

Investor Presentation

Supplement to First Quarter 2020 Results

May 6, 2020

St. Petersburg, FL



Summary of Operating Results

All key metrics improved in Q1-2020 compared to the prior year

(\$ in thousands, except per share amounts)

	<u>Q1-2020</u>	<u>Q1-2019</u>	<u>Change</u>	
Core income	\$ 9,129	\$ 3,202	185.1%	✓
<i>per diluted share</i>	\$ 0.21	\$ 0.07		
<i>Core income included the following items</i>				
<i>Net current year catastrophe loss & LAE incurred</i>	\$ 17,118	\$ 11,657		
<i>Net unfavorable (favorable) reserve development</i>	\$ (1,129)	\$ 5,634		Reserve position much improved from a year ago
<i>Total items</i>	\$ 15,989	\$ 17,291		
Gross underlying loss & LAE ratio	25.2%	28.0%	(2.8) pts	
Gross expense ratio	25.2%	26.6%	(1.4) pts	✓
Net loss & LAE ratio	53.7%	57.8%		
Net expense ratio	45.3%	45.9%		
Combined ratio	99.0%	103.7%	(4.7) pts	✓
<i>Net current year catastrophe loss & LAE incurred</i>	-8.9%	-6.5%		
<i>Net unfavorable (favorable) reserve development</i>	0.6%	-3.1%		
Underlying combined ratio	90.7%	94.1%	(3.4) pts	✓

Core pre-tax income increased over \$7.5 million YoY, despite retaining almost \$5.5 million more in CAT losses this year

I. REVENUE HIGHLIGHTS

- Gross Premiums Written of \$335.2m:
 - Up +5.2% (+\$16.6m) y/y
 - Personal Lines +6.6% (+\$13.9m) | Commercial up +15.7% (+\$12.4m) | E&S down -33.7% (-\$9.7m)
 - Excluding E&S, Florida +10.3% (+\$18.1m) | Non-Florida +7.2% (+\$8.2m)
- Gross Premiums Earned (GPE) of \$344.6m:
 - Up +10.5% (+\$32.8m) y/y
- Ceded Premiums Earned (CPE) of \$(153.0)m:
 - Up +16.7% (+\$21.9m) y/y | Ceding ratio driven by increased quota share participation
 - Ceding ratio for quota share of 12.4% vs. 7.5% last year
 - Ceding ratio for all other reinsurance was 32.0% vs. 34.6% a year ago
- Reported revenue negatively impacted by over \$25 million of unrealized losses from equities in Q1

II. LOSS & EXPENSE HIGHLIGHTS

- Underlying loss & LAE of \$86.8m:
 - Down -0.01% (-\$0.4m) y/y
 - Underlying loss & LAE ratio improved 2.8 points to 25.2% from 28.0% last year
- Current accident year CAT losses of \$17.1m (8.9% of net premiums earned) in the quarter driven by:
 - Higher retention under the aggregate reinsurance program. Gross losses of \$21.3m vs. \$27.4m in Q1-19
 - No ceded loss to the aggregate reinsurance treaty in Q1-20 compared to -\$12.4m a year ago.
- Operating expenses of \$86.9m:
 - Up +5.0% (+\$3.8m) but the gross expense ratio improved to 25.2%, down 1.4 points y/y

III. COVID-19 RESPONSE

- The health and safety of our associates and partners is a top priority
- We quickly implemented a remote work program and all functional areas are operating normally
- Our exposure to underwriting and/or investment losses is expected to be minimal but remains uncertain
- Please refer to our Form 10-Q for more information on the risks associated with COVID-19

Rate Increases Are Flowing Through Our Book

FL HO3 business represented \$11.8m (67%) of the additional premium generated

All Personal Lines

Metric	2019 Q3	2019 Q4	2020 Q1
Renewing Policies	132,563	117,918	113,631
<i>Renewal Acceptance</i>	<i>89.7%</i>	<i>90.4%</i>	<i>86.8%</i>
<i>Company Initiated Non-Renewals</i>	<i>2,180</i>	<i>1,772</i>	<i>3,981</i>
<i>Renewal Acceptance xNon-Renewals</i>	<i>91.0%</i>	<i>91.6%</i>	<i>89.6%</i>

Renewing Policies Only	Renewed TIV	66,828,202,593	59,723,450,500	57,354,592,124
	Expiring TIV	65,153,458,571	58,278,085,874	56,026,285,692
	Additional TIV	1,674,744,022	1,445,364,626	1,328,306,432
	<i>Percent Change</i>	<i>2.6%</i>	<i>2.5%</i>	<i>2.4%</i>
	Renewed Premium	215,723,455	190,840,567	187,997,468
	Expiring Premium	202,004,299	176,947,139	170,569,785
	Additional Premium	13,719,156	13,893,429	17,427,683
	<i>Percent Change</i>	<i>6.8%</i>	<i>7.9%</i>	<i>10.2%</i>

Over \$17 million in additional annual premium just from policies renewing in Q1

Capital & Liquidity Remains Solid

(\$ in thousands, except per share amounts)	Mar. 31, 2020	Dec. 31, 2019	Change
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Selected Balance Sheet Data

Cash & investments	\$ 1,277,679	\$ 1,298,780	-1.6%
Financial debt	158,636	158,932	-0.2%
Stockholders' equity attributable to UIHC	485,456	503,138	-3.5%
Total capital	\$ 644,092	\$ 662,070	-2.7%

Fixed maturity and equity values declined during the quarter due to economic concerns from COVID-19, but much of this reversed in April

Leverage Ratios

Debt-to-total capital	25.0%	24.0%	1 pt
Net premiums earned-to-stockholders' equity	158.0%	143.6%	6.4 pts

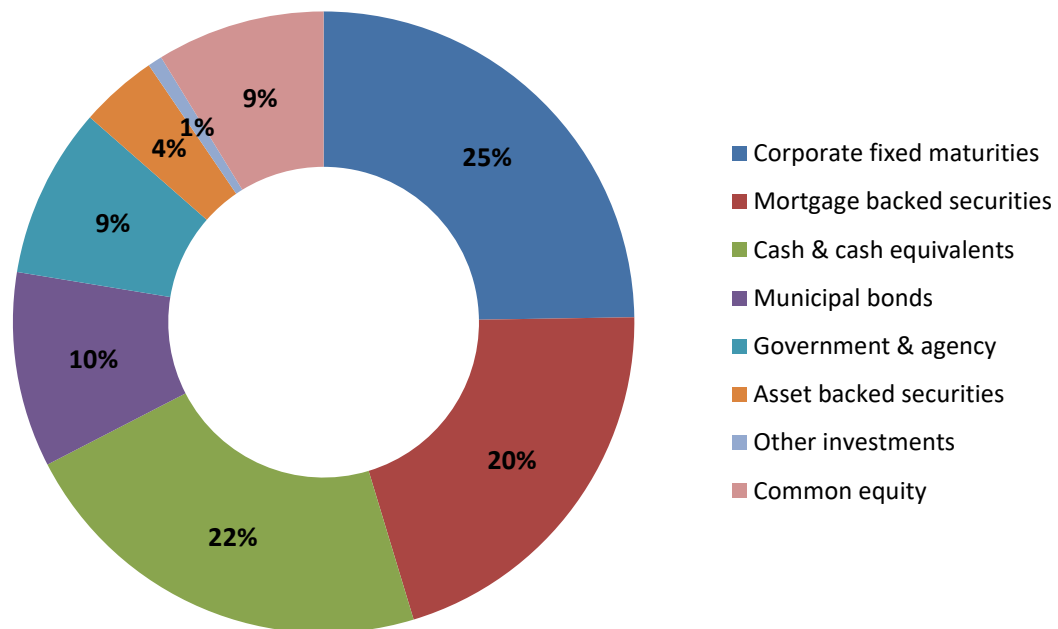
Financial & operating leverage metrics remain within our target ranges

Per Share Data

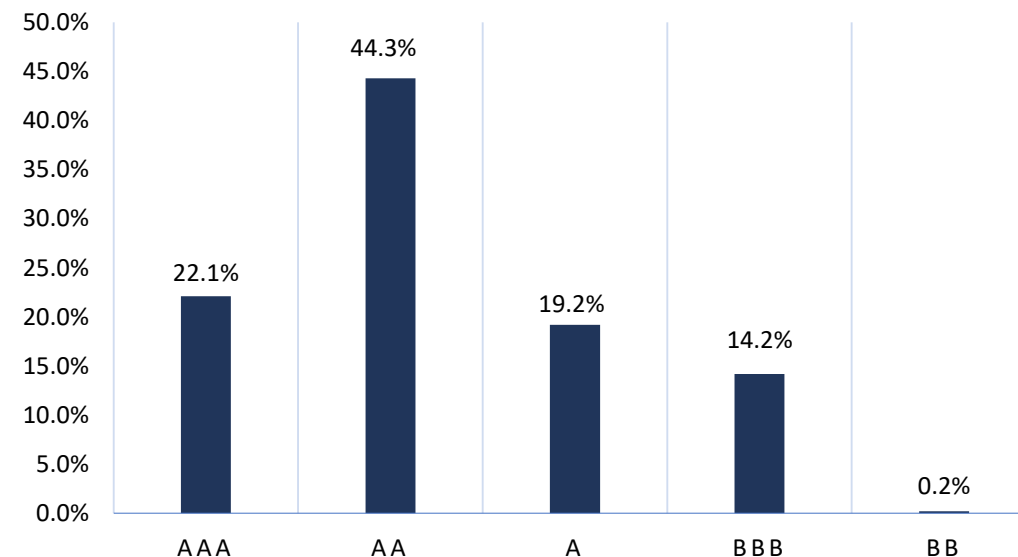
Common shares outstanding	42,943	43,028	0.1%
Book value per common share	\$ 11.30	\$ 11.69	-3.3%
Tangible book value per common share	\$ 9.02	\$ 9.39	-3.9%

Investments Strategy Minimizes Asset Risk

Fixed income total return for Q1-20 was +0.14% and consistent with our expectations



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Unrealized losses on equities of -\$25.6m hit GAAP EPS and BVPS for Q1-20, but no losses or impairments were realized as a result of the market volatility

Note: All data as of March 31, 2020

Mid-Year Reinsurance Renewal Program Summary

- Programs include Core CAT, per risk and quota share
- Quota share is 100% complete
 - Cession rate of 22.5% for UPC & FSIC is unchanged
- Core CAT program 91% done
 - Replaced planned catastrophe bond with traditional cover on better terms
- Risk-adjusted rate increase in line with expectations and within plan
- Added several new partners to the program with material lines

Cautionary Statements

This presentation contains "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward looking statements include expectations regarding our diversification, growth opportunities, retention rates, liquidity, investment returns and our ability to meet our investment objectives and to manage and mitigate market risk with respect to our investments. These statements are based on current expectations, estimates and projections about the industry and market in which we operate, and management's beliefs and assumptions. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "endeavor," "project," "believe," "anticipate," "intend," "could," "would," "estimate," or "continue" or the negative variations thereof, or comparable terminology, are intended to identify forward-looking statements. Forward-looking statements are not guarantees of future performance and involve certain known and unknown risks and uncertainties that could cause actual results to differ materially from those expressed or implied by such statements. The risks and uncertainties include, without limitation: the regulatory, economic and weather conditions in the states in which we operate; the impact of new federal or state regulations that affect the property and casualty insurance market; the cost, variability and availability of reinsurance; assessments charged by various governmental agencies; pricing competition and other initiatives by competitors; our ability to attract and retain the services of senior management; the outcome of litigation pending against us, including the terms of any settlements; dependence on investment income and the composition of our investment portfolio and related market risks; our exposure to catastrophic events and severe weather conditions; downgrades in our financial strength ratings; risks and uncertainties relating to our acquisitions including our ability to successfully integrate the acquired companies; and other risks and uncertainties described in the section entitled "Risk Factors" and elsewhere in our filings with the Securities and Exchange Commission (the "SEC"), including our Annual Report on Form 10-K for the year ended December 31, 2019. We caution you not to place undue reliance on these forward looking statements, which are valid only as of the date they were made. Except as may be required by applicable law, we undertake no obligation to update or revise any forward-looking statements to reflect new information, the occurrence of unanticipated events, or otherwise.

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