

Universal Insurance Holdings, Inc. NYSE:UVE

FQ3 2025 Earnings Call Transcripts

Friday, October 24, 2025 2:00 PM GMT

S&P Global Market Intelligence Estimates

	-FQ3 2025-			-FQ4 2025-	-FY 2025-	-FY 2026-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	(0.58)	1.36	NM	0.58	4.34	NA
Revenue (mm)	NA	NA	NA	372.13	1533.49	NA

Currency: USD
Consensus as of Oct-20-2025 1:34 PM GMT

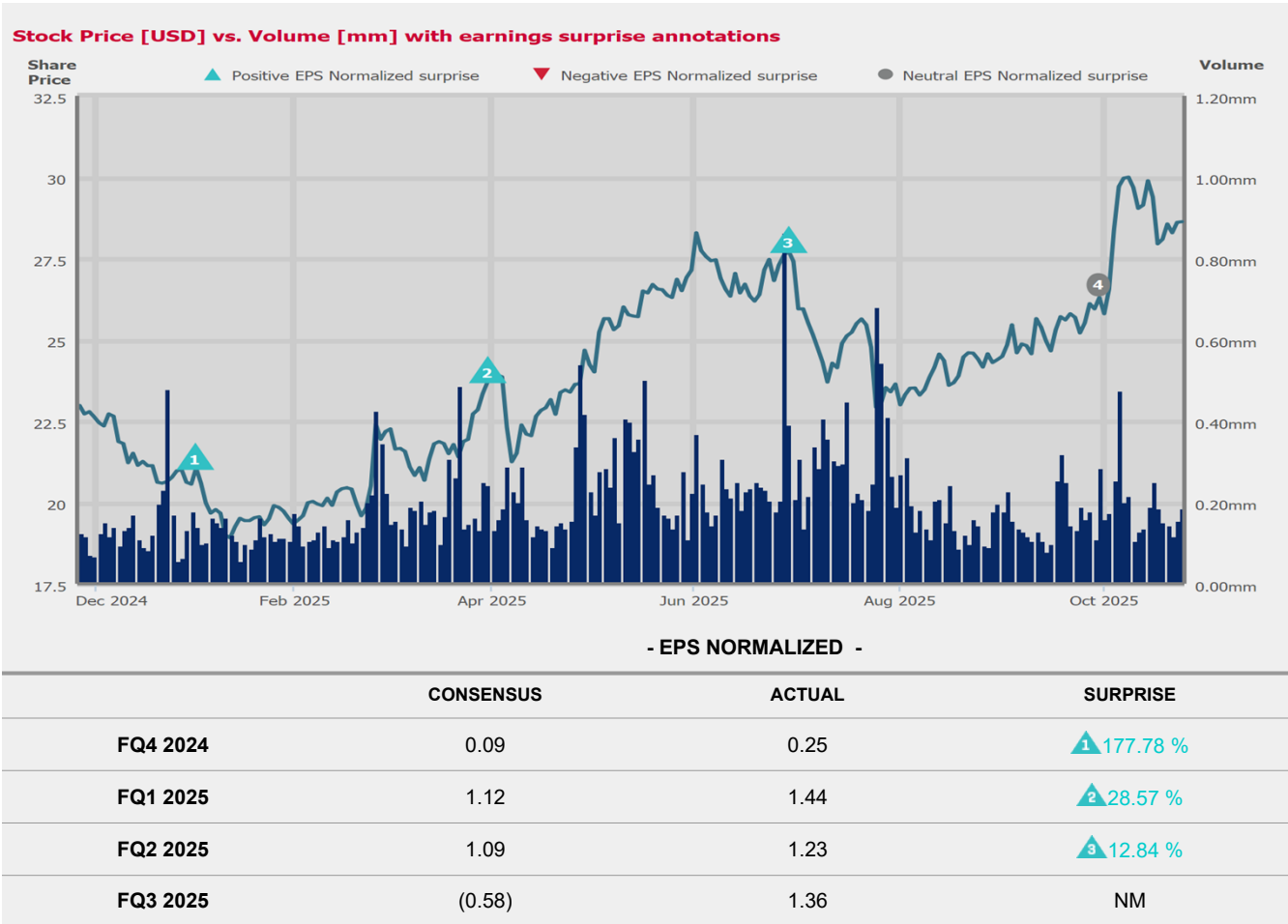


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Call Participants

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 Third 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 on 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. It was a solid quarter with a 30.6% adjusted return on common equity. Our unique organic business model allows us to consistently generate deep double-digit ROEs, making us particularly well positioned to succeed in the much improved Florida market. Additionally, we commenced our annual actuarial review process considerably earlier this year and our findings are very encouraging. As we've discussed in recent periods, our reserving process has become more conservative with a focus on protecting and increasing the resilience of our balance sheet. When we look at our current and prior accident year reserves in the aggregate, we believe we're in a very strong position, further increasing our optimism as we turn a new chapter in the revamped Florida market.

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

Frank Crawford Wilcox *Chief Financial Officer*

Thanks, Steve, and good morning. Adjusted diluted earnings per common share was \$1.36 compared to an adjusted loss per common share of \$0.73 in the prior year quarter. The higher adjusted diluted earnings per common share mostly stems from a lower net loss ratio and higher net premiums earned, net investment income and commission revenue. Core revenue of \$400 million was up 4.9% year-over-year, with growth primarily stemming from higher net premiums earned, net investment income and commission revenue. Direct premiums written were \$592.8 million, up 3.2% from the prior year quarter. The increase stems from 22.2% growth in other states partially offset by a 2.6% decrease in Florida.

Overall growth mostly reflects higher policies in force, higher rates and inflation adjustments across our multistate footprint. Direct premiums earned were \$534.1 million, up 5.2% from the prior year quarter, reflecting direct premiums written growth over the last 12 months. Net premiums earned were \$359.7 million, up 4% from the prior year quarter. The increase is primarily attributable to higher direct premiums earned partially offset by higher ceded premium ratio. The net combined ratio was 96.4%, down 20.5 points compared to the prior year quarter. The decrease reflects a lower net loss ratio, partially offset by a higher net expense ratio. The 7.2% net loss ratio was down 21.5 points compared to the prior year quarter, with the decrease reflecting the inclusion of Hurricanes Debbie and Helene in the prior year quarter and the lack of hurricane activity in the current year quarter. The net expense ratio was 26.2%, up 1 point compared to the prior year quarter, with the increase primarily driven by a higher ceded premium ratio and higher policy acquisition costs associated with growth outside Florida.

During the quarter, the company repurchased approximately 347,000 shares at an aggregate cost of \$8.1 million. The company's current share repurchase authorization program has approximately \$7.1 million remaining. On July 9, 2025, the Board of Directors

declared a quarterly cash dividend of \$0.16 per share of common stock payable on August 9, 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

And was -- maybe you could follow on a little bit more on your reserving comments. Does this foreshadow any change in how you think about profit margins prospectively and the exit year loss ratio or any change in how you think about selling loss picks?

Stephen Joseph Donaghy

CEO & Director

Yes. Paul, thanks for the question. We feel as though we have come through a very fraudulent time within the Florida market. And we have seen all the all the things in the past go through the book. There's still things to deal with in the future, as you know, Florida is an ever-changing market. However, we've never had as many dollars up in the aggregate as we do right now. And our file count or claims count is dramatically reduced, and our claims folks are getting the claims much faster as a result of the market that we're in. So we've seen considerably positive effects on the book and on our reserving philosophy, so to say.

As we look to the future, we want to get through the year before we make any substantial adjustments and retain our conservative approach but that will be something we will look at seriously as we get into the beginning of '26 and close out 2025.

Jon Paul Newsome

Piper Sandler & Co., Research Division

Different follow-up question. Any thoughts on the competitive environment. We hear all sort of talks about rate decreases in the in the Florida market in particular. But could you give us some general thoughts about what you're seeing both in and out of the Florida markets from a competitive perspective?

Stephen Joseph Donaghy

CEO & Director

Yes. I think, again, just to address outside of the Florida market, we're more of a niche provider, and we have our markets that we like and our rates are adequate in certain spots. And it's very -- it's highly competitive outside of Florida, and you have all the big names there as well. Within Florida, there are a lot of new players showing up -- there's a lot of new players that maybe don't understand what we've understood for 25 or 26 years now. So we see a lot of various behaviors. We do not chase premium. We are sticking to rate adequacy and trying to drive a high level of service to our insurers and profitability to our shareholders.

So it is competitive. There are a lot of markets. I think the agents continue to prefer to write with established providers when competitive. And so I think -- and I would say unlike other times, that's now consistent across the state. It's not just in specific markets in Florida. And I think there's different carriers that look at different geographic areas in Florida very differently. So we do -- but we continue to write new business and new policies as you've seen from last quarter. So we feel good about our position and our relationship with our agency force.

Jon Paul Newsome

Piper Sandler & Co., Research Division

The last big question, and then I'll let other folks ask. Capital management, you made some comments this quarter. But you now have a high-class problem here in the sense that your ROE is well above the growth rate of the company. What's your priorities there? Should we expect substantial or at least some repurchase activity prospectively as part of your ongoing business given where the returns are there.

Stephen Joseph Donaghy

CEO & Director

I don't know about new purchase activity, Paul, but we consistently view our shares as a positive within our capital management. So as we look to the future and we have access to capital. We'll continue to work with the investment committee and establish guidelines

and change those guidelines as we go. But we feel very confident in any acquisition of our shares that we can do at the appropriate times.

Operator

Our next question comes from Nicolas Jake Vial with Dowling Partners.

Nicolas Iacoviello
Dowling & Partners Securities, LLC

I just had one. Was there any net prior year development booked in the current quarter following the annual actuarial review?

Frank Crawford Wilcox
Chief Financial Officer

Yes. Yes, there was. It's about \$3.9 million related to prior year caps.

Nicolas Iacoviello
Dowling & Partners Securities, LLC

All right. And I'm assuming there was nothing on the claims handling side from last year's storms, correct?

Frank Crawford Wilcox
Chief Financial Officer

That's correct. Yes. No.

Operator

I'm showing no further questions at this time. I would now like to turn it back to Steve Donaghy for closing remarks.

Stephen Joseph Donaghy
CEO & Director

I'd like to thank our associates, consumers, our agency force and stakeholders for their continued support of Universal and wish all a nice weekend.

Operator

This concludes today's conference call. Thank you for participating. You may now disconnect.

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