



# Investor Briefing

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## FY23 Q3 Results

Reported October 26<sup>th</sup>, 2023



# 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 2022 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.

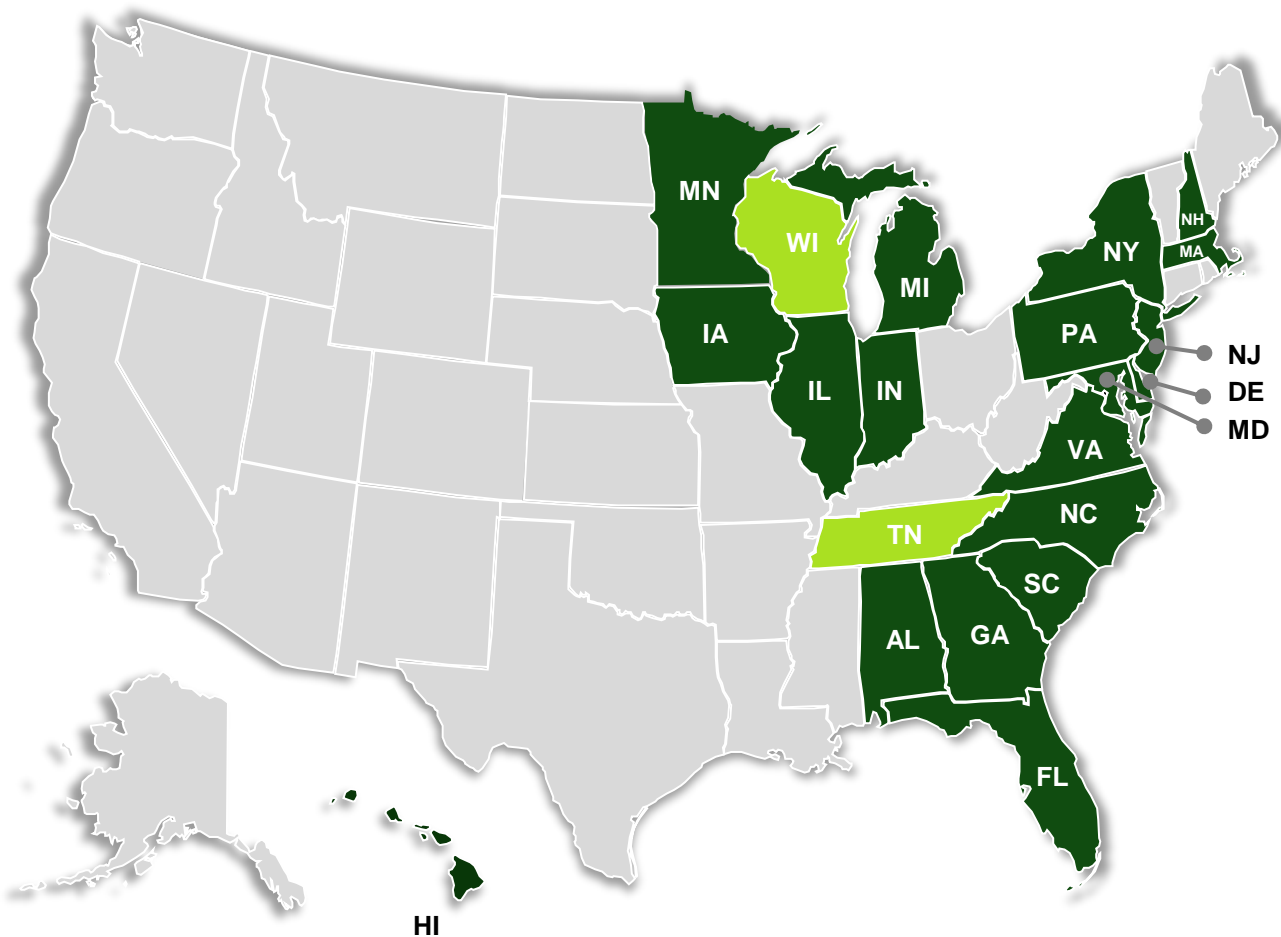
## Regulation G Disclosure Statement and Key Performance Indicators

This presentation includes financial results with respect to adjusted return on common equity, 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 2023, filed with the SEC as an exhibit to a Current Report on Form 8-K on October 26, 2023, 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, 2022.

# Universal Insurance Holdings (UVE) Overview

Doing business

Licensed



Leading holding company of personal residential homeowners insurance and services

**~\$1.85B**

FY22 Direct Premiums Written\*

**~7%**

5-year average return on common equity\*

**19**

States actively doing business

**>800K**

Customer policies managed

**>1,200**

Full time equivalent employees

**>10,000**

Independent agents in the distribution channel\*

**A**

**UPCIC & APPCIC**

Demotech financial stability rating

**A-**

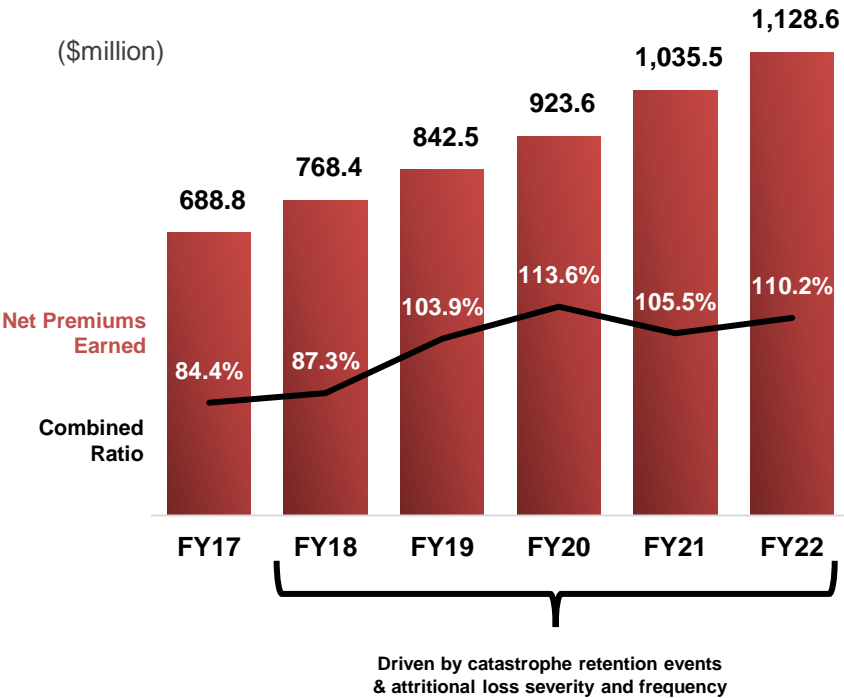
**UPCIC & APPCIC**

Kroll insurer financial strength rating

\*As of December 31, 2022

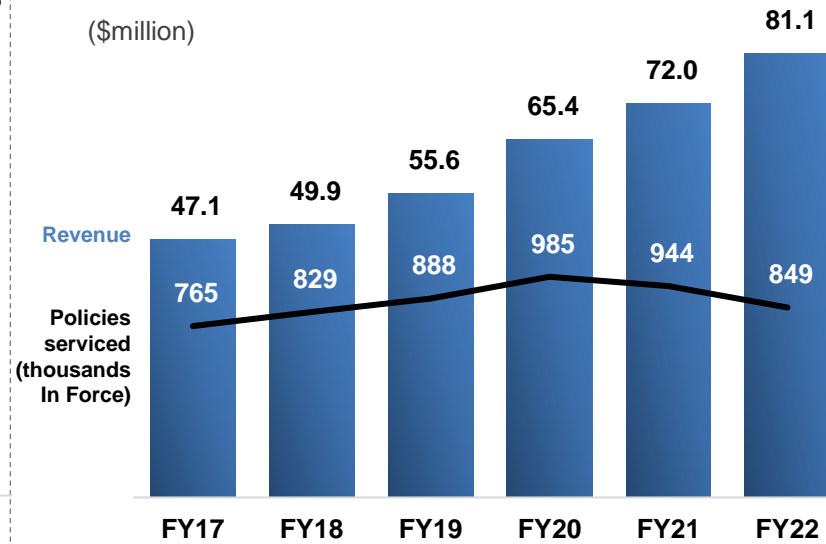
# Financial Overview

## Underwriting



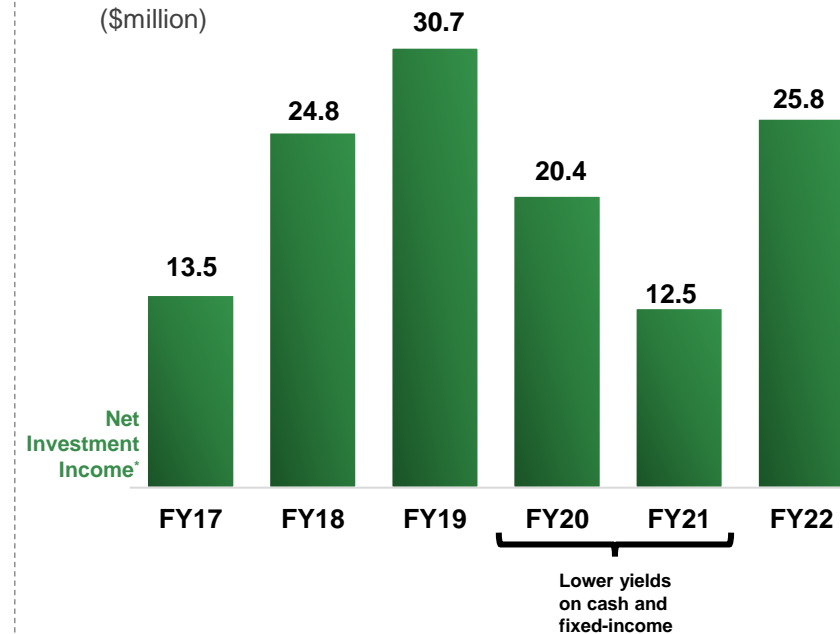
- **Protection Solutions:** Insurance for personal residential homeowners, renters/tenants, condo unit owners, dwelling/fire, allied lines, other structures, personal property, liability and articles coverages, in addition to commercial residential multi-peril.
- **Claims Management:** Claims processing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

## Non risk-bearing insurance



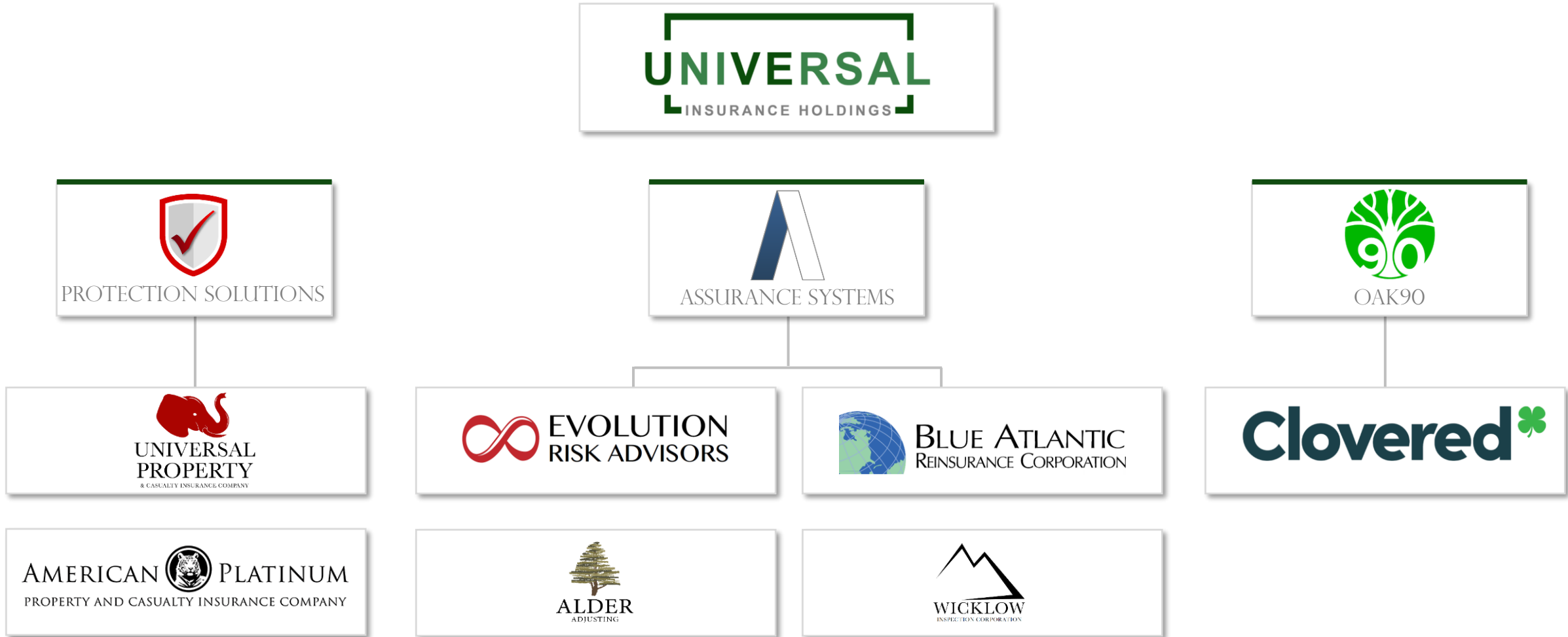
- **Risk Management:** Advises on actuarial analysis, distribution, claims payment and policy administration, underwriting and reinsurance negotiations.
- **Distribution:** Markets and sells insurance products through independent agents and direct-to-consumer online distribution platforms.

## Investments



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

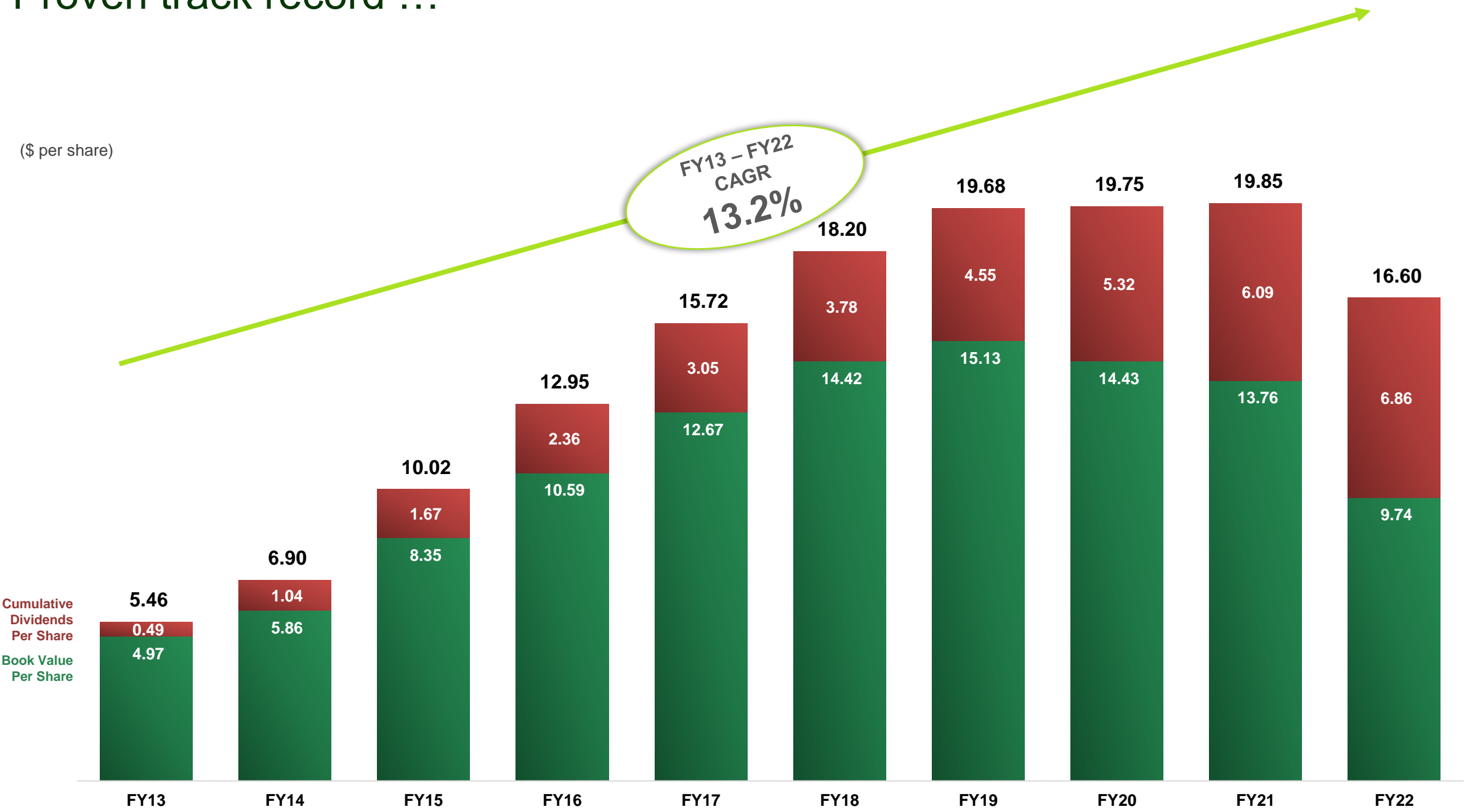
# Organized around protection and insurance systems capabilities ...



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

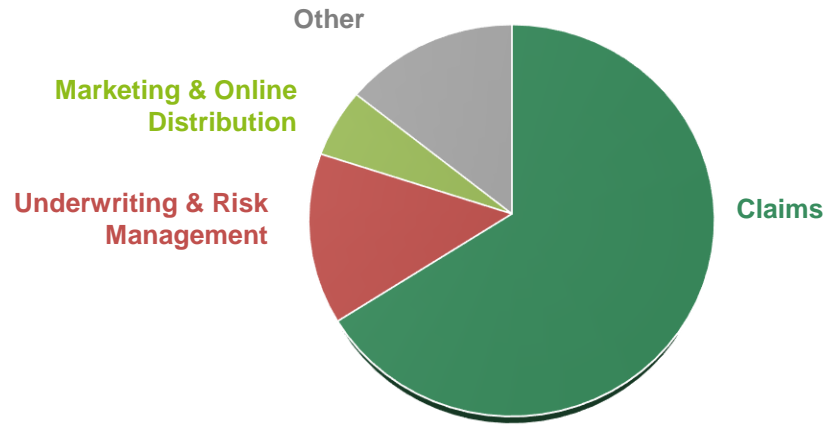


# Proven track record ...

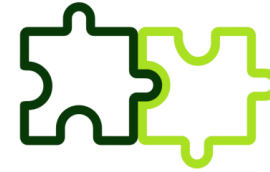
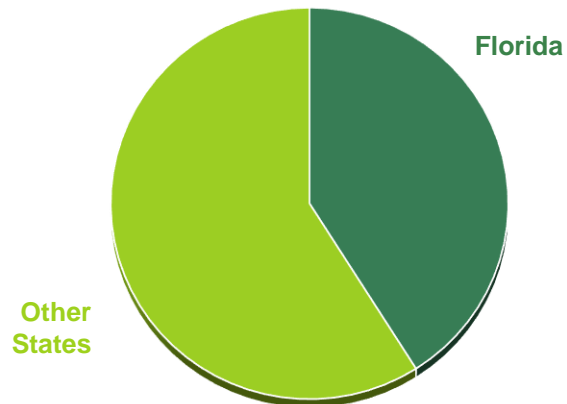


... backed by the strength of our employees and agents

**Talent** (as of 9/30/2023)

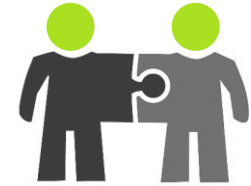


**Independent agent distribution channel**



### 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)

CY17-CY22  
CAGR

7.2%

133.8

Total

94.3

98.9

104.3

110.5

119.8

9.1%

67.0

60.0

55.6

51.6

45.6

43.4

Geographic  
expansion

Geographically  
Addressable  
(doing business)

CY17

CY18

CY19

CY20

CY21

CY22

States doing  
business

16

17

18

19

19

19

FL as % of  
addressable

21.2%

21.1%

19.5%

20.0%

20.7%

21.6%

Source: S&P Global Market Intelligence

## 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\*

\*Measured by Homeowners MP Direct Premiums Written 2022. Not currently writing in TX, CA, OH, CO from the top15

# Multi-year strategic priorities – Strengthening the foundation

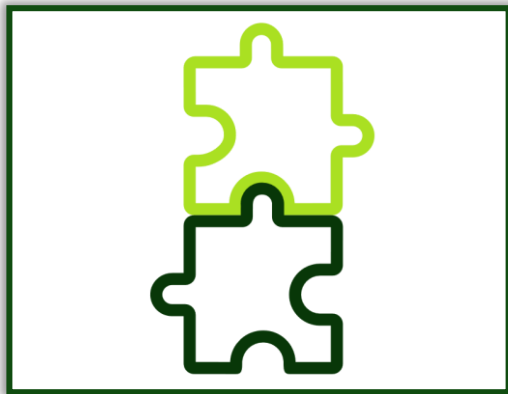
## Core franchises



Protection Solutions



Distribution



Risk Management



Claims Management

1

**Focus on disciplined growth and maximize earnings stability**

2

**Maintain a resilient balance sheet**

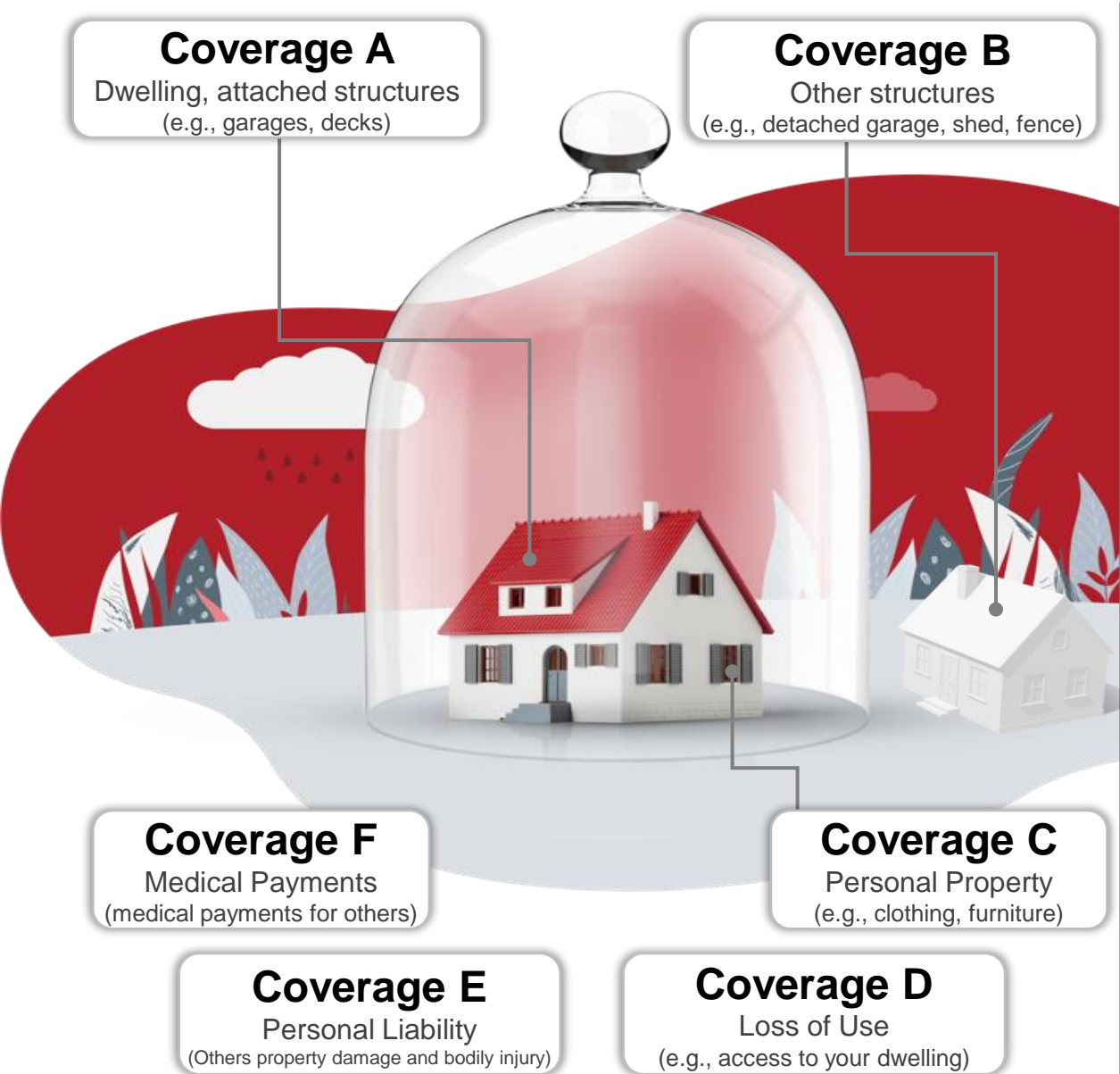
3

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

# Underwriting

# Overview of insurance offerings

## Homeowners coverage



Homeowners

Condo

Renters

Landlords

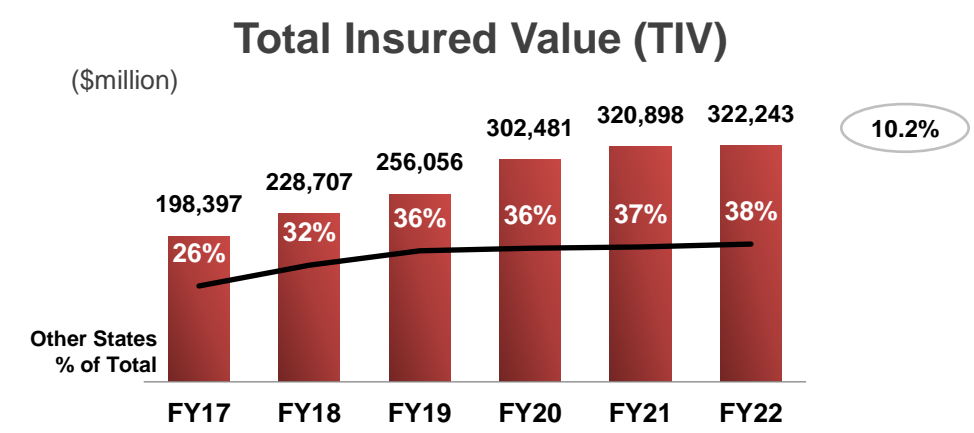
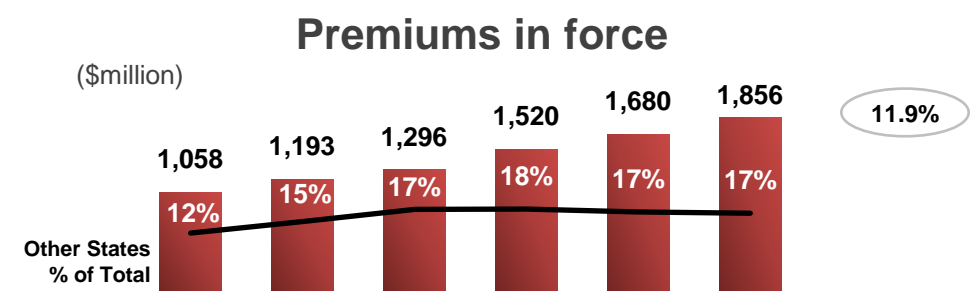
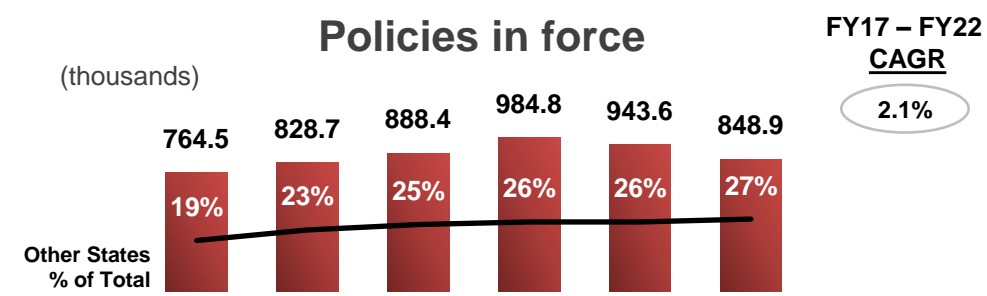
Homeowners

Commercial Residential

## Products offered

Form Type	Carrier
<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 – Modified Coverage 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



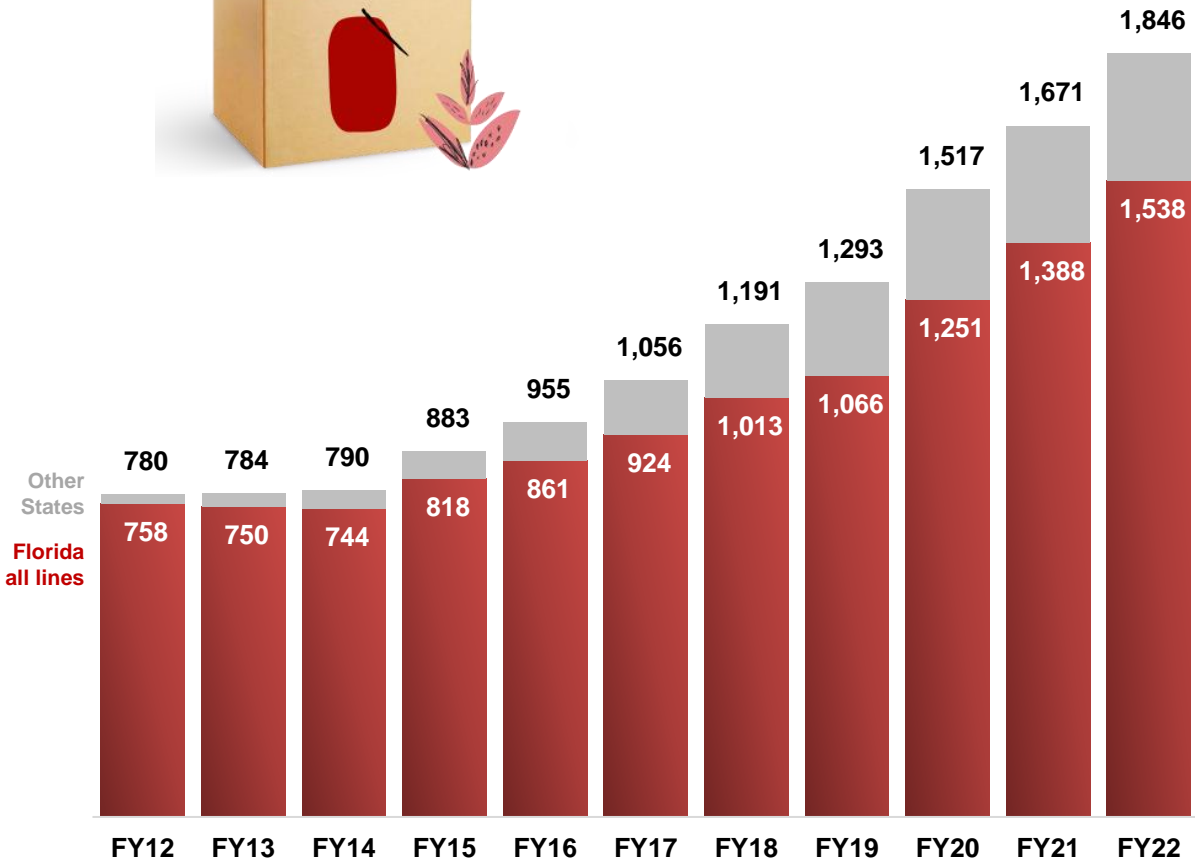
# Industry trends

- ↑ Primary rate increases improving rate adequacy
- ↑ Competitor constraints creating opportunities
- ↑ Florida legislature eliminated one-way attorney fees and assignment-of-benefits, shortened the claims filing deadline to one year and took steps to reduce the competitiveness of Citizens' (FL's state-run insurer of last resort)
- ↓ Catastrophe reinsurance pricing hardening
- ↓ Inflationary pressures on replacement costs
- ↓ Heightened frequency of weather events

# UVE organically grew into a top provider in FL

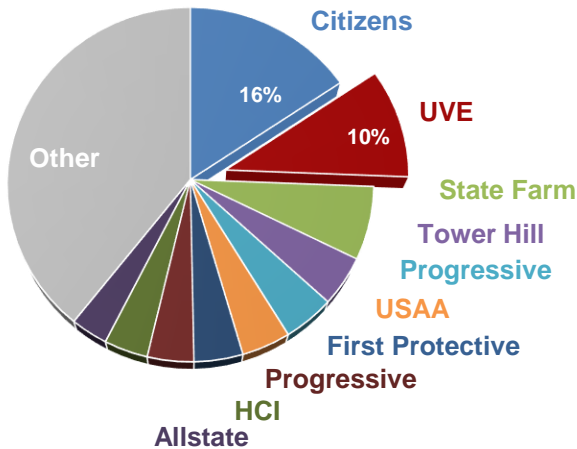
## FL Direct premiums written growth

(\$million)

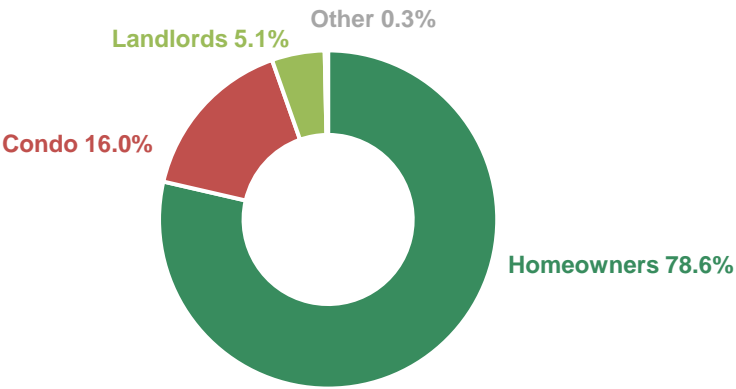


## Top homeowners insurance provider in FL

2022 Homeowners MP FL segment\*



2022 UVE FL Homeowners MP by product



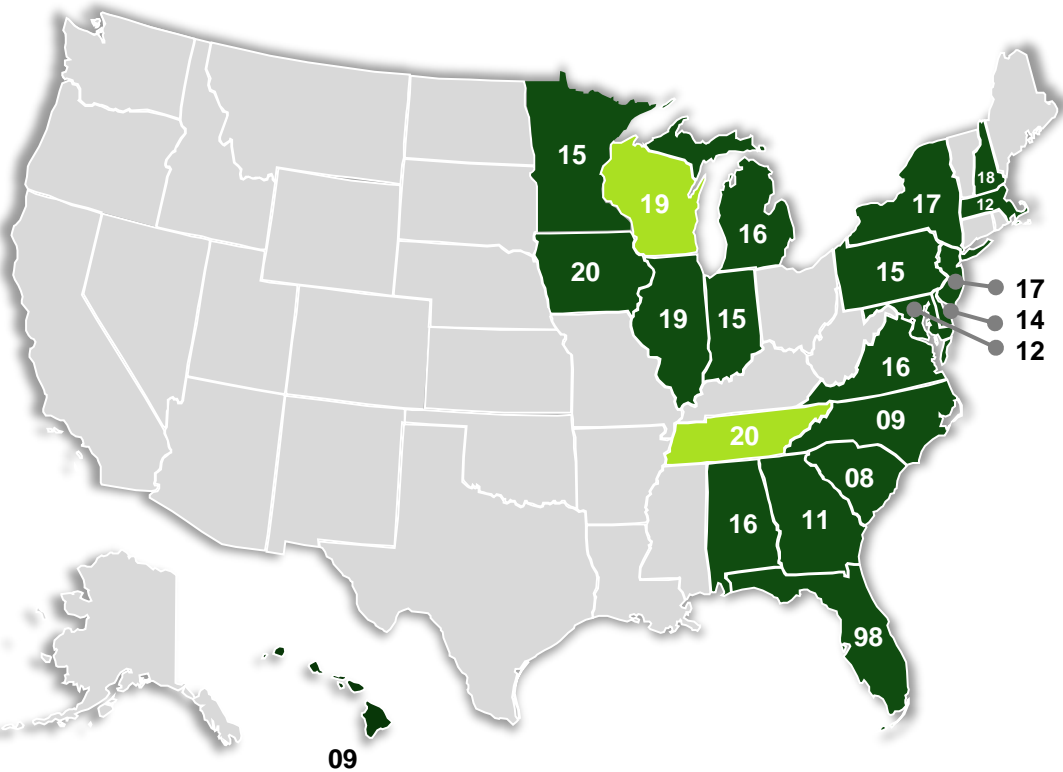
\*Excludes Fire and Allied lines as defined by S&P Global Market Intelligence.

# 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

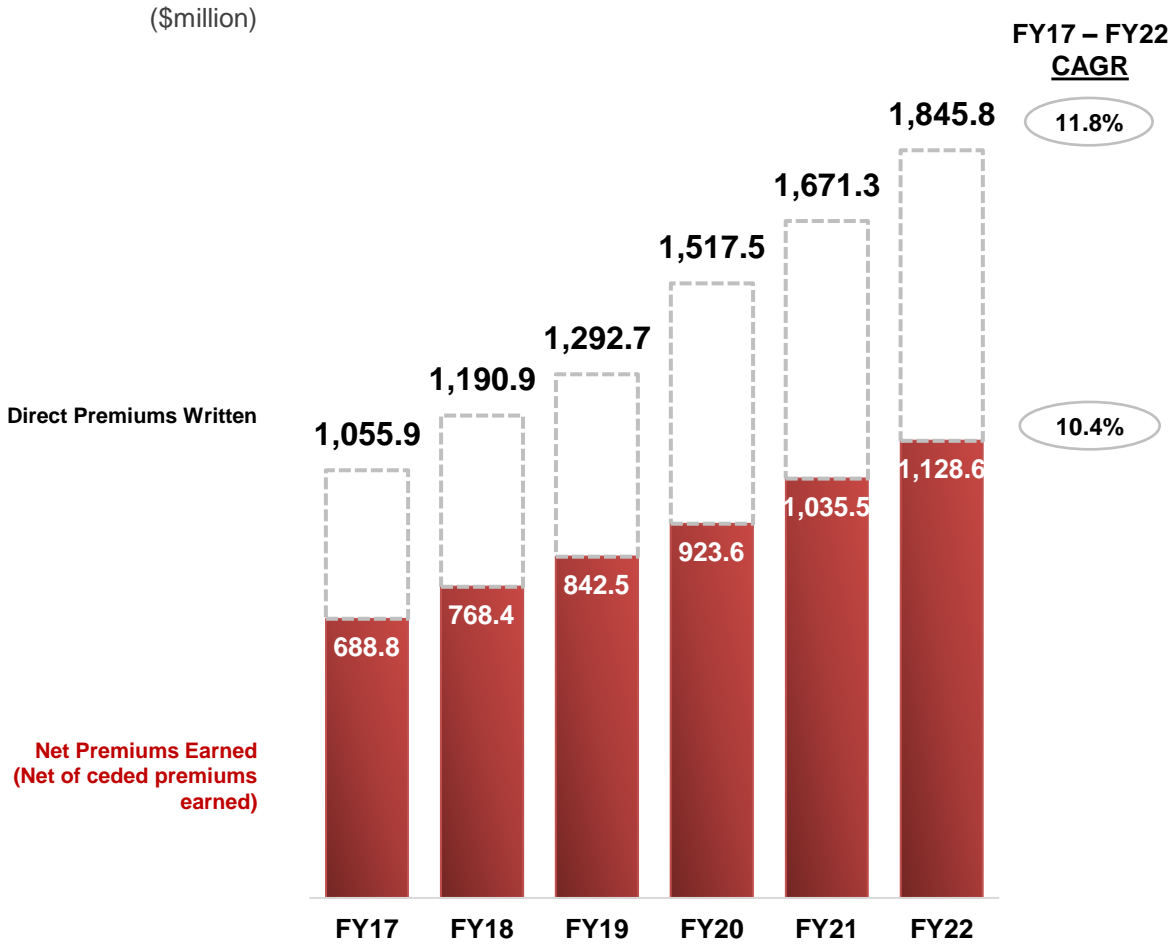
### Commercial Auto

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

### Personal Umbrella

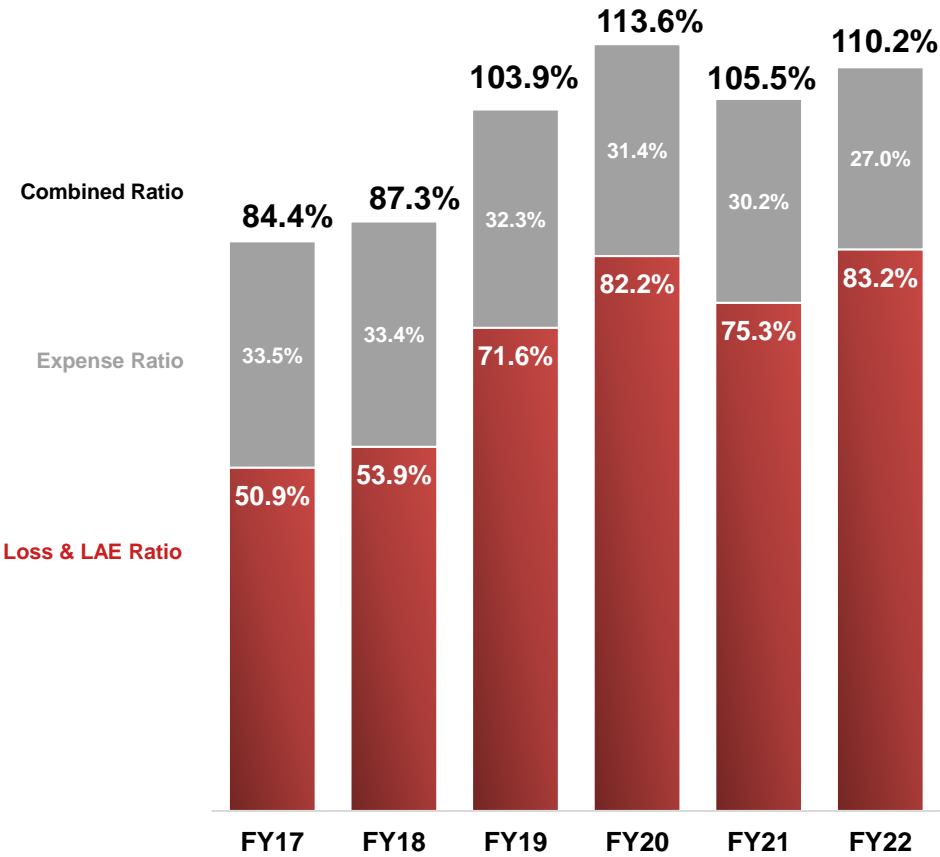
# Performance

## Revenue (Direct and net premiums)



Direct Premiums Earned	999.2	1,121.6	1,233.1	1,395.6	1,596.6	1,759.7
Ceded Premium Ratio	31.1%	31.5%	31.7%	33.8%	35.1%	35.9%

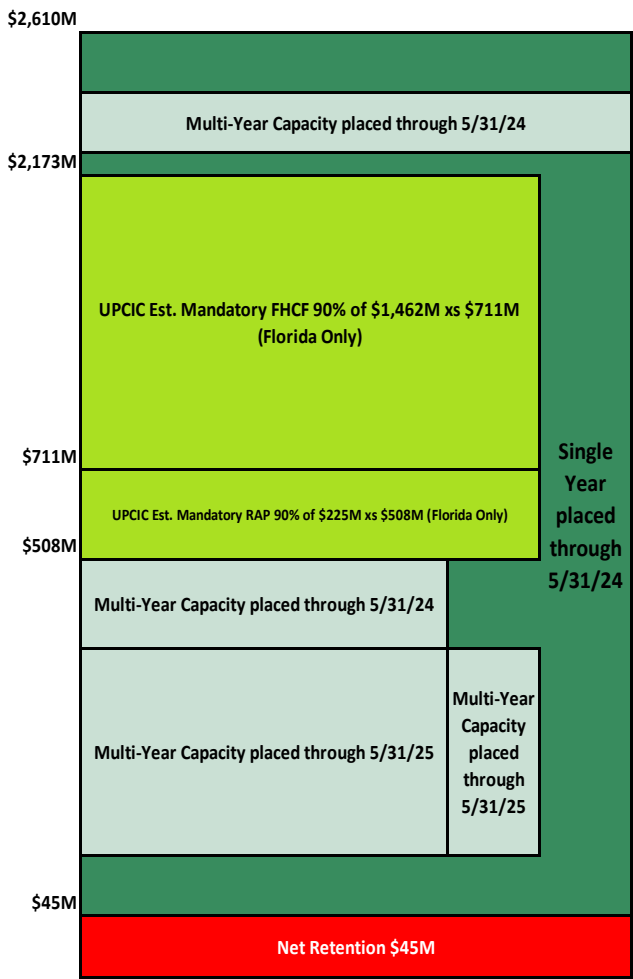
## Consolidated GAAP Combined Ratio (Related expense / Net premiums earned)



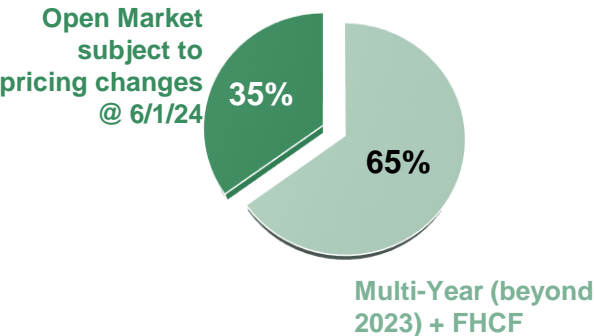


# Resilient balance sheet supported by robust reinsurance program ( All States)

## 1<sup>st</sup> Event coverage up to \$2.61B



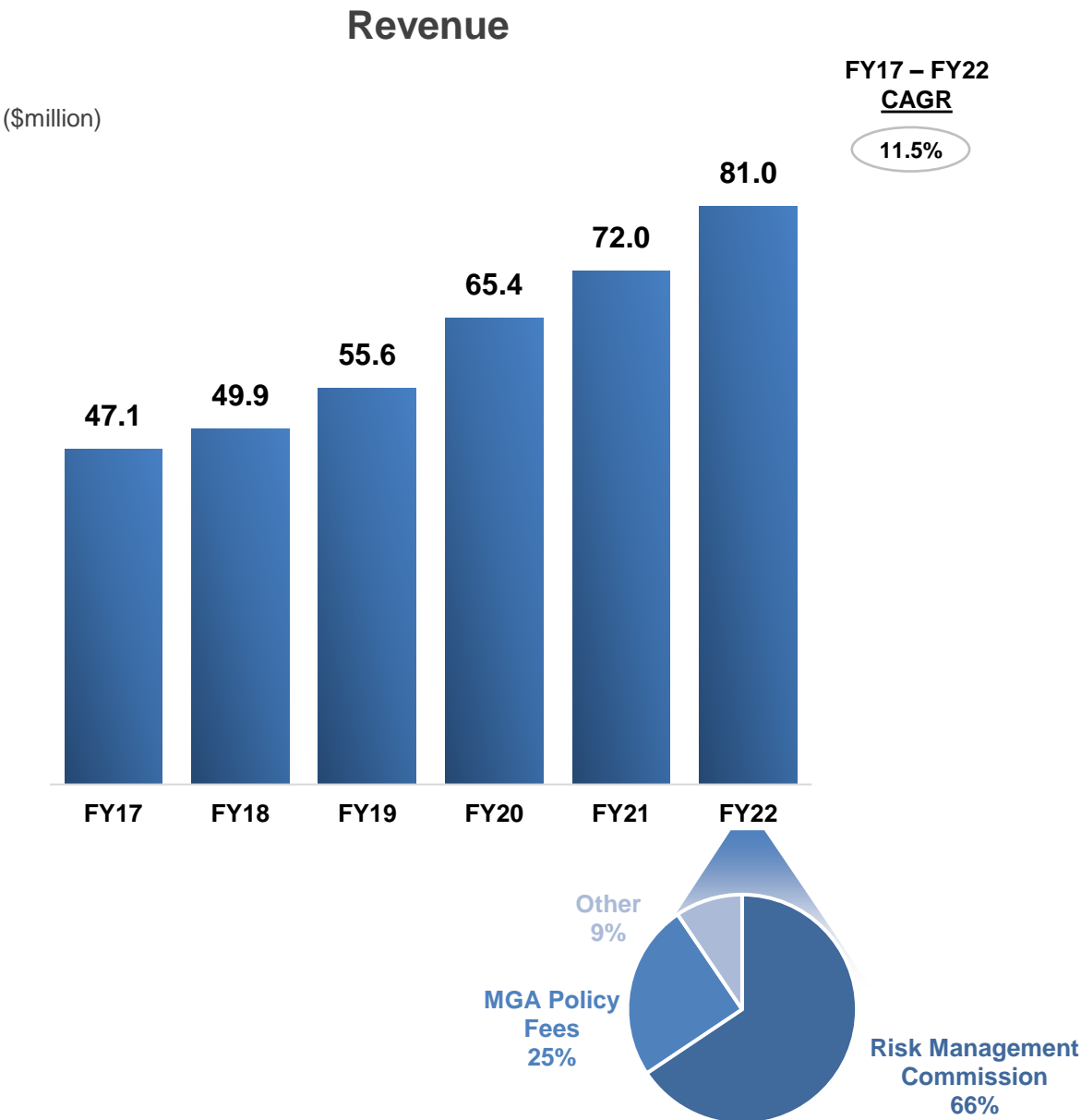
## First event CAT contracts



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

# Non risk-bearing insurance

# Non risk-bearing insurance revenues

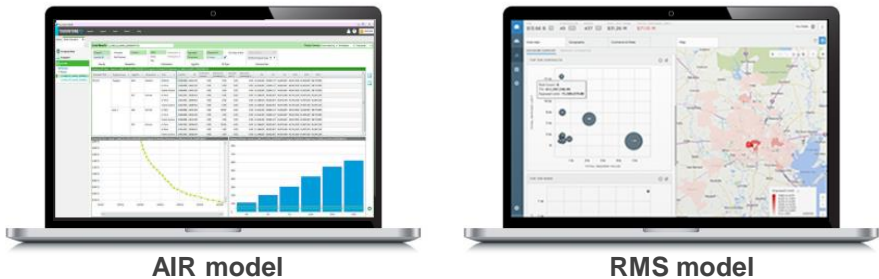


## Industry trends

- ↑ Revenues enhanced by 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

Largest participants:

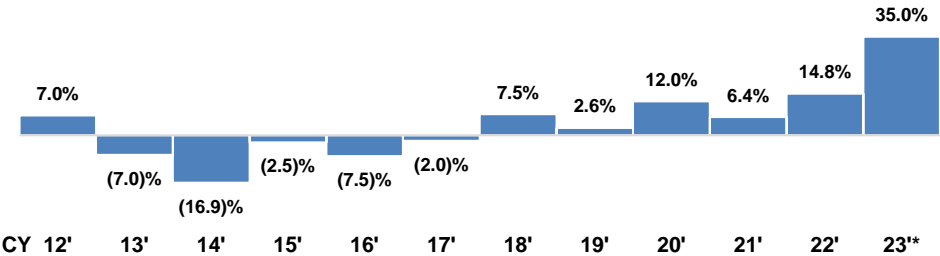


Strong relationships with traditional reinsurance partners

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

Issued first catastrophe bond, Cosaint Re Pte Ltd. in March 2021

## Industry reinsurance pricing\*



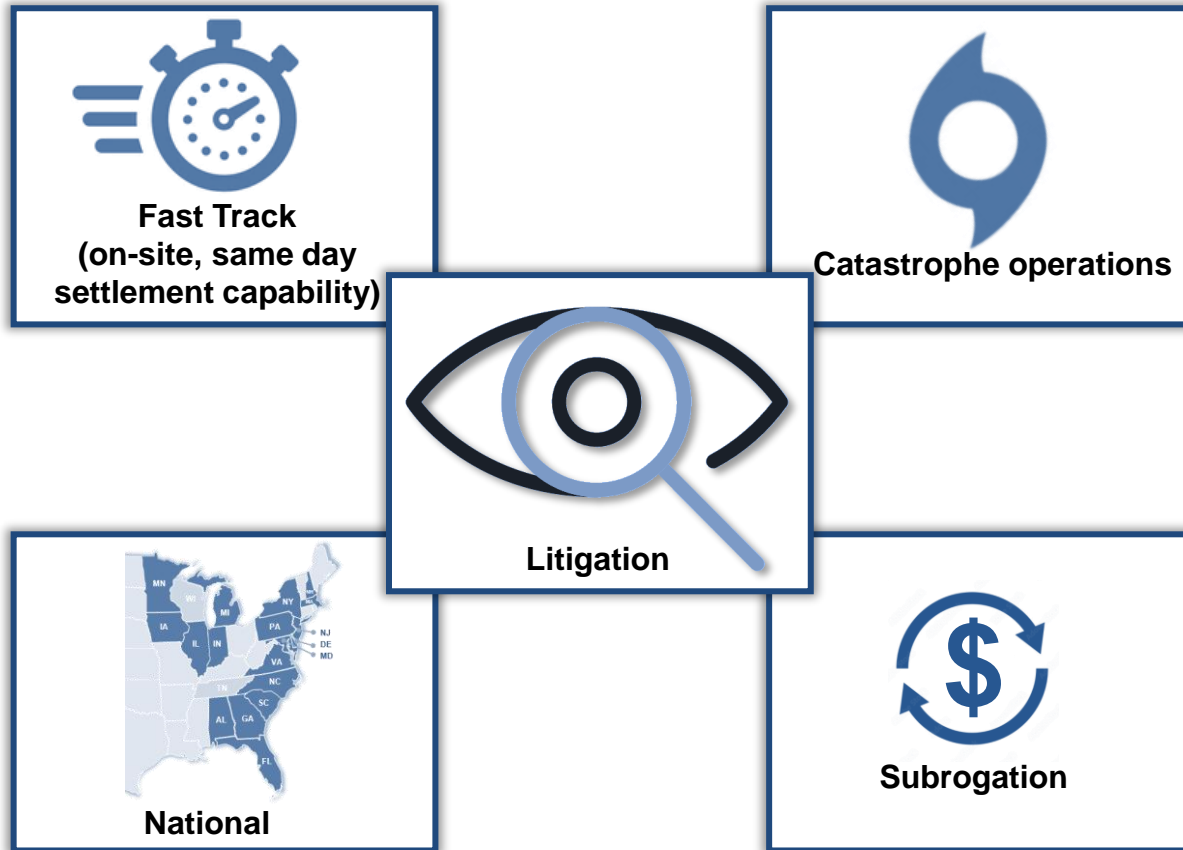
Utilize single and multi-year capacity and actively monitor pricing trends

Reinsurance brokerage through in-house 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 Global Property Catastrophe Rate-On-Line Index  
\*2023 preliminary Guy Carpenter values

# Claims management structure

Teams functionally organized around demand ...



... with significant experience

Billions of dollars in claims paid or incurred\*

Streamlined processes to efficiently accelerate close rate

Proprietary claims administration system

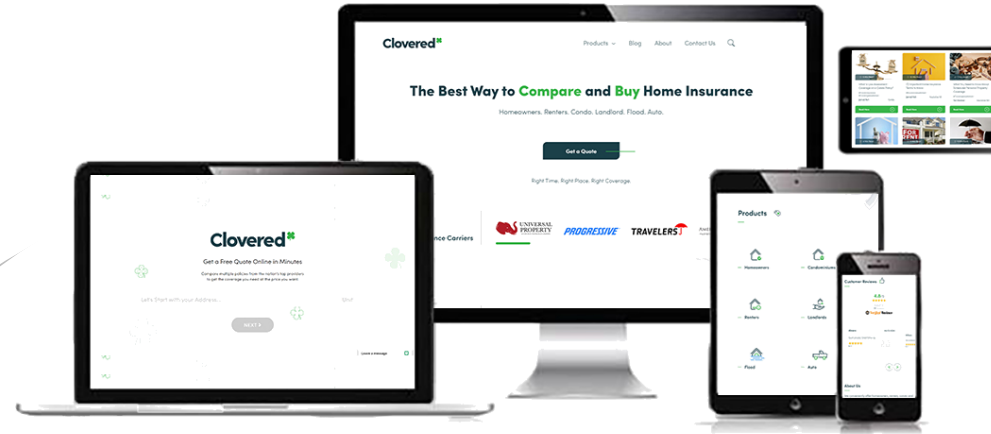
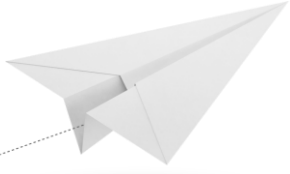
Retain small percentage of external adjusters for surge demand

*\*Claims paid or incurred in partnership with reinsurers*

# Investing in technology: Device agnostic, digitally enabled distribution

## Go Paperless

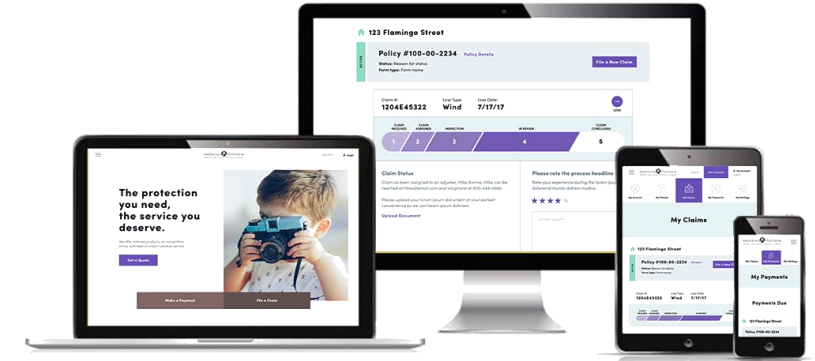
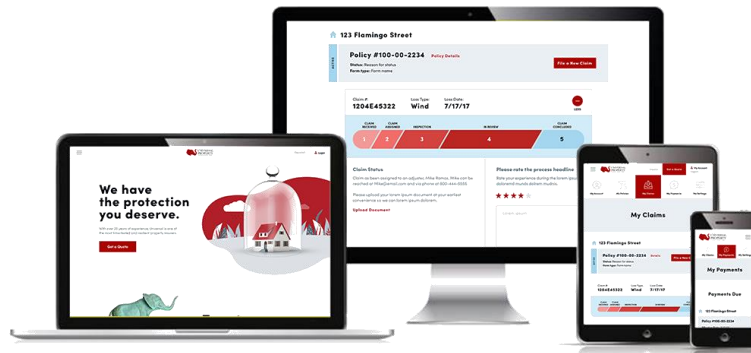
Environmentally and  
Socially Conscious



# Clovered



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



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

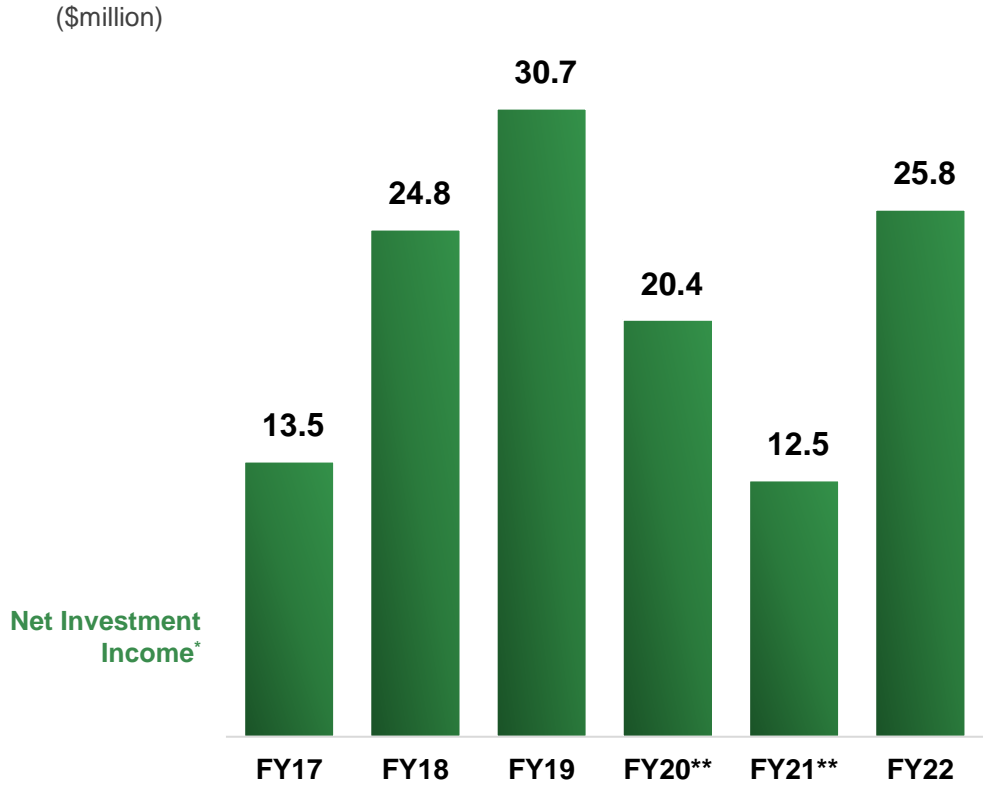
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# Investments

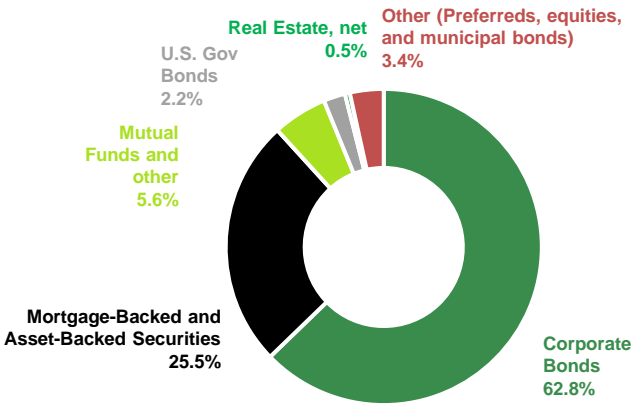
# Investments

## Net investment income



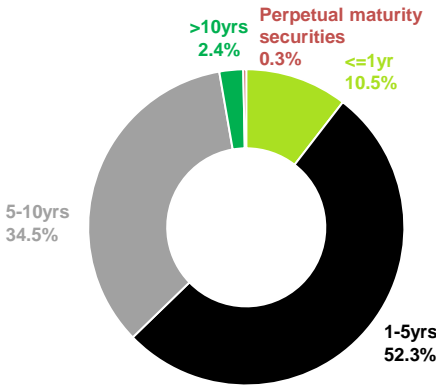
## Investment Portfolio

(\$1.1B as of 9/30/23)

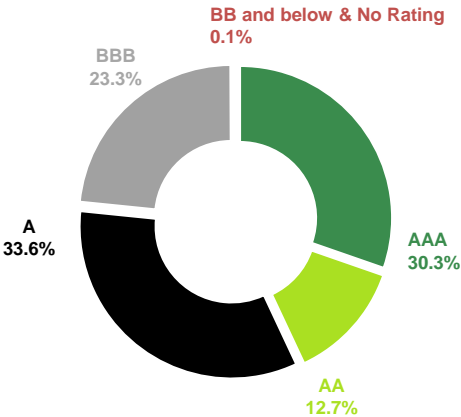


## Fixed maturities

### Effective Maturity (4.6 yrs)



### Average Rating (A+)

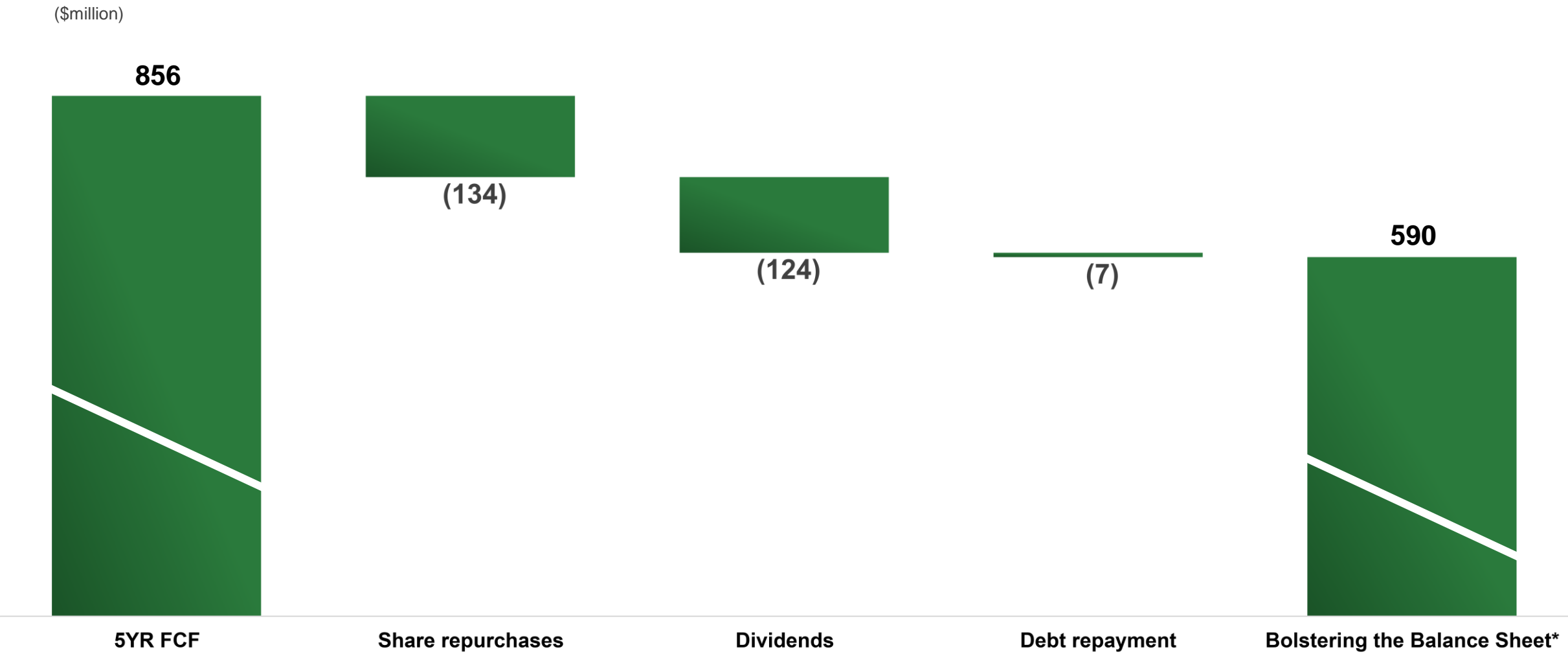


\* Includes interest earned on cash and cash equivalents and restricted cash and investment income earned on real estate investments. Net of custodial fees, investment accounting, advisory fees and expenses associated with real estate investments.  
\*\* NII decrease primarily due to lower yields on cash and fixed-income investments during 2020 and 2021.



# Capital deployment

Committed to returning capital to shareholders, and maintaining a resilient balance sheet



\*5 YR FCF (period ending 2022) less share repurchases, dividends, repayment of debt.

\*FCF is defined as operating cash flow minus CAPEX

# Third Quarter 2023 Results



# Third Quarter 2023 Results

## 3Q23 results

- Loss per common share of \$0.20; adjusted\* loss per common share of \$0.16
- Direct premiums written of \$532.0 million, up 6.3% from the prior year quarter
- Net combined ratio of 110.7%, down 28.5 points from the prior year quarter
- Book value per share of \$10.33, up 21.0% year-over-year; adjusted book value per share of \$14.00, up 13.5% year-over-year
- Repurchased approximately 894 thousand shares for \$12.3 million. Total capital returned to shareholders of \$17.2 million, including \$0.16 per share regular quarterly dividend

\* 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 2023, filed with the SEC as an exhibit to a Current Report on Form 8-K on October 26, 2023, and also available on the Company's website at <https://universalinsuranceholdings.com> under "Investors" with the subheading of "Earnings Releases."