

Universal Insurance Holdings, Inc. NYSE:UVE

FQ2 2025 Earnings Call Transcripts

Friday, July 25, 2025 2:00 PM GMT

S&P Global Market Intelligence Estimates

| | -FQ2 2025- | | | -FQ3 2025- | -FY 2025- | -FY 2026- |
|----------------|------------|--------|-----------------------------|------------|-----------|-----------|
| | CONSENSUS | ACTUAL | SURPRISE | CONSENSUS | CONSENSUS | CONSENSUS |
| EPS Normalized | 1.09 | 1.23 | <div><div></div>12.84</div> | (0.65) | 2.65 | NA |
| Revenue (mm) | 359.98 | 400.14 | <div><div></div>11.16</div> | 364.07 | 1488.76 | NA |

Currency: USD

Consensus as of Apr-25-2025 9:01 PM GMT

Unable to generate Chart: Unable to get data to chart

| - EPS NORMALIZED - | | | |
|--------------------|-----------|--------|---------------------------------|
| | CONSENSUS | ACTUAL | SURPRISE |
| FQ3 2024 | (1.03) | (0.73) | NM |
| FQ4 2024 | 0.09 | 0.25 | <div><div>1</div>177.78 %</div> |
| FQ1 2025 | 1.12 | 1.44 | <div><div>2</div>28.57 %</div> |
| FQ2 2025 | 1.09 | 1.23 | <div><div>3</div>12.84 %</div> |

Table of Contents

| | | |
|---------------------|-------|---|
| Call Participants | | 3 |
| Presentation | | 4 |
| Question and Answer | | 5 |

Call Participants

EXECUTIVES

Arash Soleimani
Chief Strategy Officer

Frank Crawford Wilcox
Chief Financial Officer

Stephen Joseph Donaghy
CEO & Director

ANALYSTS

Jon Paul Newsome
Piper Sandler & Co., Research Division

Nicolas Iacoviello
Dowling & Partners Securities, LLC

Presentation

Operator

Good morning, ladies and gentlemen, and welcome to Universal's Second Quarter 2025 Earnings Conference Call. [Operator Instructions] As a reminder, this conference call is being recorded. I would now like to turn the conference over to Arash Soleimani, Chief Strategy Officer.

Arash Soleimani *Chief Strategy Officer*

Good morning. Thank you for joining us today. Welcome to our quarterly earnings call. On the call with me today are Steve Donaghy, Chief Executive Officer; and Frank Wilcox, Chief Financial Officer. Before we begin, please note today's discussion may contain forward-looking statements and non-GAAP financial measures. Forward-looking statements involve assumptions, risks and uncertainties that could cause actual results to differ materially from those statements.

For more information, please see the press release and Universal's SEC filings, all of which are available on the Investors section of our website at universalinsuranceholdings.com and on the SEC's website. A reconciliation of non-GAAP financial measures to comparable GAAP measures is included in the quarterly press release and can also be found on Universal's website at universalinsuranceholdings.com.

With that, I'll turn the call over to Steve.

Stephen Joseph Donaghy *CEO & Director*

Thanks, Arash. Good morning, everyone. In the quarter, we delivered a very strong 29.4% adjusted return on common equity. We are encouraged by favorable underwriting trends as the Florida market continues to improve, and we are optimistic as we look ahead.

I'll turn it over to Frank to walk through our financial results. Frank?

Frank Crawford Wilcox *Chief Financial Officer*

Thanks, Steve. Good morning. Adjusted diluted earnings per common share was \$1.23 compared to adjusted diluted earnings per common share of \$1.18 in the prior year quarter. The higher adjusted diluted earnings per common share mostly stems from higher direct premiums earned, net investment income and commission revenue, partially offset by a higher ceded premium ratio. Core revenue of \$400.9 million was up 5.7% year-over-year, with growth primarily stemming from higher net premiums earned, net investment income and commission revenue.

Direct premiums written were \$596.7 million, up 3.2% from the prior year quarter. The increase stems from 25.4% growth in other states, partially offset by a 2.5% decrease in Florida. Overall growth mostly reflects higher policies in force, higher rates and inflation adjustments across our multistate footprint. Direct premiums earned were \$523.4 million, up 6.7% from the prior year quarter, reflecting direct premiums written growth over the last 12 months.

Net premiums earned were \$360.2 million, up 4.4% from the prior year quarter. The increase is primarily attributable to higher direct premiums earned, partially offset by higher ceded premium ratio as described above. The net combined ratio was 97.8%, up 1.9 points compared to the prior year quarter. The increase reflects higher net loss and expense ratios. The 72.3% net loss ratio was up 1.7 points compared to the prior year quarter with the increase primarily reflecting a higher ceded premium ratio.

The net expense was 25.5%, up 0.2 points compared to the prior year quarter, with the increase primarily driven by higher ceded premium ratio and higher policy acquisition costs associated with growth outside of Florida, partially offset by economies of scale. During the second quarter, the company repurchased approximately 287,000 shares at an aggregate cost of \$7.4 million. The company's current share repurchase authorization program has approximately \$15.2 million remaining. On July 9, 2025, the Board of Directors declared a quarterly cash dividend of \$0.16 per common share, payable on August 8, 2025, to shareholders of record as of the close of business on August 1, 2025.

With that, I'd like to ask the operator to open the line for questions.

Question and Answer

Operator

[Operator Instructions] Our first question comes from Paul Newsome with Piper Sandler.

Jon Paul Newsome

Piper Sandler & Co., Research Division

Could you give us a little bit more about the reinsurance ceding change and what's going on there just as the drivers?

Frank Crawford Wilcox

Chief Financial Officer

So you have to appreciate that when you're comping over this particular quarter, you're looking at several different reinsurance programs that are earning in. Last year, the first 2 months, April and May, we were still earning in a program that included the RAP program, which was at no cost, and that was much lower than the cost to replace that. So this year, April and May was last year's program winding up plus the first month of this year's program. So it's really just comping off a different structured program.

Jon Paul Newsome

Piper Sandler & Co., Research Division

A different question. You bought back some shares recently, maybe a review of kind of where you think you are from a capital perspective, including kind of how do you think about how we should measure it as an outsider.

Frank Crawford Wilcox

Chief Financial Officer

Well, capital at the holding company is abundant. Naturally, we take opportunities to purchase shares when we believe that they're undervalued. We continue to do so when appropriate.

Jon Paul Newsome

Piper Sandler & Co., Research Division

Okay. And then just a few thoughts on the competitive environment. There are concerns, I think, that we're seeing some companies that maybe not just so new, but some companies becoming more competitive in the environment, particularly in Florida, but maybe elsewhere as well. Do you think it's incrementally more competitive market today than it was last quarter or the quarter before?

Stephen Joseph Donaghy

CEO & Director

Paul, this is Steve. I wouldn't say that it's a more competitive market. And we are not driven by the competition. We are driven by 25 years of experience in Florida. And as we've expanded into other states, we use our boots on the ground, our claims experience, et cetera, to really assess and understand where we want to write business and where it can be the most profitable for our shareholders.

And I would say that we've recently opened up additional territories in Florida and feel good about the business that we're bringing in at this time across the state. But clearly, there are more competitors in Florida as well than there was a year ago or a quarter ago. But we don't see anybody with a real hungry appetite from a competitive perspective across the state. We see pockets of competition in Florida, but nothing dramatic across the entire state.

Operator

Our next question comes from Nic Iacoviello with Dowling & Partners.

Nicolas Iacoviello

Dowling & Partners Securities, LLC

Was there any net prior year development or claims handling benefits in the quarter? I'm assuming no, but just wanted to confirm.

Frank Crawford Wilcox

Chief Financial Officer

It was negligible, Nic. Nothing to really speak of.

Nicolas Iacoviello

Dowling & Partners Securities, LLC

Okay. Great. And then just on the new reinsurance program. So I know we have 1 month of ceded premiums now with this Q2 result. But could you discuss the cost which wasn't disclosed this year maybe as a percentage of direct earned premium as you've done in years prior?

Frank Crawford Wilcox

Chief Financial Officer

The cost year-over-year, this program that went into effect June 1 of '25 is not significantly different than what the cost was as a percentage of direct earned premium for the previous period, which we're very pleased with naturally, given the fact that we had 3 landfalling storms last year, which typically following those events, the price would go up significantly. And that's certainly an indication of the improvement in Florida marketplace.

Operator

I would now like to turn the call back over to Steve Donaghy for any closing remarks.

Stephen Joseph Donaghy

CEO & Director

Thank you. I'd like to thank all of our associates, consumers, agents and our stakeholders for their continued support of Universal. Have a good day.

Operator

Thank you. This concludes the conference. Thank you for your participation. You may now disconnect.

Copyright © 2025 by S&P Global Market Intelligence, a division of S&P Global Inc. All rights reserved.

These materials have been prepared solely for information purposes based upon information generally available to the public and from sources believed to be reliable. No content (including index data, ratings, credit-related analyses and data, research, model, software or other application or output therefrom) or any part thereof (Content) may be modified, reverse engineered, reproduced or distributed in any form by any means, or stored in a database or retrieval system, without the prior written permission of S&P Global Market Intelligence or its affiliates (collectively, S&P Global). The Content shall not be used for any unlawful or unauthorized purposes. S&P Global and any third-party providers, (collectively S&P Global Parties) do not guarantee the accuracy, completeness, timeliness or availability of the Content. S&P Global Parties are not responsible for any errors or omissions, regardless of the cause, for the results obtained from the use of the Content. THE CONTENT IS PROVIDED ON "AS IS" BASIS. S&P GLOBAL PARTIES DISCLAIM ANY AND ALL EXPRESS OR IMPLIED WARRANTIES, INCLUDING, BUT NOT LIMITED TO, ANY WARRANTIES OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE OR USE, FREEDOM FROM BUGS, SOFTWARE ERRORS OR DEFECTS, THAT THE CONTENT'S FUNCTIONING WILL BE UNINTERRUPTED OR THAT THE CONTENT WILL OPERATE WITH ANY SOFTWARE OR HARDWARE CONFIGURATION. In no event shall S&P Global Parties be liable to any party for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including, without limitation, lost income or lost profits and opportunity costs or losses caused by negligence) in connection with any use of the Content even if advised of the possibility of such damages. S&P Global Market Intelligence's opinions, quotes and credit-related and other analyses are statements of opinion as of the date they are expressed and not statements of fact or recommendations to purchase, hold, or sell any securities or to make any investment decisions, and do not address the suitability of any security. S&P Global Market Intelligence may provide index data. Direct investment in an index is not possible. Exposure to an asset class represented by an index is available through investable instruments based on that index. S&P Global Market Intelligence assumes no obligation to update the Content following publication in any form or format. The Content should not be relied on and is not a substitute for the skill, judgment and experience of the user, its management, employees, advisors and/or clients when making investment and other business decisions. S&P Global Market Intelligence does not act as a fiduciary or an investment advisor except where registered as such. S&P Global keeps certain activities of its divisions separate from each other in order to preserve the independence and objectivity of their respective activities. As a result, certain divisions of S&P Global may have information that is not available to other S&P Global divisions. S&P Global has established policies and procedures to maintain the confidentiality of certain nonpublic information received in connection with each analytical process.

S&P Global may receive compensation for its ratings and certain analyses, normally from issuers or underwriters of securities or from obligors. S&P Global reserves the right to disseminate its opinions and analyses. S&P Global's public ratings and analyses are made available on its Web sites, www.standardandpoors.com (free of charge), and www.ratingsdirect.com and www.globalcreditportal.com (subscription), and may be distributed through other means, including via S&P Global publications and third-party redistributors. Additional information about our ratings fees is available at www.standardandpoors.com/usratingsfees.

© 2025 S&P Global Market Intelligence.