the income statement as a result of the adoption of new accounting guidance for equity securities. See "Item 8—Note 2 (Summary of Significant Accounting Policies—Recently Adopted Accounting Pronouncements)" in SEC filings for more information.

# Capital deployment



Returning capital to shareholders ...

... bolstering balance sheet ...

... and investing for the future

\*FCF less share repurchases, dividends, repayment of debt.

# Third Quarter 2019 Results



# 3Q19 & YTD19: Continued progress against strategic priorities

## 1 Focus on disciplined growth

- Total revenue up 11.4%; YTD19 up 15.2%.
- Other states (Non-Florida) direct premiums written up 27.6%; YTD19 up 29.1%.
- Diluted GAAP EPS of \$0.59, non-GAAP adjusted EPS\* of \$0.61.
- YTD19 Annualized return on average equity of 23.9%; YTD19 combined ratio of 90.5%.

## 2 Maintain strong balance sheet

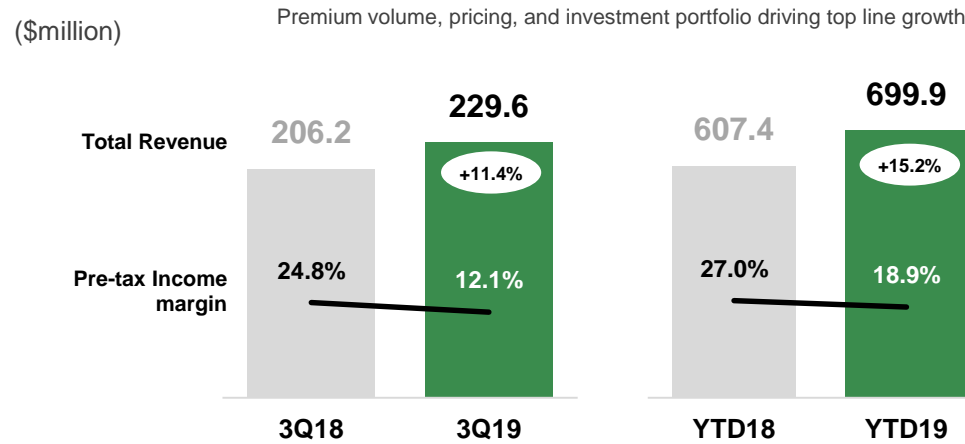
- Catastrophe losses year-to-date are largely retention events for a Florida event.
- '19-'20 reinsurance first event all states coverage of up to ~\$3.3B.
- YoY Book value per share up 12.7%.
- Total unrestricted cash and invested assets up 2.1% to \$1.1B since 4Q18.

## 3 Maximize earnings stability

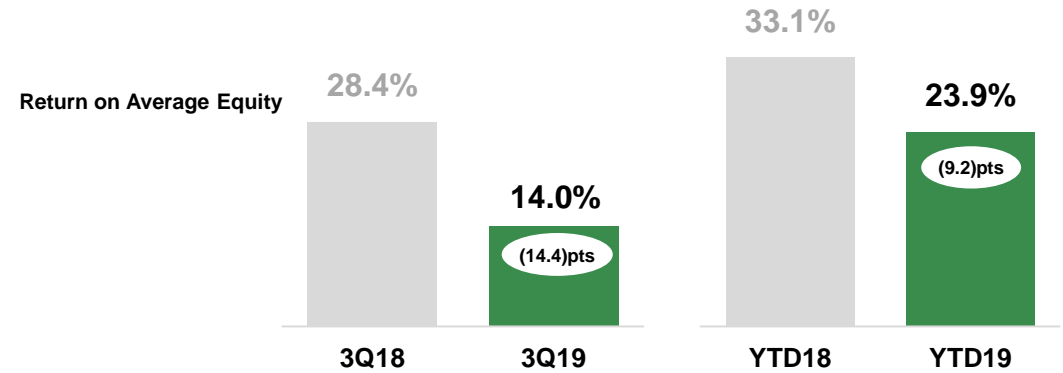
- Rate increases approved in Alabama and North Carolina.
- Launched multi-rater quote-to-bind platform on our online insurance distribution channel, Clovered<sup>SM</sup>.
- Consumers can now receive up to five side-by-side quotes online from different carriers.

# 3Q19 and YTD19 financial results

## Total Revenue



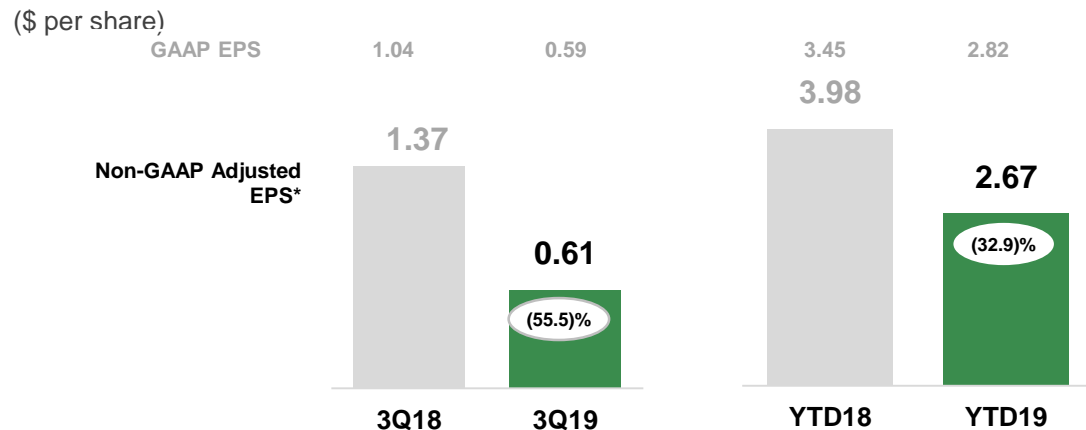
## Annualized Return on Average Equity (ROE)



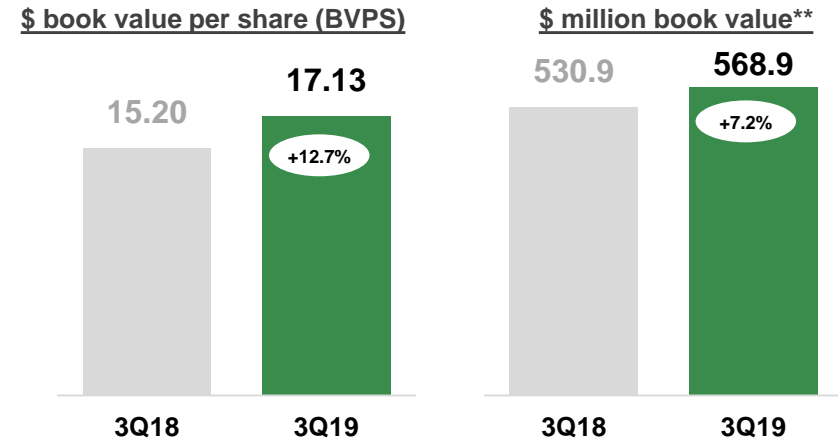
Income before income tax	51.2	27.9	164.1	132.6
Adjusted operating income*	66.8	28.5	189.5	125.5

## Earnings per Diluted Share (EPS)

Positive momentum from premium growth, investment performance and returning value to shareholders through share repurchases, offset by higher core booked loss ratio, weather events above plan, and a reduced benefit from our claims adjusting business as prior year's claims conclude



## Book Value, end of period



\*Reconciliations of such non-GAAP financial measures in this presentation to the most comparable GAAP financial measures can be found in the Company's earnings release for the third quarter of 2019, filed with the SEC as an exhibit to a Current Report on Form 8-K on October 30, 2019, and also available on the Company's website at <https://UniversalInsuranceHoldings.com> under "Investors" with the subheading of "Earnings Releases."

\*\*Excludes preferred stock