



# Investor Briefing

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## FY20 Q4 Results

Reported February 25<sup>th</sup>, 2021



# 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,” “will,” “plan,” 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, including those risks and uncertainties described under the heading “Risk Factors” and “Liquidity and Capital Resources” in our 2020 Annual Report on Form 10-K, and supplemented in our subsequent Quarterly Reports on Form 10-Q. 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 and the most recent quarterly reports on Form 10-Q.

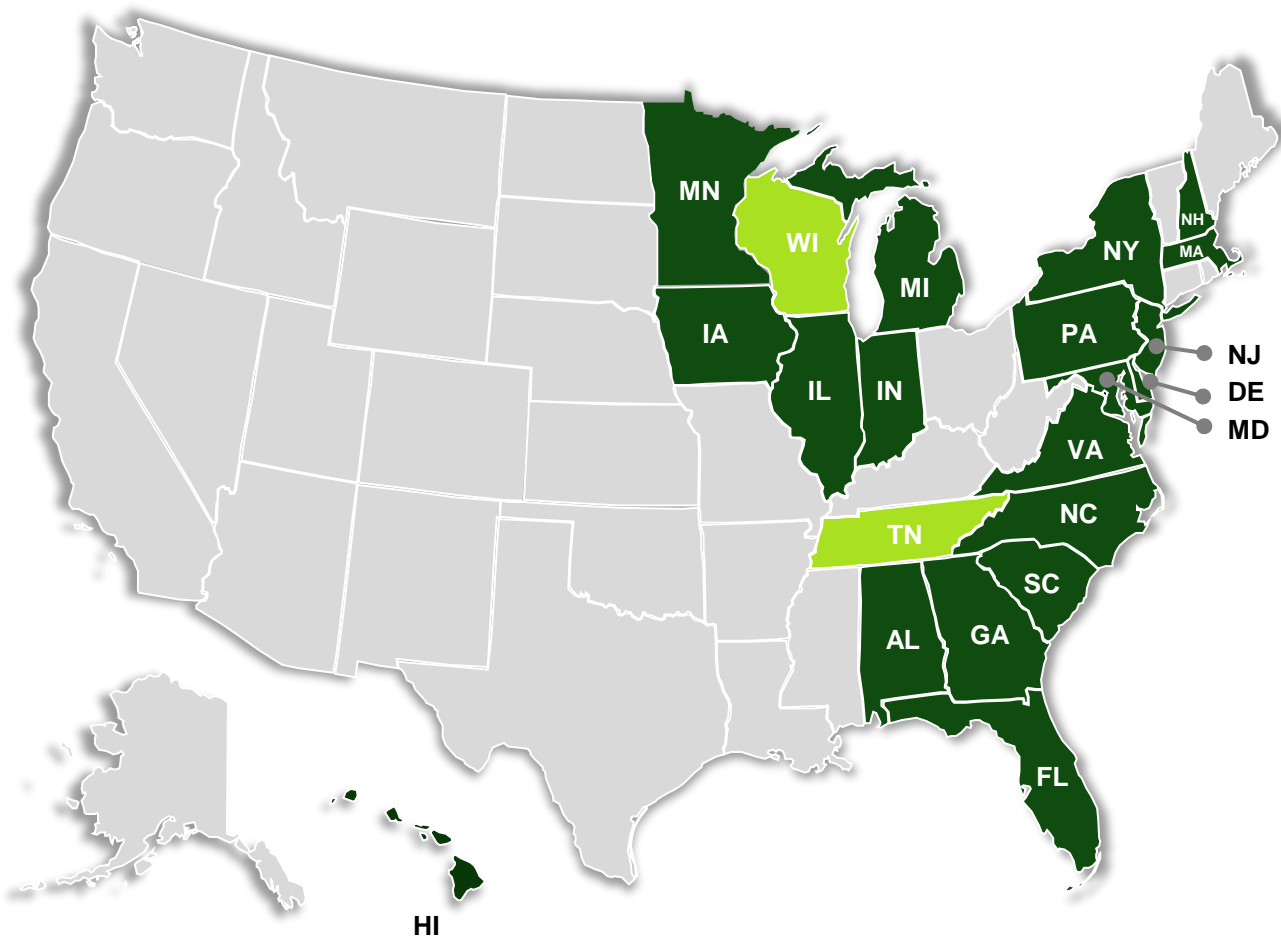
## Regulation G Disclosure Statement and Key Performance Indicators

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 fourth quarter of 2020, filed with the SEC as an exhibit to a Current Report on Form 8-K on February 25, 2021, and also available on the Company’s website at <https://UniversalInsuranceHoldings.com> under “Investors” with the subheading of “Earnings Releases.” For more information regarding our key performance indicators, please refer to the section titled “Management’s Discussion and Analysis of Financial Condition and Results of Operations - Key Performance Indicators” in our Annual Report on Form 10-K for the year ended December 31, 2020.

# Universal Insurance Holdings (UVE) Overview

Doing business

Licensed



Leading holding company of personal residential homeowners insurance and services

**>\$1.5B**

FY20 Direct Premiums Written

**~19%**

5 year average Return on Equity

**19**

States actively doing business

**>950K**

Customer policies managed

**>850**

Full time equivalent employees

**>10,000**

Independent agents in the distribution channel

**Ft. Lauderdale, FL**

Headquarters

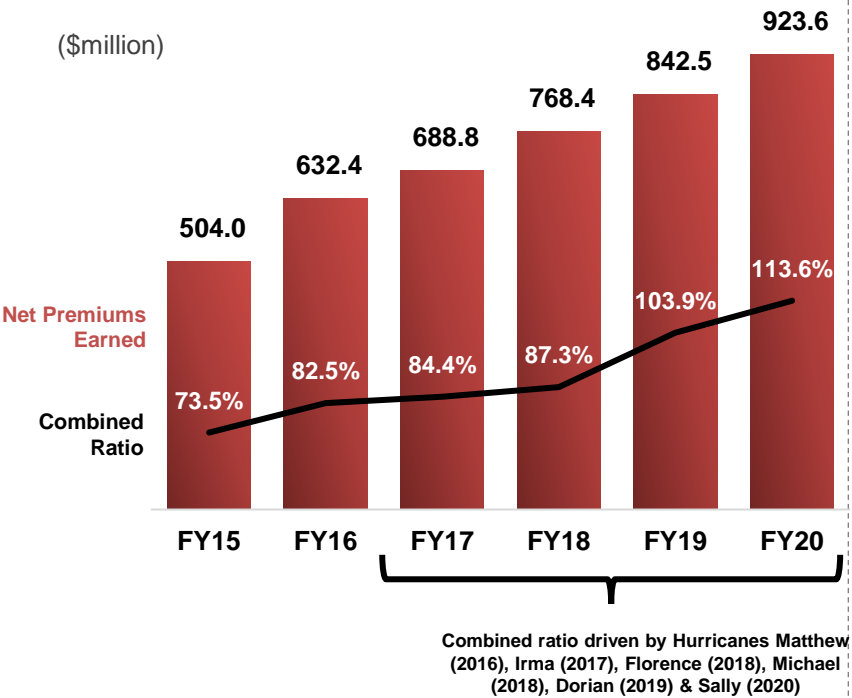
**A**

**Exceptional**

Demotech financial stability rating

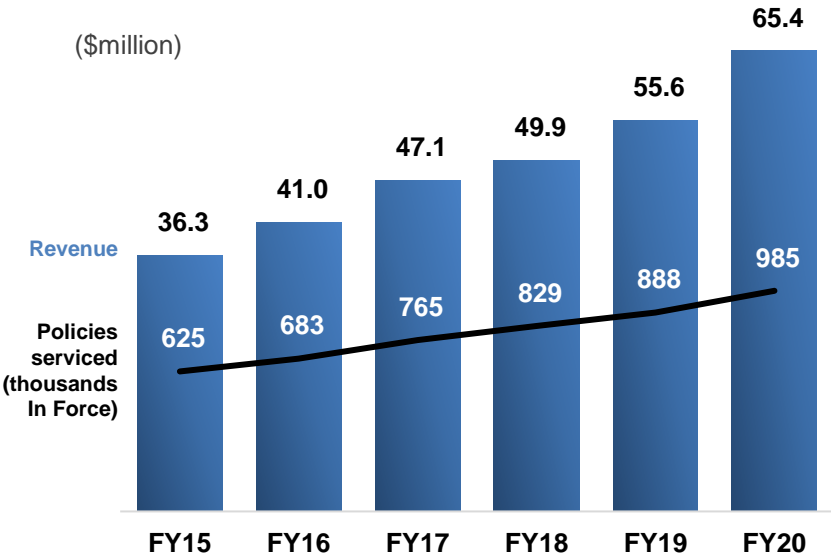
# Financial Overview

## Underwriting



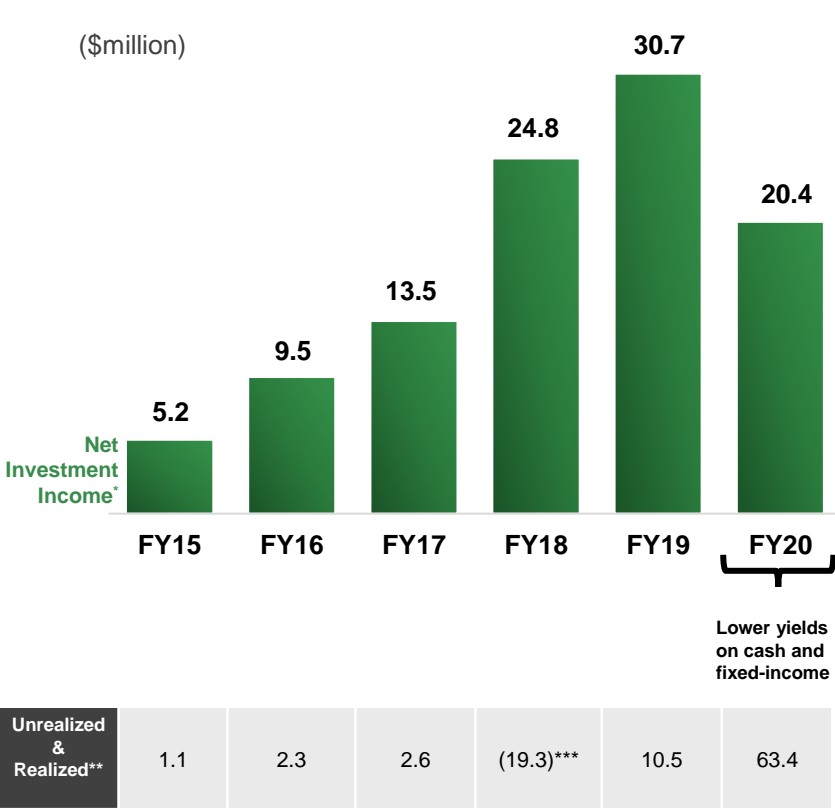
- **Protection Solutions:** Insurance for personal residential homeowners, renters/tenants, condo unit owners, dwelling/fire, allied lines, other structures, personal property, liability and articles coverages, in addition to commercial residential multi-peril.
- **Claims Management:** Claims processing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

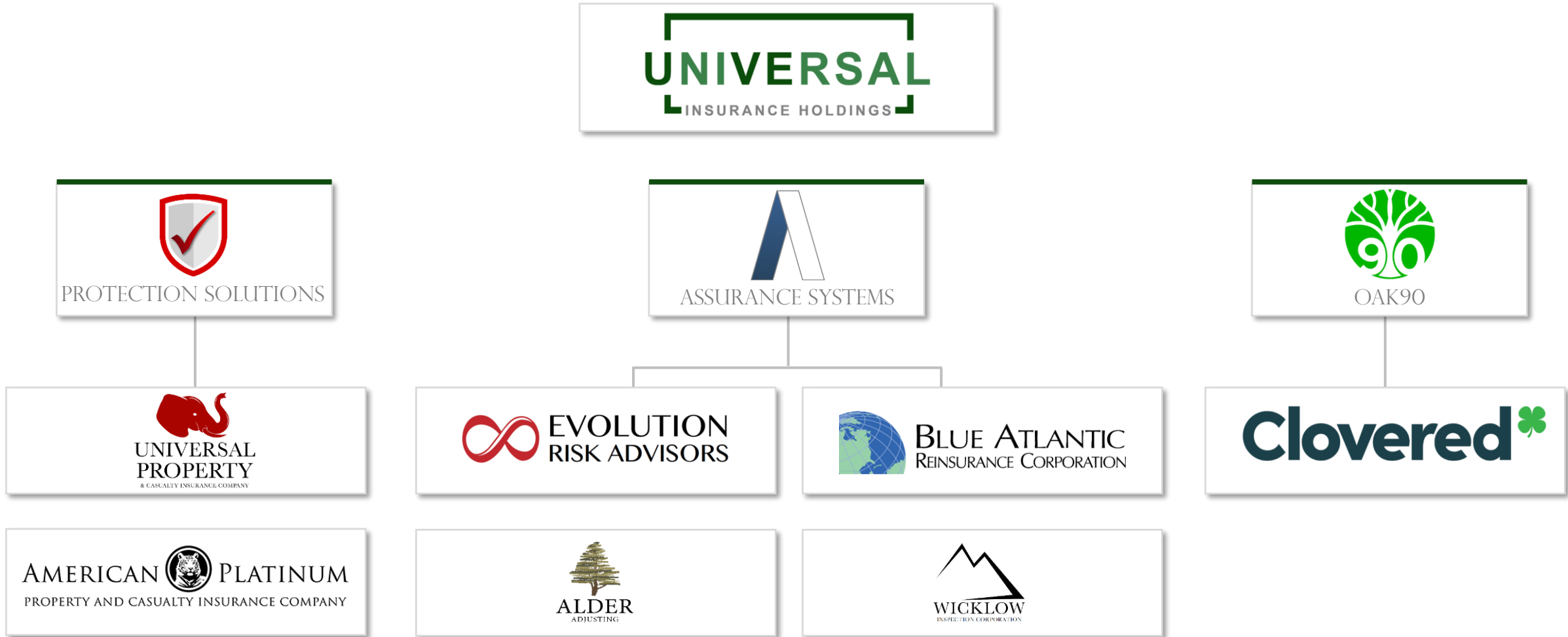
## Investments



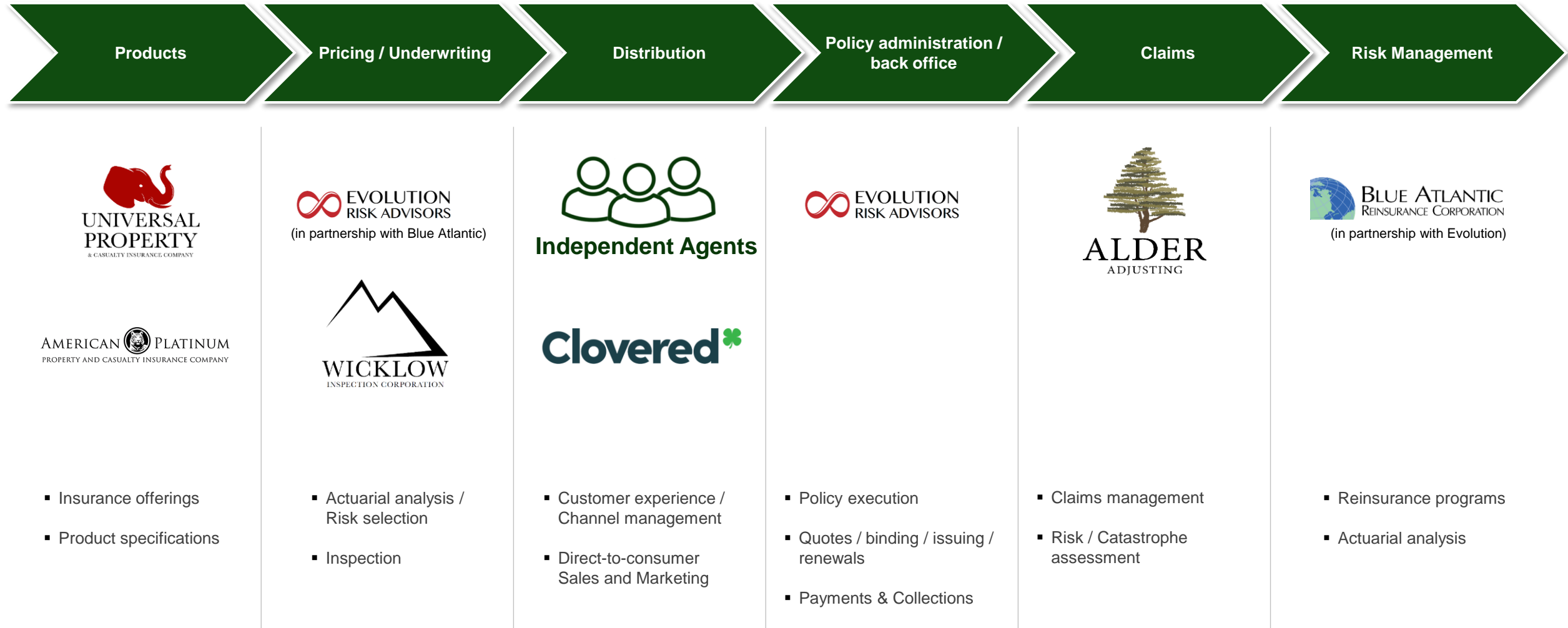
- **Fixed Income:** Focused on preservation of capital and liquidity for claims payments
- **Equity Securities and Real Estate:** Seeks capital appreciation and diversification

\*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 14 (Other Comprehensive Income (Loss))" in SEC filings for more information.

# Organized around protection and insurance systems capabilities ...



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

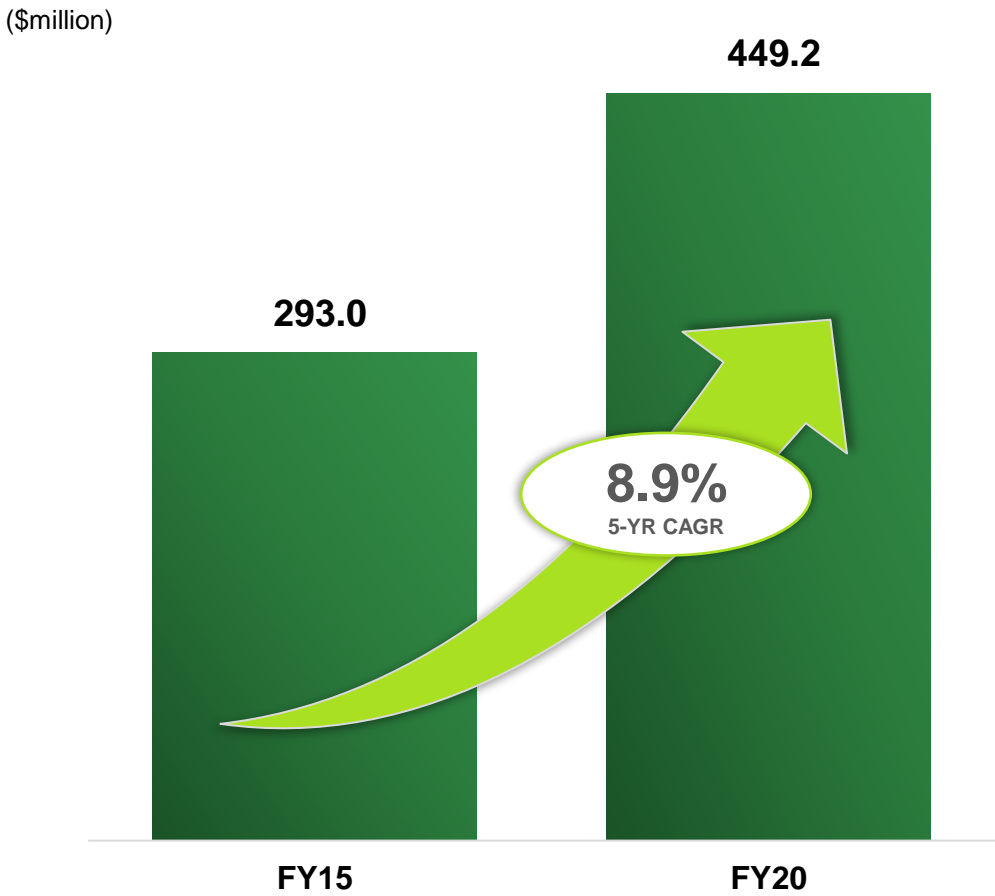


# Proven track record ...

5 year average Return on Equity (ROE)



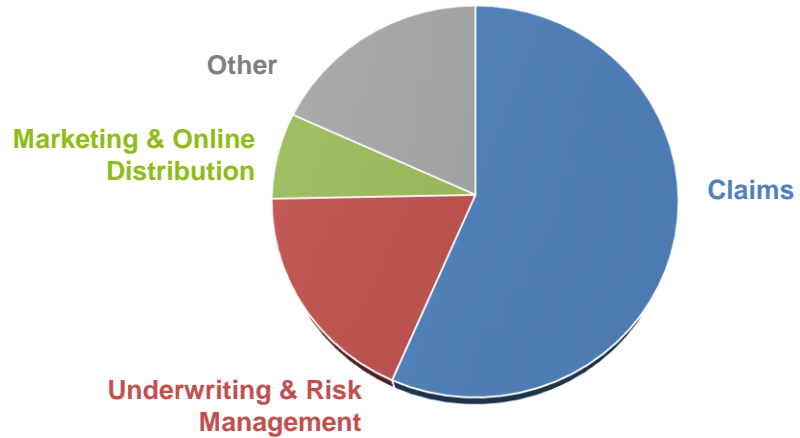
Book value growth\*\*



\*As of December 31, 2020  
\*\*Excludes preferred stock

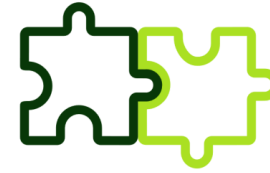
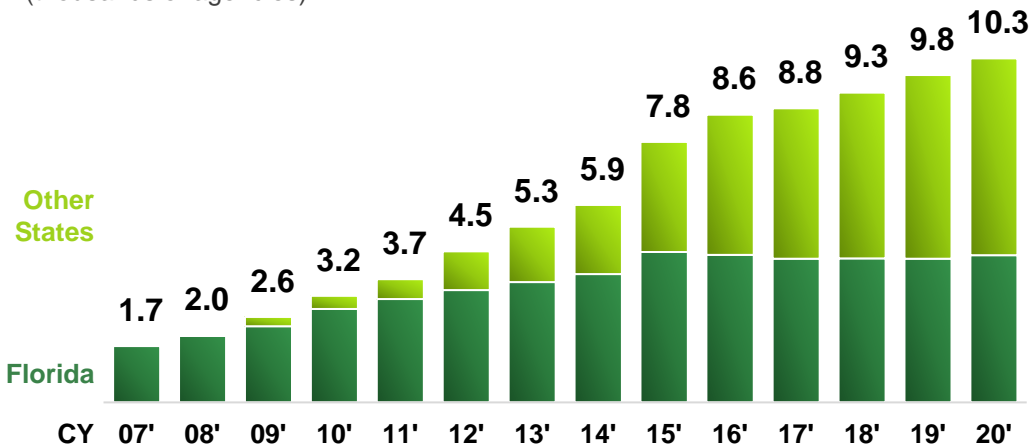
... backed by the strength of our employees and agents

**Talent** (as of 12/31/2020)



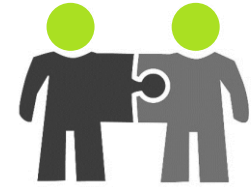
### Independent agent distribution channel

(thousands of agencies)



#### Risk Management

- In-house reinsurance and actuary experience
- In-house claims and underwriting teams



#### 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
- Strong talent retention management



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

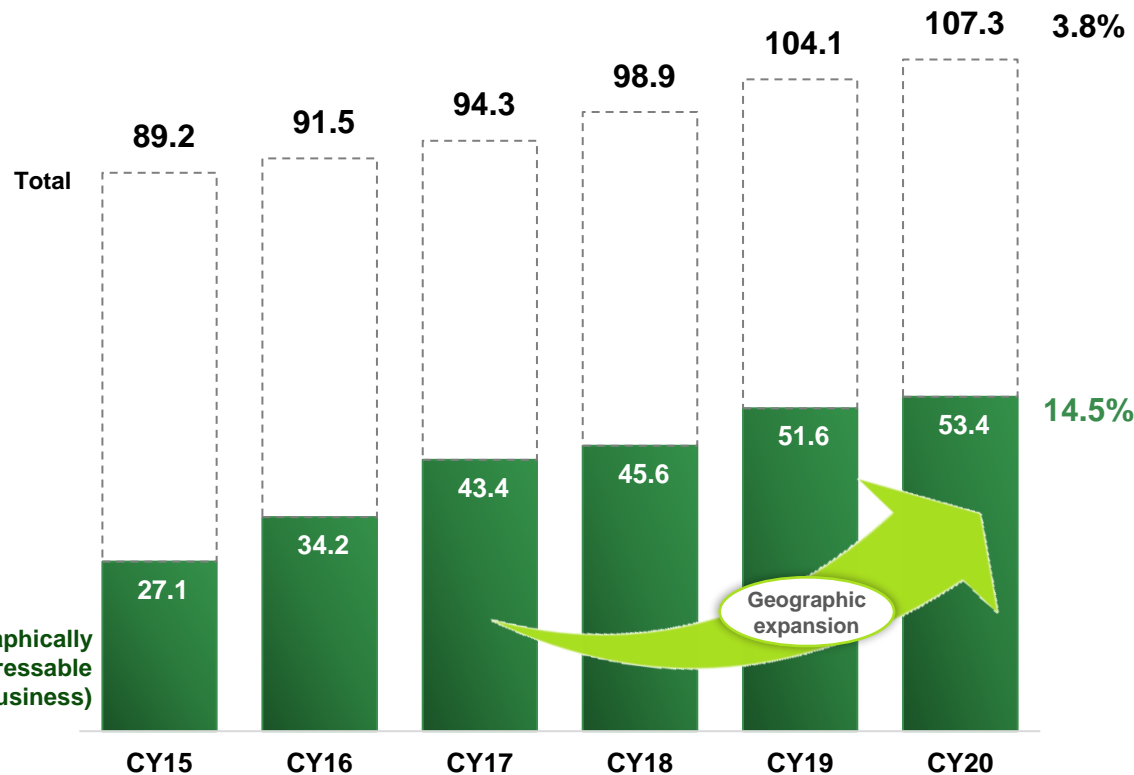
## P&C Industry Homeowners MP Direct Premiums Written

(U.S. & territories Homeowners Multi-Peril)

(\$billion)

CY15-CY20  
CAGR

3.8%



## 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	11	14	16	17	18	19
FL as % of addressable	32.4%	25.7%	21.2%	21.1%	19.5%	20.0%

\*Measured by Homeowners MP Direct Premiums Written 2020. Not currently writing in TX, CA, OH, CO from the top15

# Multi-year strategic priorities – Strengthening the foundation

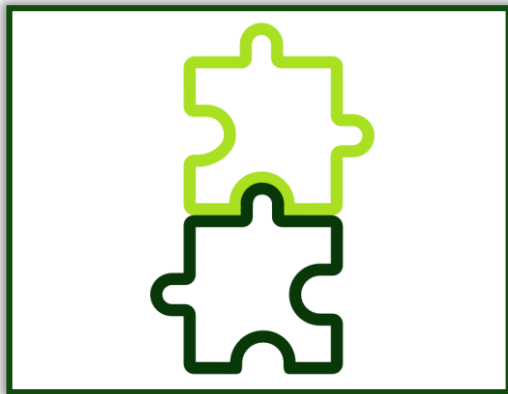
## Core franchises



Protection Solutions



Distribution



Risk Management



Claims Management

1

Selectively grow other states and Florida

2

Maintain a resilient balance sheet

3

Focus on disciplined growth and maximize earnings stability

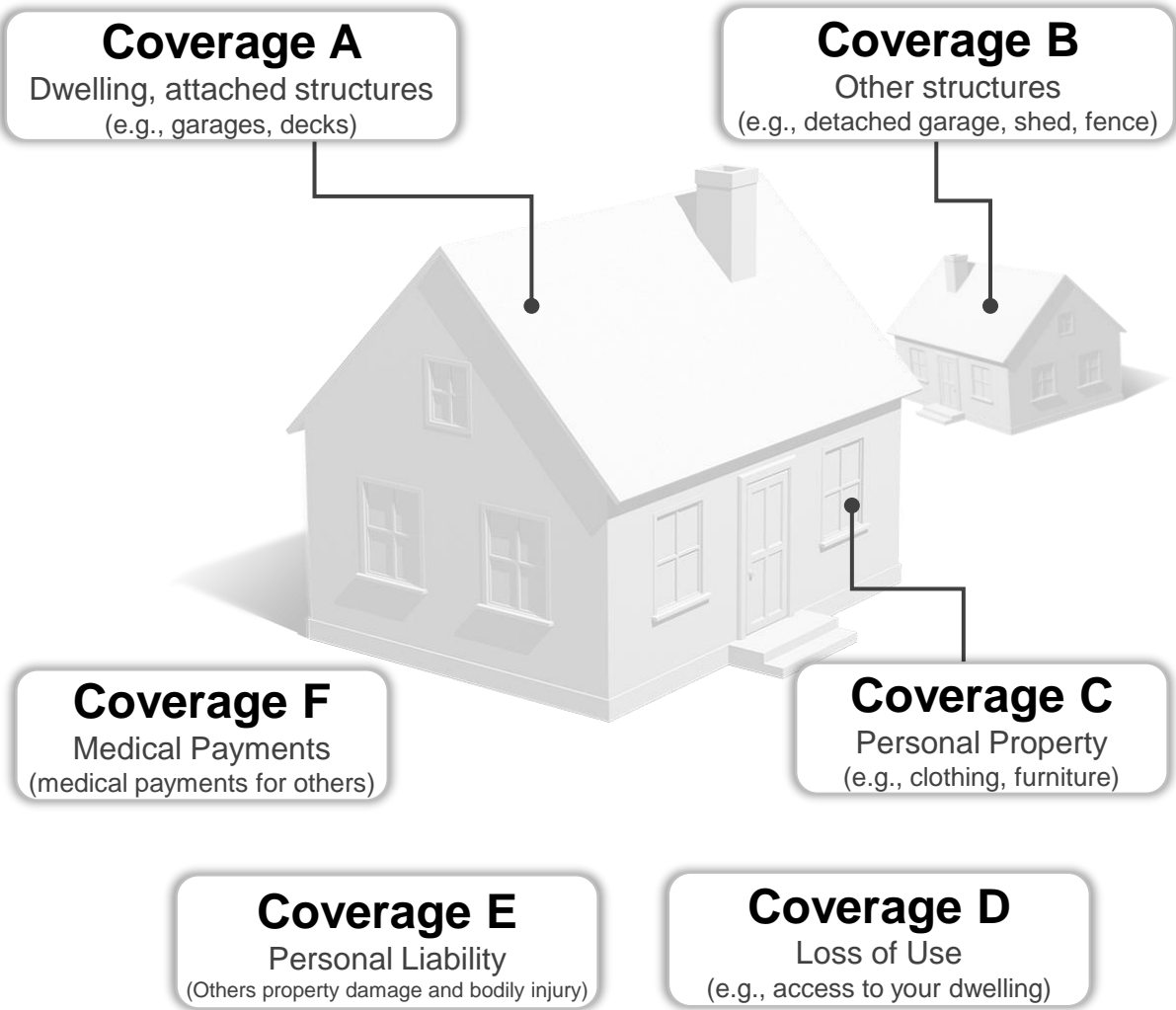
4

Make customer service and continuous improvement a way-of-life

# Underwriting

# Overview of insurance offerings

## Homeowners coverage



## Products offered

Form Type

Carrier

- HO2 – Broad Form (named perils only)
- HO3 – Special Form (Most common)
- HO5 – Comprehensive Form
- HO8 – Older Home Form



- HO6 – Condo Form (individual condo unit owner)



- HO4 – Renters Form (tenant occupant)



- DP1 – Named peril only - rental or investment property
- DP2 – Named perils only – more comprehensive
- DP3 – Open Peril policies



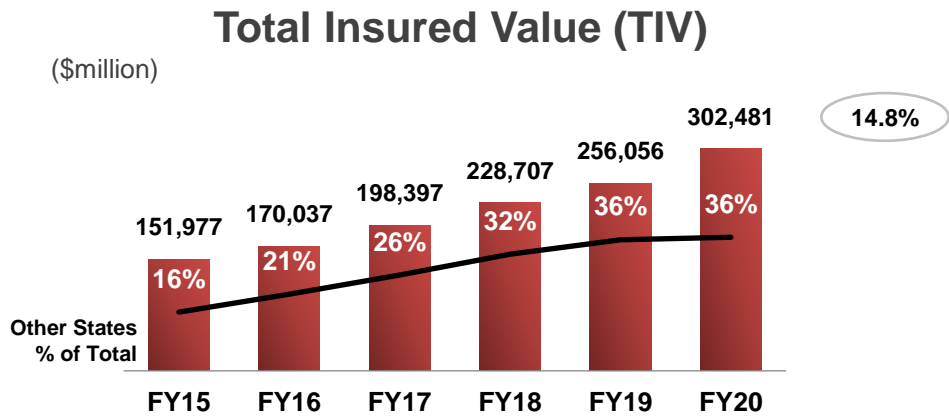
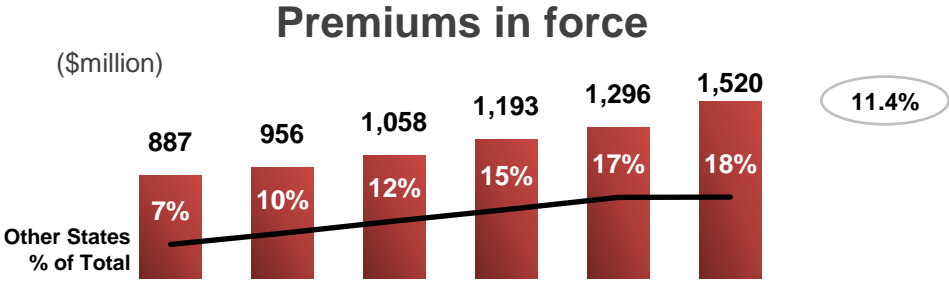
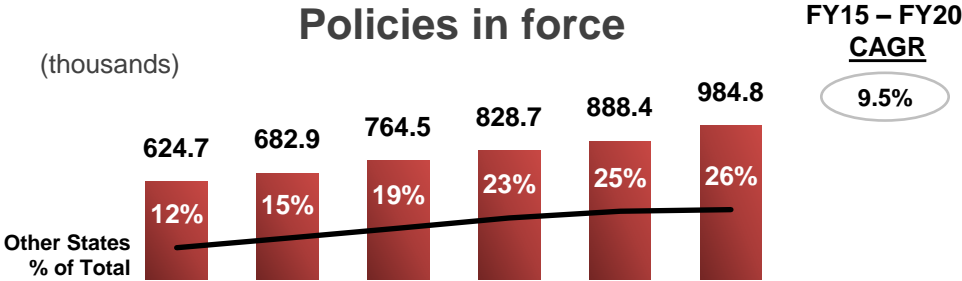
- HO3 – Special Form (Property values in excess of \$1M)



- CP10 – Business & Personal Property Form (e.g., HOA's, Apartments)
- CP17 – Condo Property Form



# Underwriting overview



## Industry trends



Primary rate increases improving rate adequacy



Constraints of carrier participants creating segment opportunities



Reinsurance catastrophe pricing hardening and overall influence of social inflation on claims



Point in the business cycle putting pressure on margins and may create new entrants

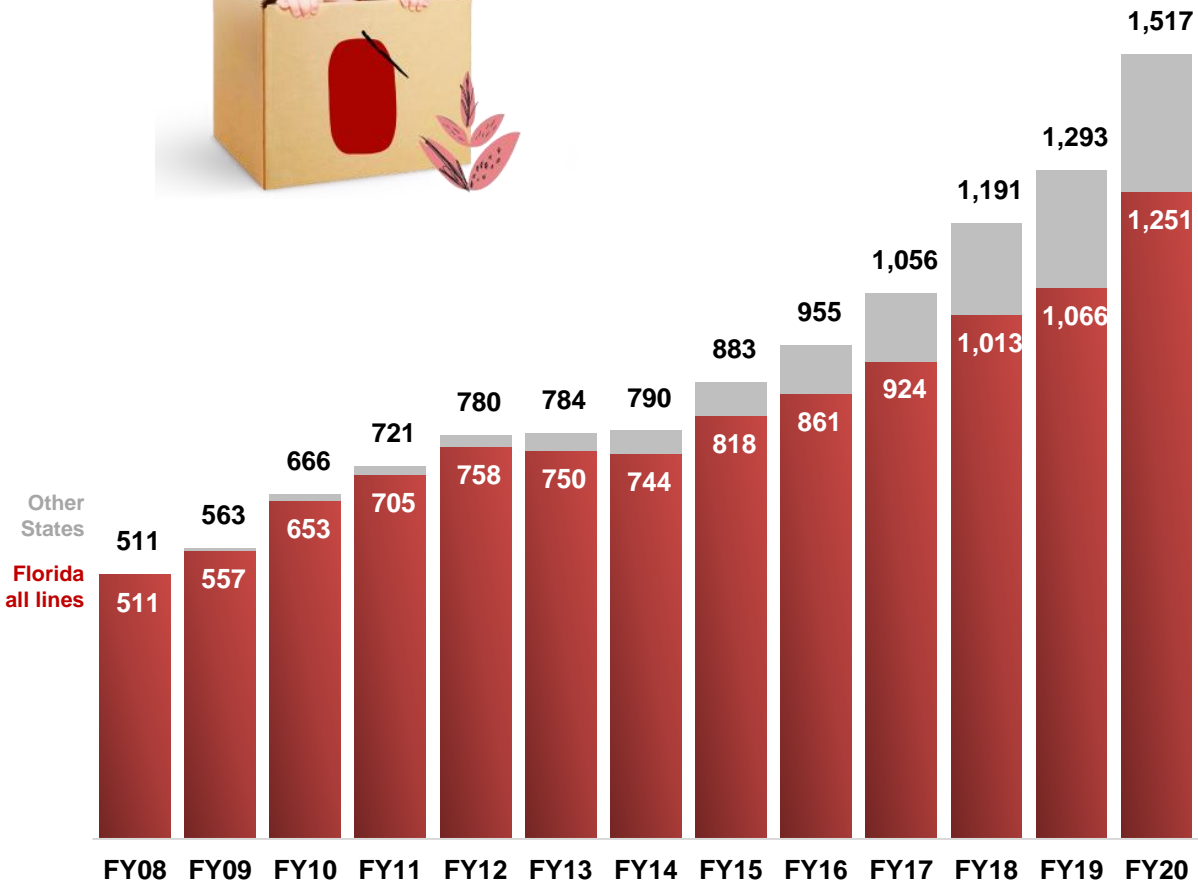


Heightened frequency of recent weather events

# UVE organically grew into #1 in FL

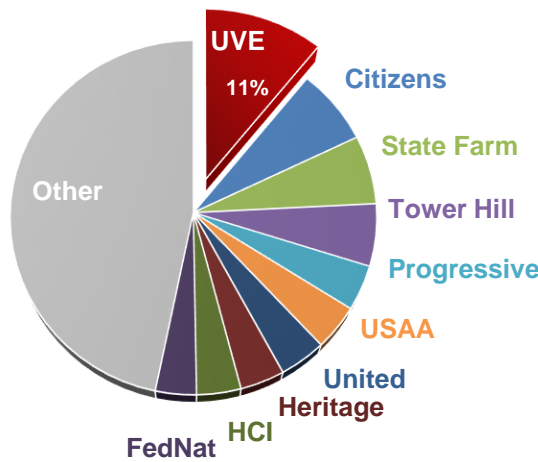
FL Direct premiums written growth ...

(\$million)

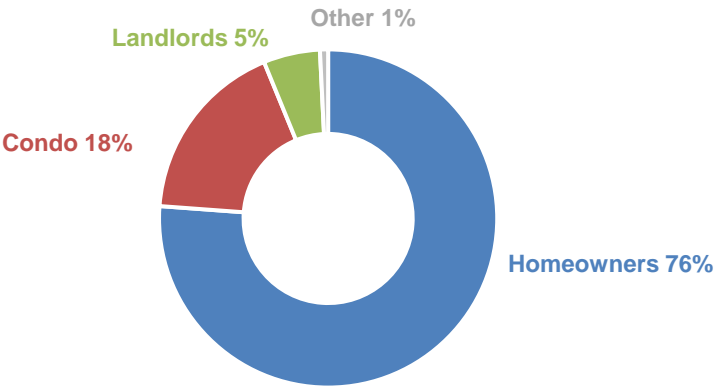


... led to #1 homeowner provider in FL

2020 Homeowners MP FL segment\*



2020 UVE FL Homeowners MP by product



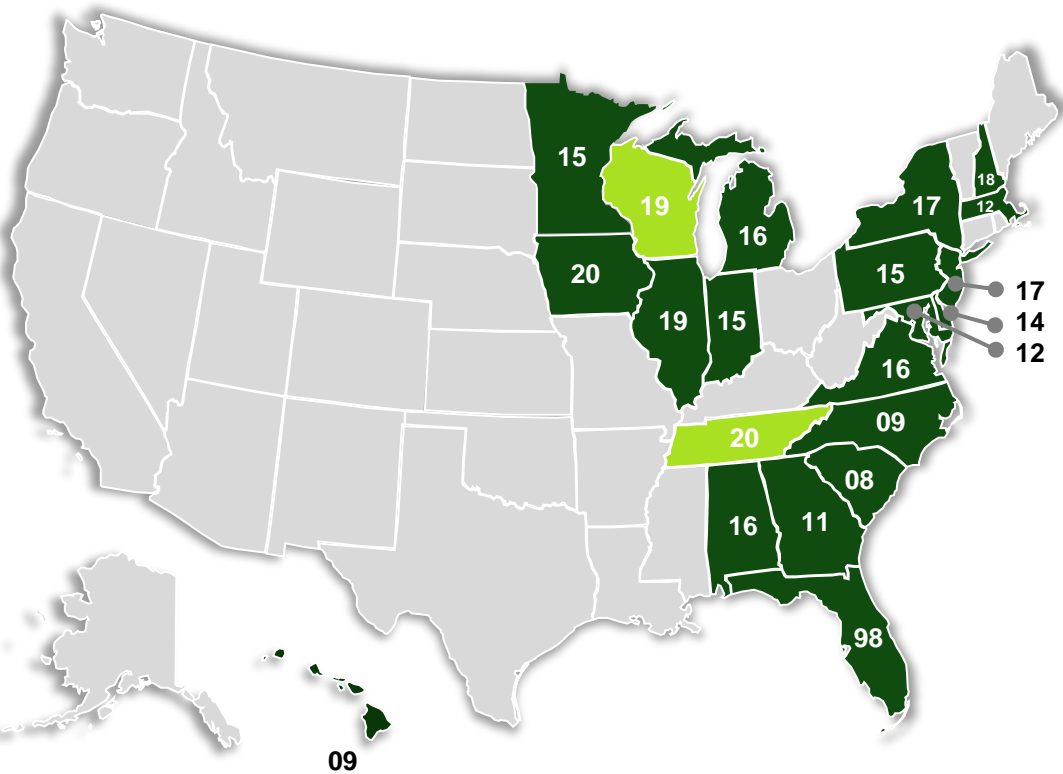
\*Excludes Fire and Allied lines as defined by S&P Global Market Intelligence.

# Leverage domain expertise in FL for geographic diversification and opportunistically grow commission base

## Geographic Expansion

Doing business | Licensed

(# = Year commenced)



## Complementary lines expansion (partners)

### Homeowners

### Auto

### Flood

### E&S homeowners

### Commercial

### Commercial Auto

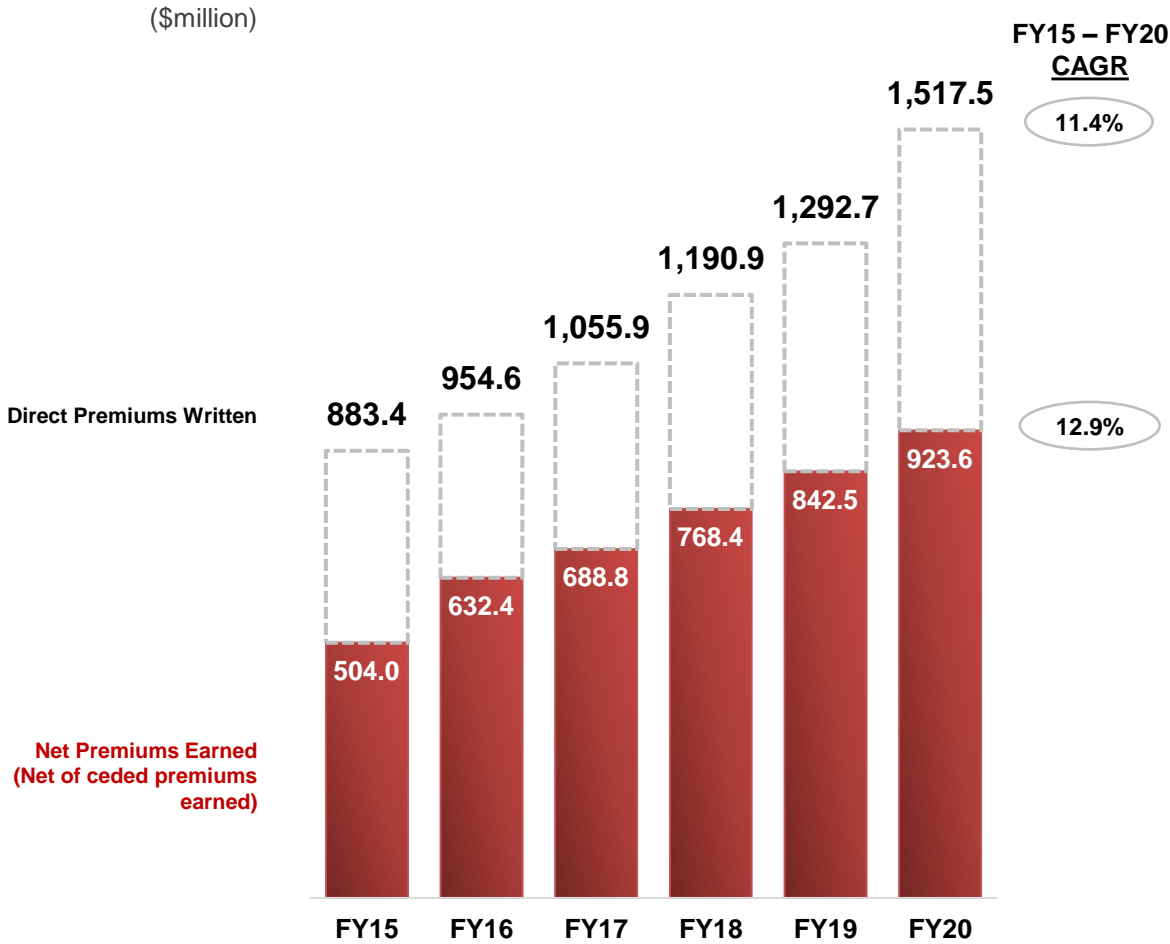
### Home hurricane deductible

### In-house commercial-res risk bearing program

### Personal Umbrella

# Performance

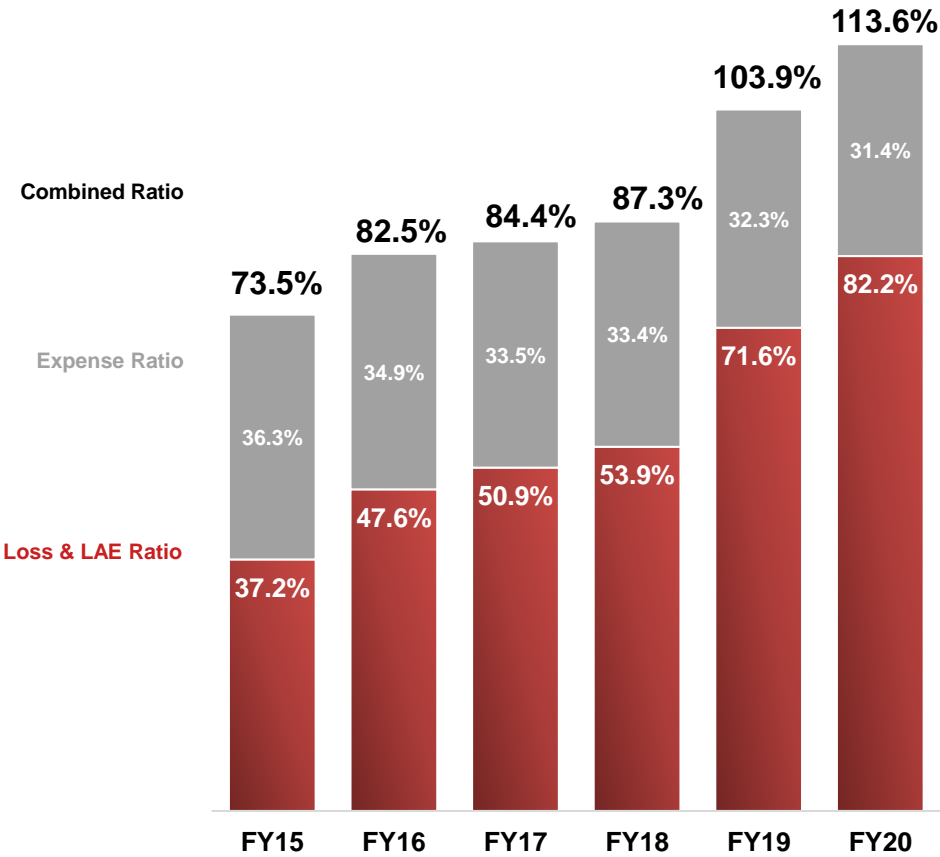
## Revenue (Direct and net premiums)



Direct Premiums Earned	836.8	921.2	999.2	1,121.6	1,233.1	1,395.6
Ceded Premiums earned as % of Direct Premiums Earned*	39.8%	31.4%	31.1%	29.7%	31.5%	33.8%

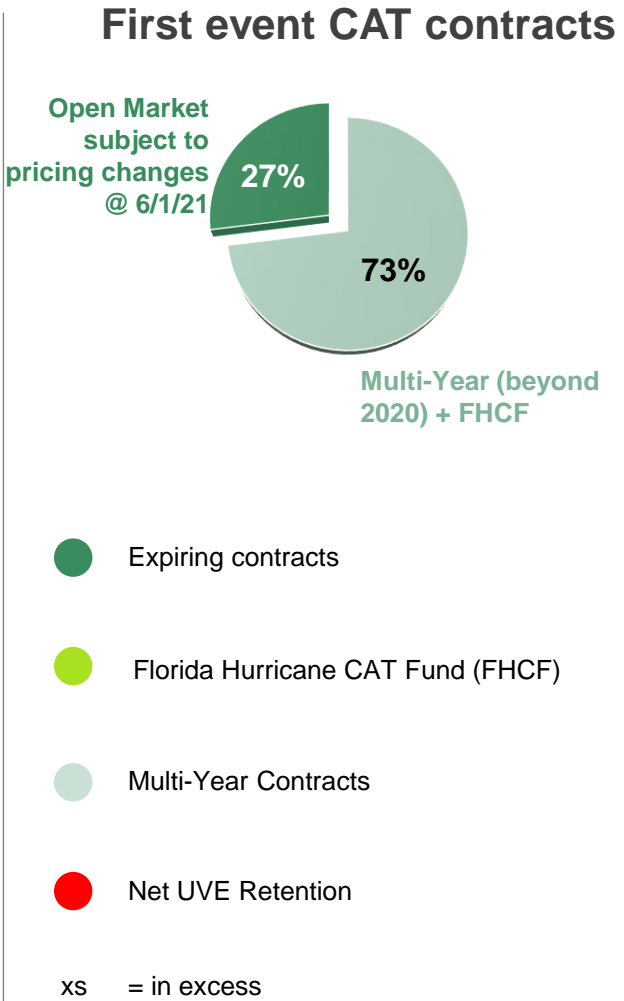
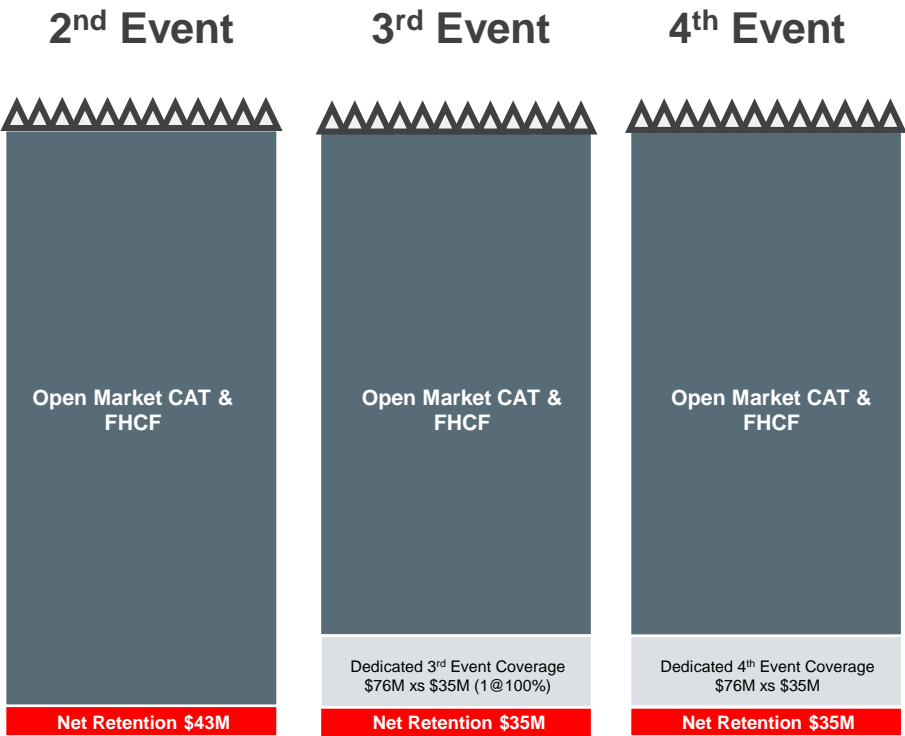
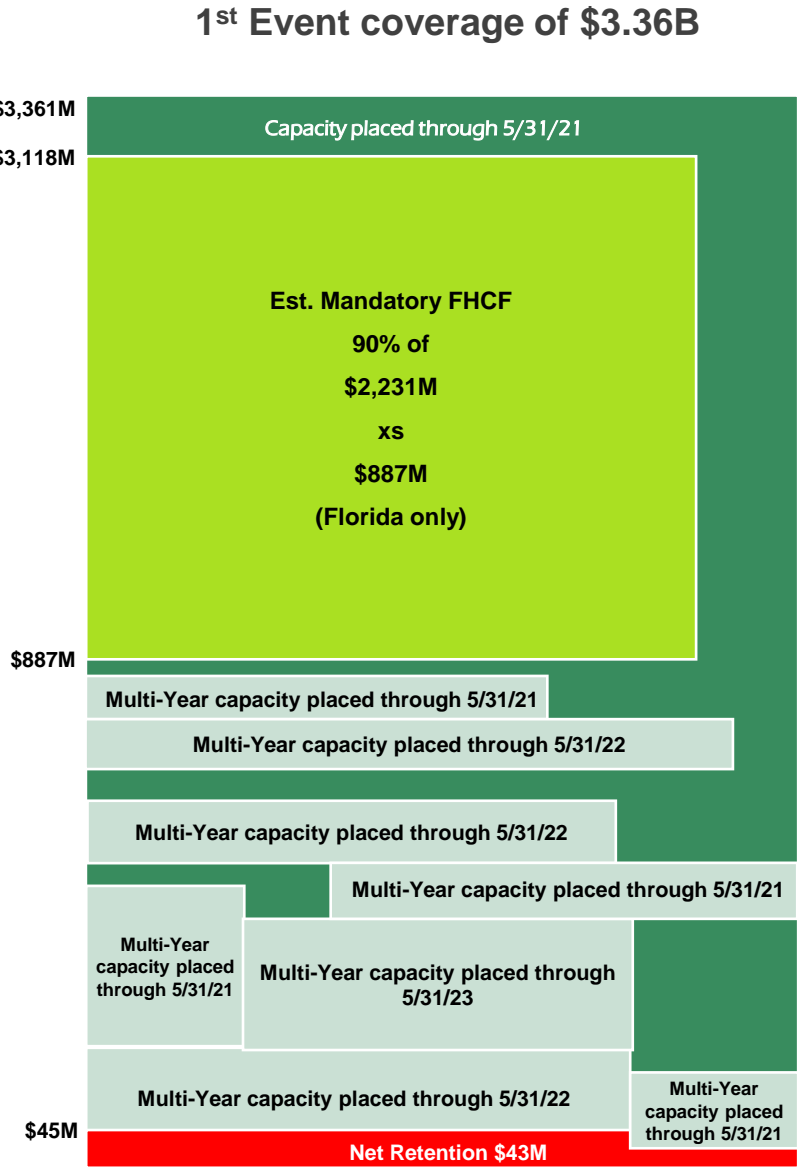
\*Excludes reinstatement premium

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



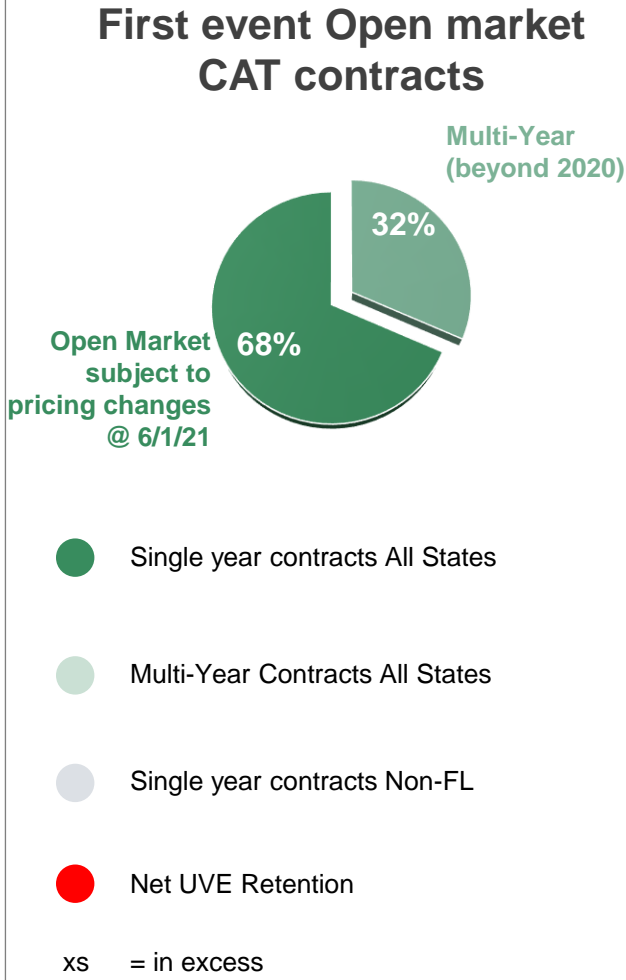
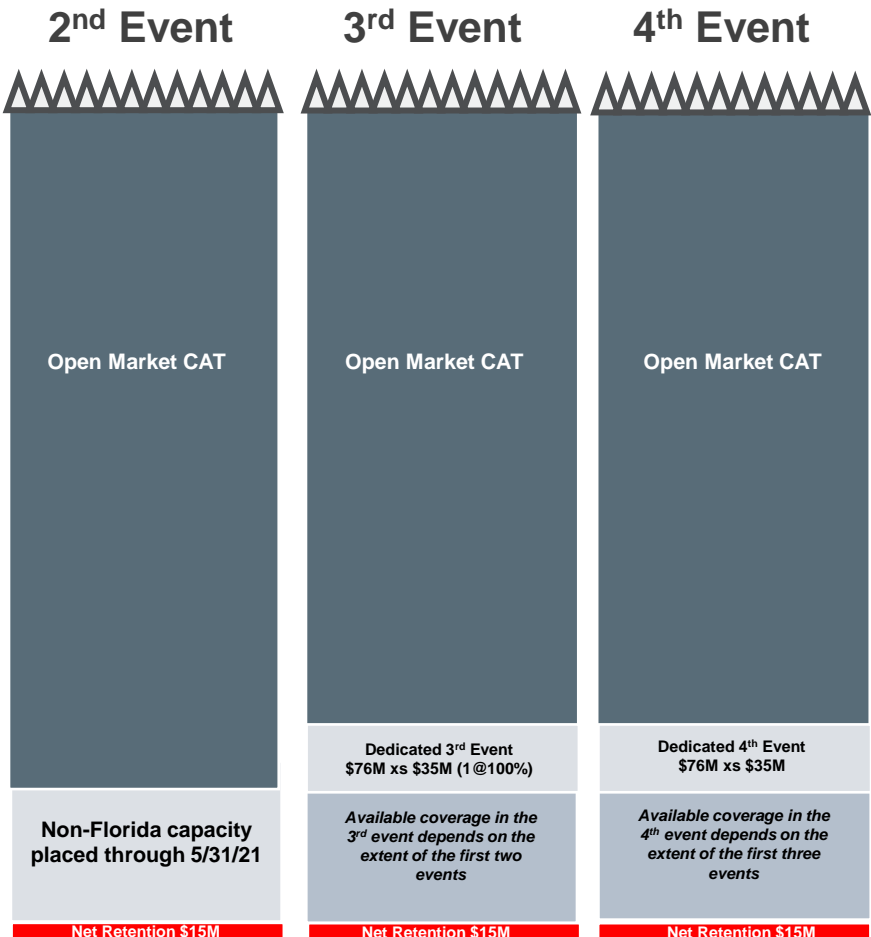
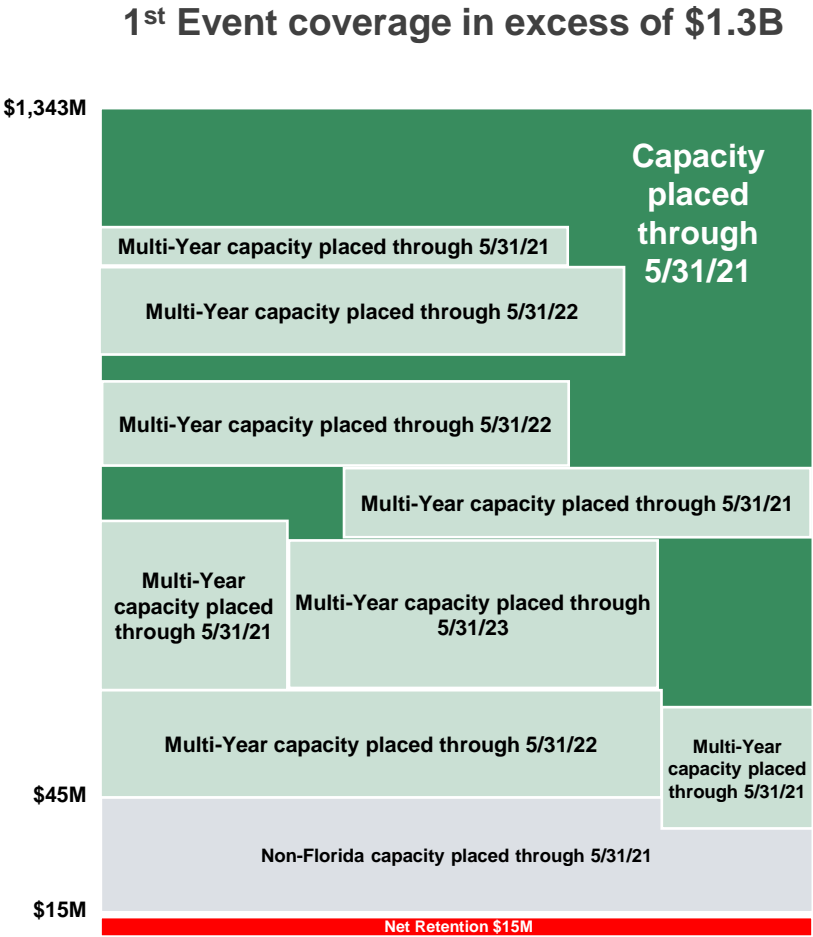


# Resilient balance sheet supported by robust reinsurance program ( All States)



Note: June, 1, 2020 reinsurance program

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

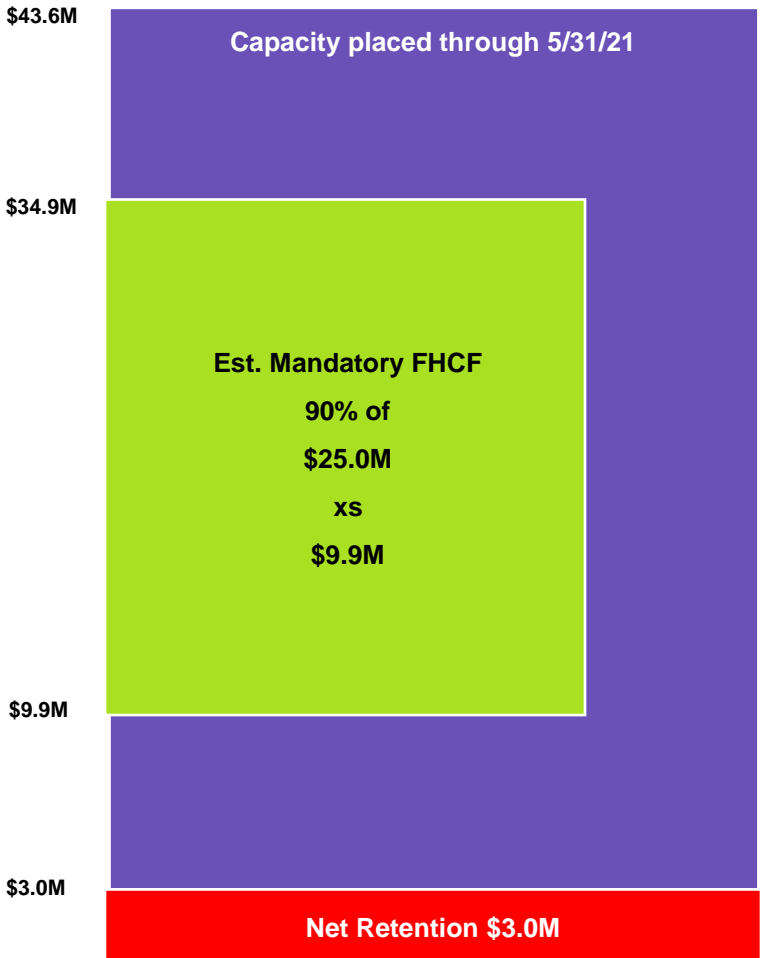


Note: June, 1, 2020 reinsurance program

# Resilient balance sheet supported by robust reinsurance program ( )

## Property Catastrophe

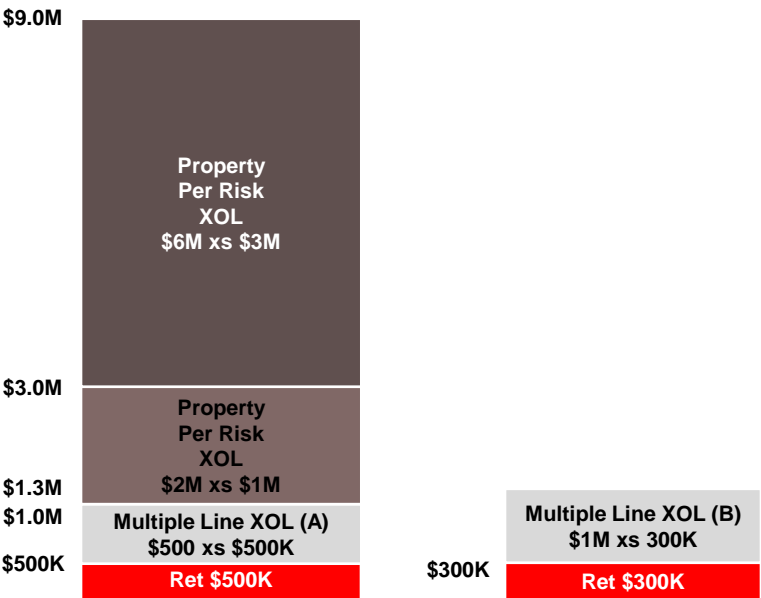
More than \$40M in Coverage



## Property and liability per risk

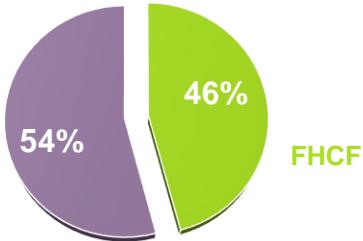
Property

Liability



## CAT contracts

Open Market  
subject to  
pricing  
changes @  
6/1/21

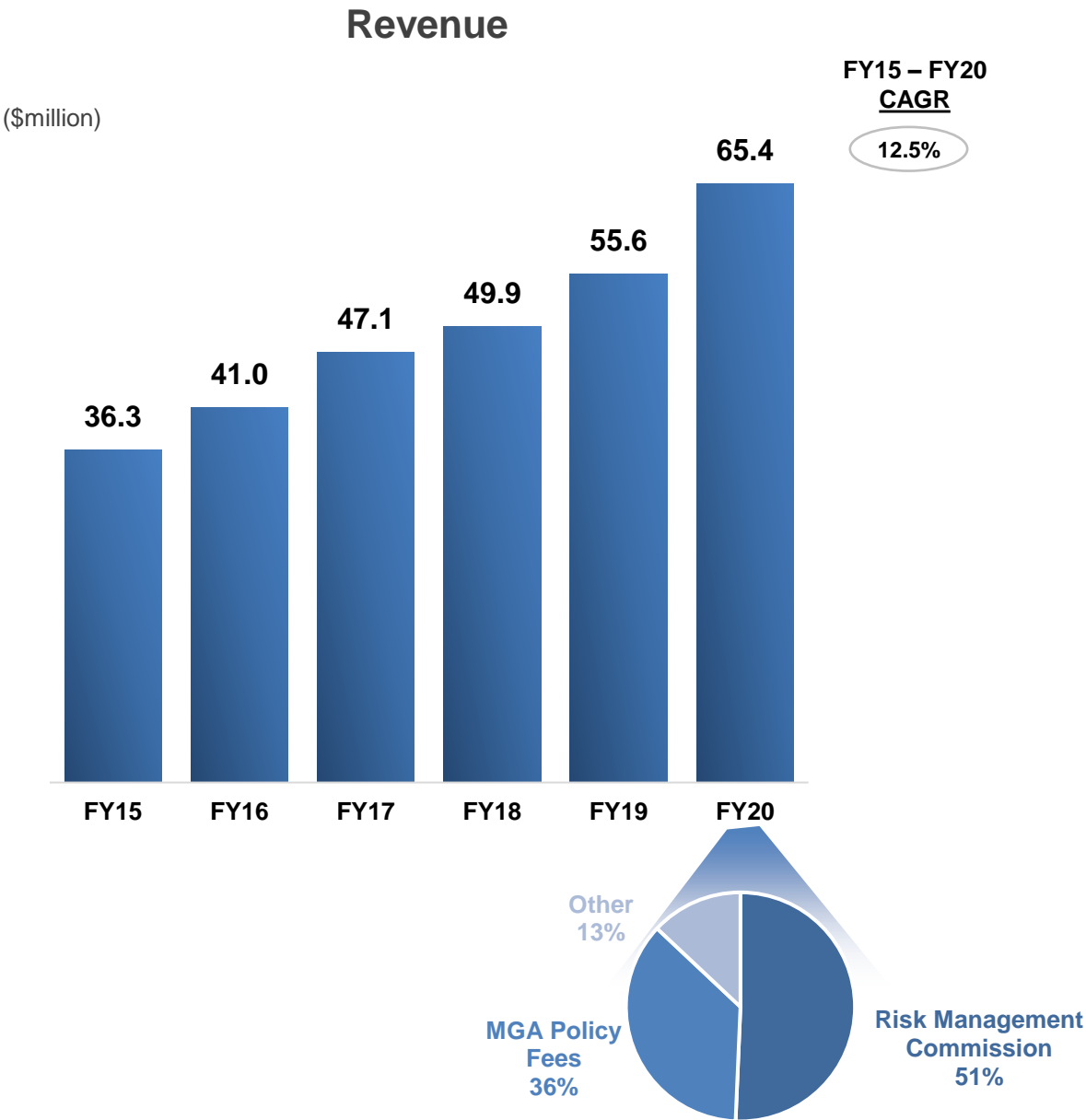


- Single year contracts
- Florida Hurricane CAT Fund (FHCF)
- Net UVE Retention
- xs = in excess



# Services

# Services overview

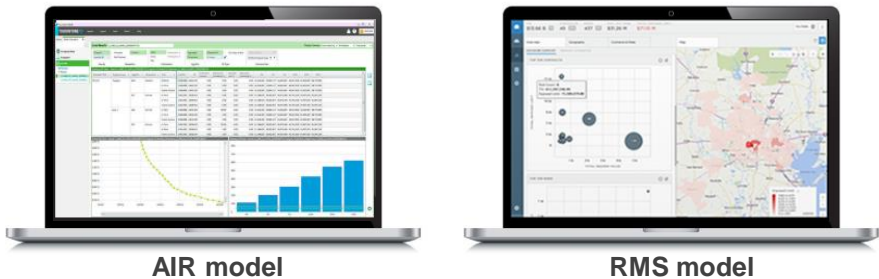


## Industry trends

- ↑ Services based business riding the cyclical hardening of primary rate increases
- ↑ Technology-enabled innovation improving the customer experience and operational efficiencies
- NEUTRAL Broker consolidation and customer expectations increasing
- NEUTRAL Large scale, technology-enabled disruptors pose opportunities and threats to distribution

# Risk Management

## Catastrophe modeling

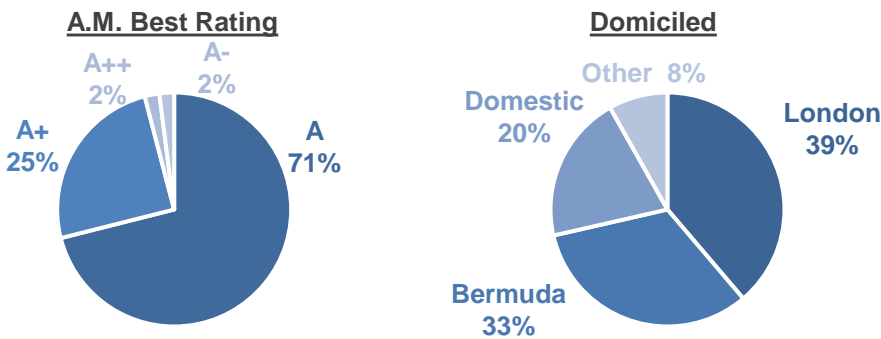


In-house reinsurance brokers, underwriters and licensed actuaries with insurance and reinsurance experience

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

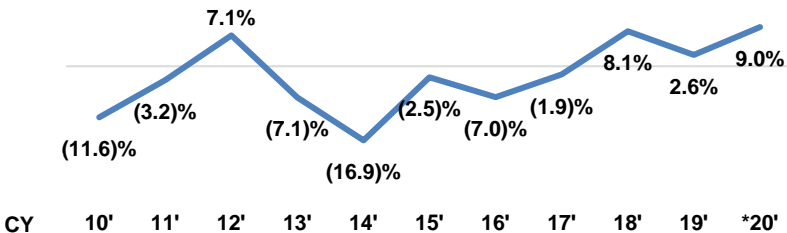
98% of capacity A or better A.M. Best rating for all reinsurance partners

Significant property and casualty and reinstatement premium protection coverage

### Largest participants:



## Industry reinsurance pricing\*



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

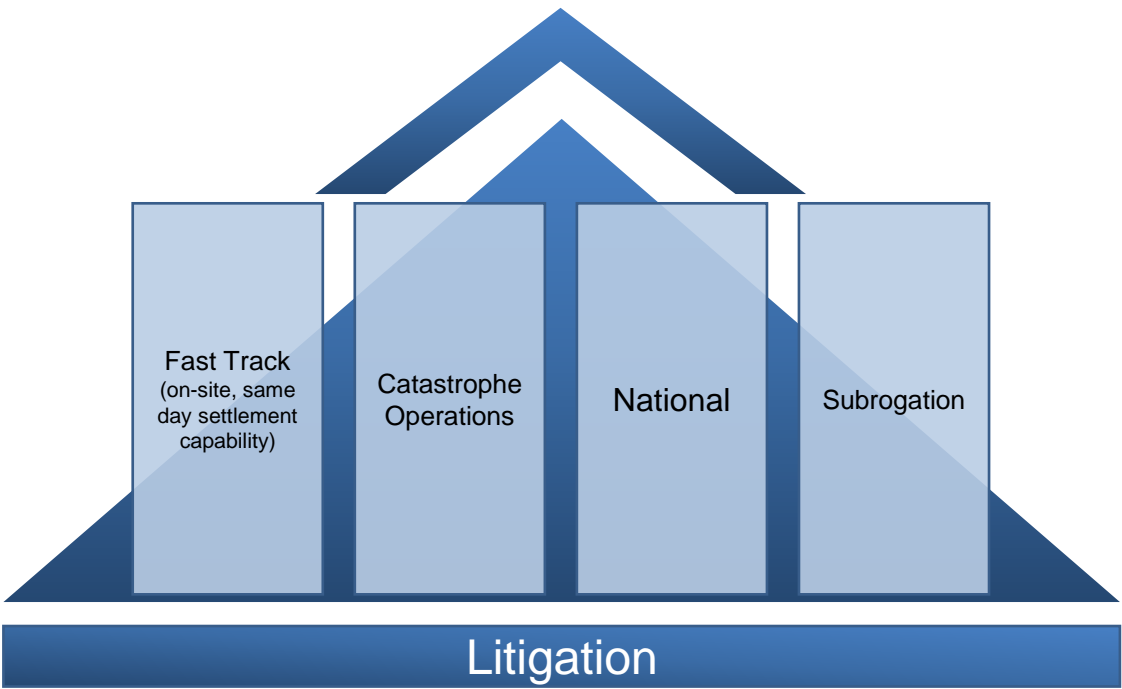
All reinsurance capacity utilized through traditional reinsurers today

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

Source: Guy Carpenter U.S. Property Catastrophe Rate-On-Line Index  
\*2020 preliminary Guy Carpenter values

# 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

## Significant experience



## Subrogation Recoveries\*\*



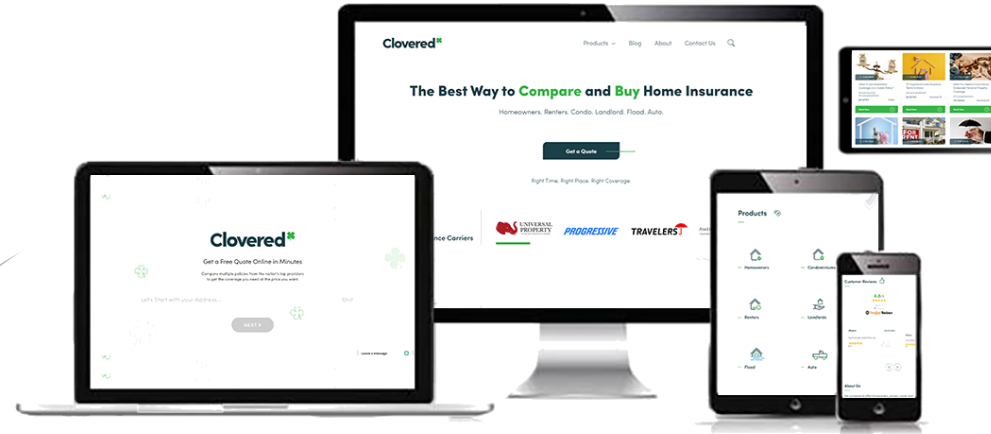
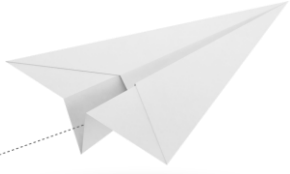
Accelerated subrogation efforts against third parties responsible for property damage losses to our insureds

*\*Claims paid in partnership with reinsurers*  
*\*\* Per Schedule P of statutory filings*

# Investing in technology: Device agnostic, digitally enabled distribution

## Go Paperless

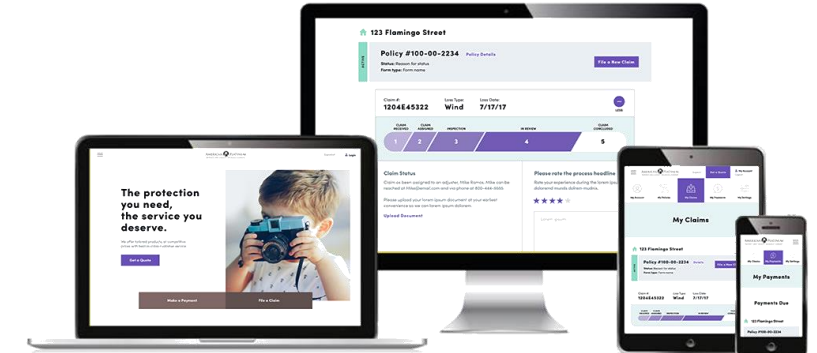
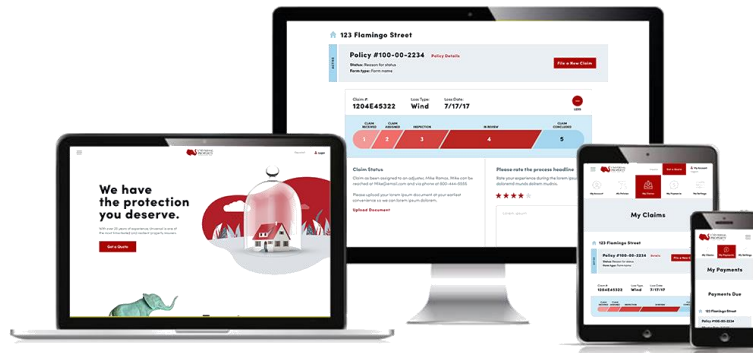
Environmentally and  
Socially Conscious



# 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

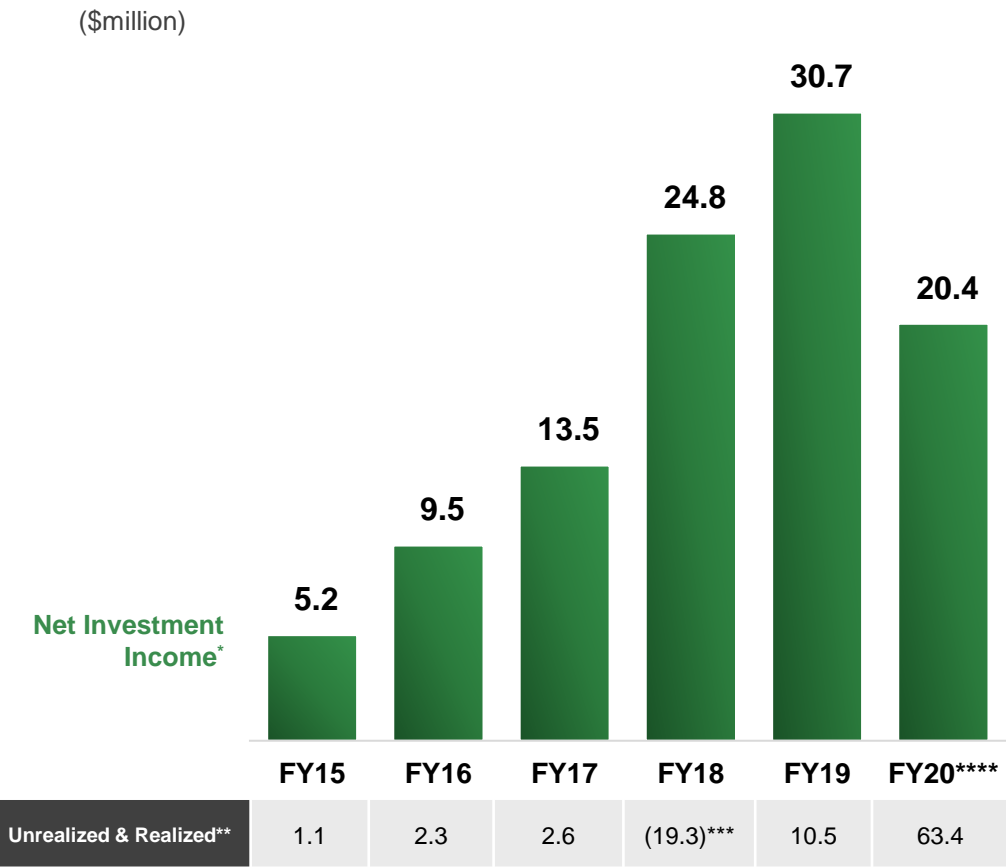




# Investments

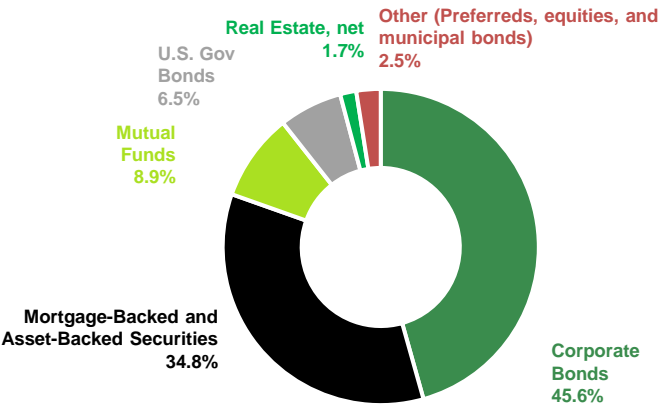
# Investments overview

## Net investment income



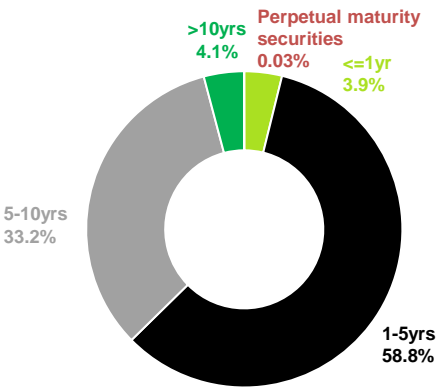
## Investment Portfolio

( \$919.9M as of 12/31/20 )

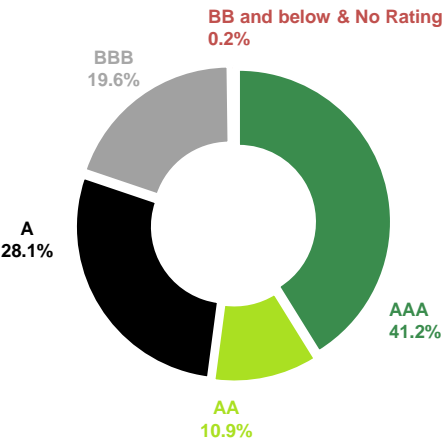


## Fixed maturities

### Effective Maturity (5.4 yrs)



### 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.

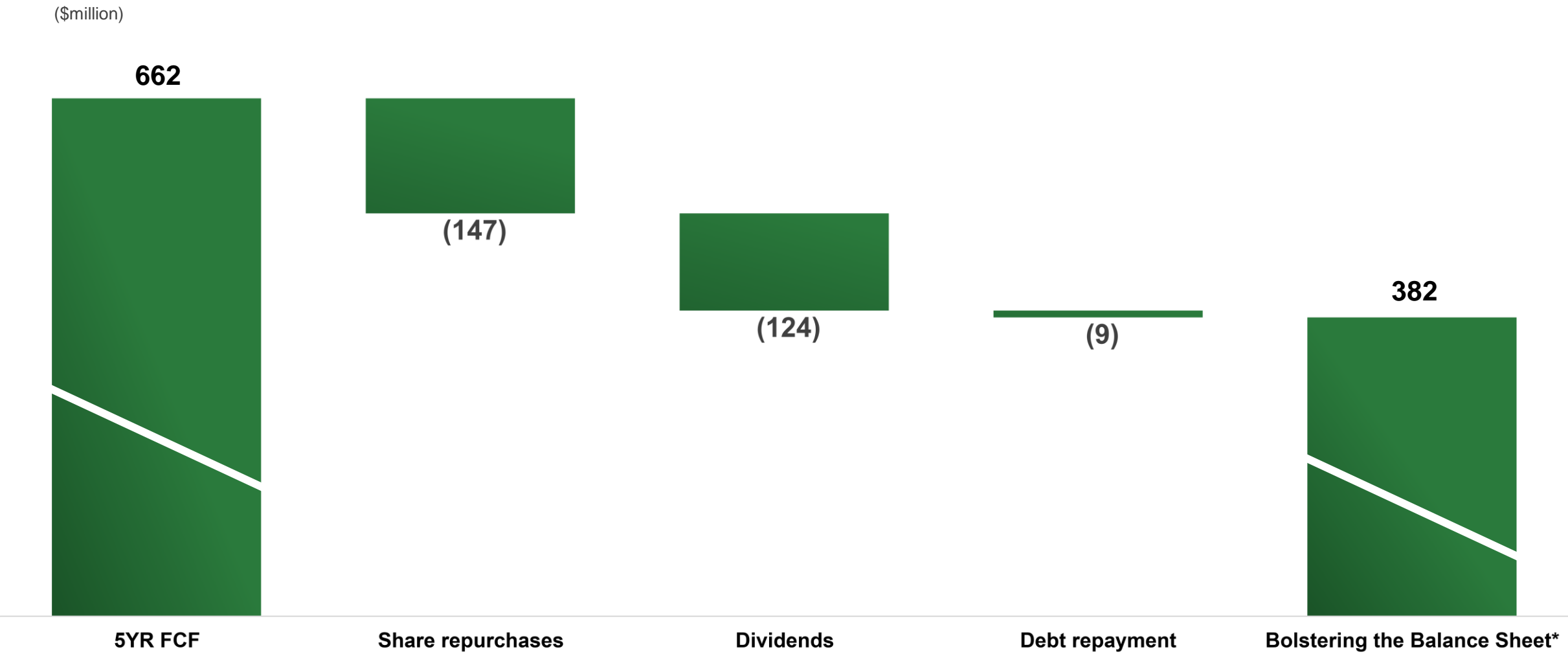
\*\* Net unrealized & realized gains (losses) on equity investments.

\*\*\* 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 14 (Other Comprehensive Income (Loss))" in SEC filings for more information.

\*\*\*\* NII decrease primarily due to lower yields on cash and fixed-income investments during 2020 when compared to 2019.

# Capital deployment

Committed to returning capital to shareholders, and bolstering the balance sheet



\*5 YR FCF less share repurchases, dividends, repayment of debt.

# Fourth Quarter 2020 Results & Guidance



# 4Q20 and FY20 results & guidance

## 4Q20 and FY20 results

- 4Q20 total revenue up 14.1% to \$273.1 million; FY20 up 14.2% to \$1.1 billion
- More than \$1.5 billion of premium now in force
- 4Q20 diluted GAAP earnings per share (EPS) of \$(0.57), non-GAAP adjusted EPS\* of \$(0.84)
- FY20 diluted GAAP EPS of \$0.60, non-GAAP adjusted EPS\* of \$(0.90)
- Full year EPS impact predominantly driven by heightened 2020 weather events
- Full year Florida primary rate increases approved of close to 20% for UPCIC (Includes 7.0% in 4Q20 )

## Guidance (assuming no further extraordinary weather events and no realized or unrealized gains in 2021)

- Initiating FY21 guidance: GAAP and non-GAAP adjusted EPS\* of \$2.75 - \$3.00; ROAE 17% - 19%.