



Investor Presentation

NYSE: HCI | DECEMBER 2022

Forward-Looking Statement

This presentation includes certain forward-looking statements and information, including statements regarding plans, strategies and expectations of HCI Group, Inc. (“HCI” or the “Company”). When used in this presentation, words such as “believes,” “anticipates,” “expects,” “estimates,” or words of similar meaning are generally intended to identify forward-looking statements. All statements other than statements of historical fact included in this presentation are forward-looking statements. These forward-looking statements are subject to risks, uncertainties, assumptions and other factors, many of which are beyond the control of the Company. Important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements are described in the Company’s filings it makes from time to time with the Securities and Exchange Commission, including within the “Risk Factors” section of the Annual Report on Form 10-K for the year ended December 31, 2022, filed March 10, 2023.

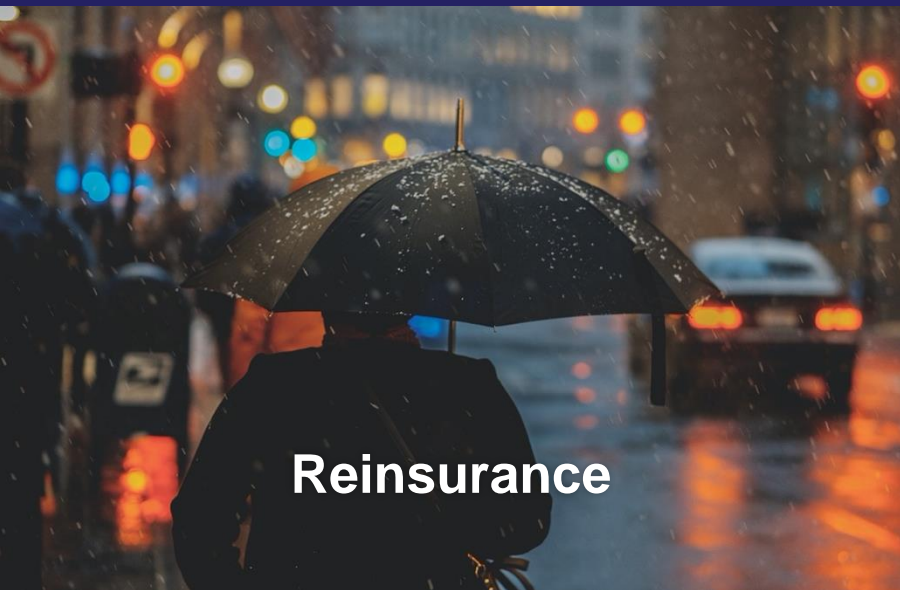


**Property & Casualty
Insurance**



**Insurance
Technology**

HCI at a Glance



Reinsurance



Real Estate

Stock Price	\$39.59
Est. Market Capitalization	\$340M
Book Value/Share	\$18.91
Dividend Yield	4.0%
In-Force Premium	\$737M
Debt to Capital	65.4%
Founded/IPO	2006/2008
Management Tenure	13 years
Insider Ownership	21%

All data as of 12/31/2022



Investment Thesis

- ✓ An **insurance holding company** with interests in Homeowners Insurance, Insurtech, Reinsurance, and Real Estate.
- ✓ Combining **technology** and **industry knowledge** to drive profitable growth
- ✓ Allocating capital with **purpose** and **discipline** while managing risk
- ✓ **Creating value** for our shareholders

12%
TEN-YEAR ROE¹

21%
INSIDER OWNERSHIP



2006 founded

56/61 profitable quarters

49 consecutive quarters of dividends

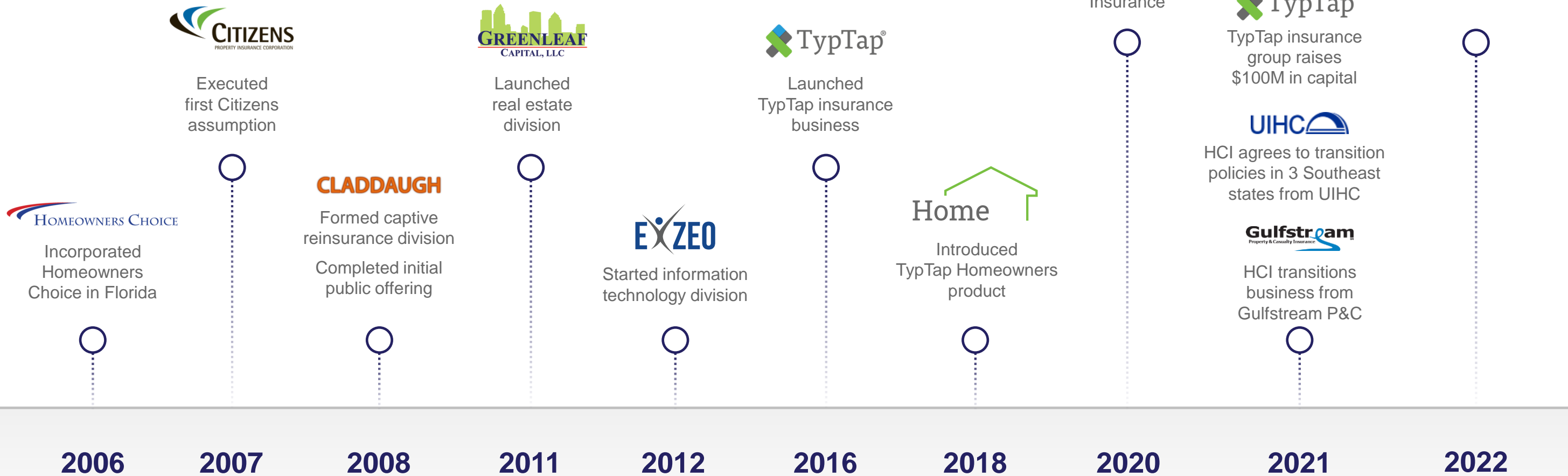
121% of market cap returned to shareholders²

(1) As of 12/31/2022




(2) Based on market capitalization on 12/31/2022. Includes 269M buybacks and 145M dividends



Growing Through Investment & Innovation



Overview of HCI Business Divisions

 <p>PROPERTY & CASUALTY</p> <p>Homeowners and condominium insurance primarily in Florida</p> <hr/> <p>Track record of consistent underwriting profitability</p> <hr/> <p>Strong cash flow helps to fund growth initiatives</p> <hr/> <p>Growth fueled by opportunistic acquisitions</p> <p>\$377M of In-Force Premiums⁽¹⁾</p>	 <p>INSURANCE TECHNOLOGY</p> <p>Technology-driven homeowners and flood insurance</p> <hr/> <p>Nationwide expansion announced in 2020</p> <hr/> <p>Differentiated technology yields best-in-class loss ratio</p> <p>\$359M of In-Force Premiums⁽¹⁾</p>	<p>CLADDAUGH</p> <p>REINSURANCE</p> <p>Reinsurance captive that participates in the placement of reinsurance for HCI's insurance divisions</p> <hr/> <p>Licensed Class 3 Bermuda reinsurer</p> <hr/> <p>Selectively retain margin from our reinsurance tower</p> <p>Provides Reinsurance Flexibility</p>	 <p>REAL ESTATE</p> <p>Real estate company with significant investments in Florida</p> <hr/> <p>Opportunistic strategy focused on maximizing long-term value</p> <hr/> <p>Returns enhanced by efficient capital allocation and in-house expertise</p> <p>>\$100M Real Estate Portfolio⁽¹⁾</p>
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(1) As of 12/31/2022

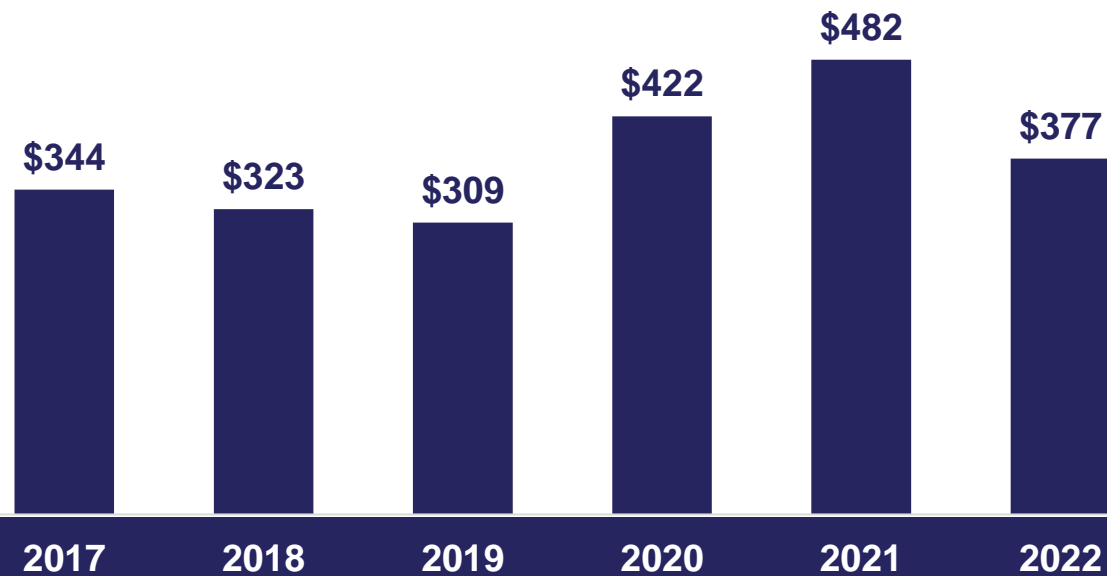


HOMEOWNERS CHOICE

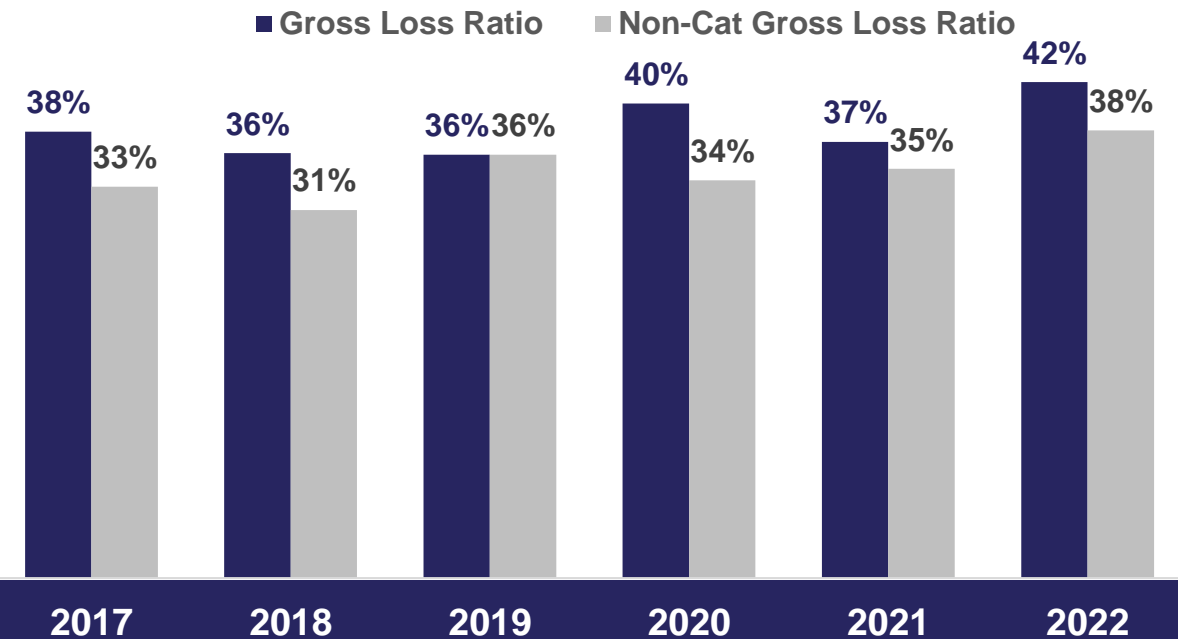
Property & Casualty Insurance

Florida Focused Insurance Business with Strong Operating Performance

Homeowners Choice
In-Force Premiums (in \$M)



Homeowners Choice
Gross Loss Ratio (%) ⁽¹⁾



✓ Best-in-class Underwriter in the Florida Market

✓ Opportunistically Acquiring Profitable Books of Business

✓ Proactively Managing Risk and Loss Costs

✓ Deploying Excess Capital Into Investments & Growth Initiatives

(1) Gross loss ratio equals incurred loss and LAE, net of reinsurance, as a % of gross earned premiums. Loss ratios calculated on a statutory basis

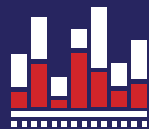
Customer Centric Model Delivers High Customer Retention



Strict underwriting, exposure management, and industry-leading claims technology support risk selection, customer retention and loss control

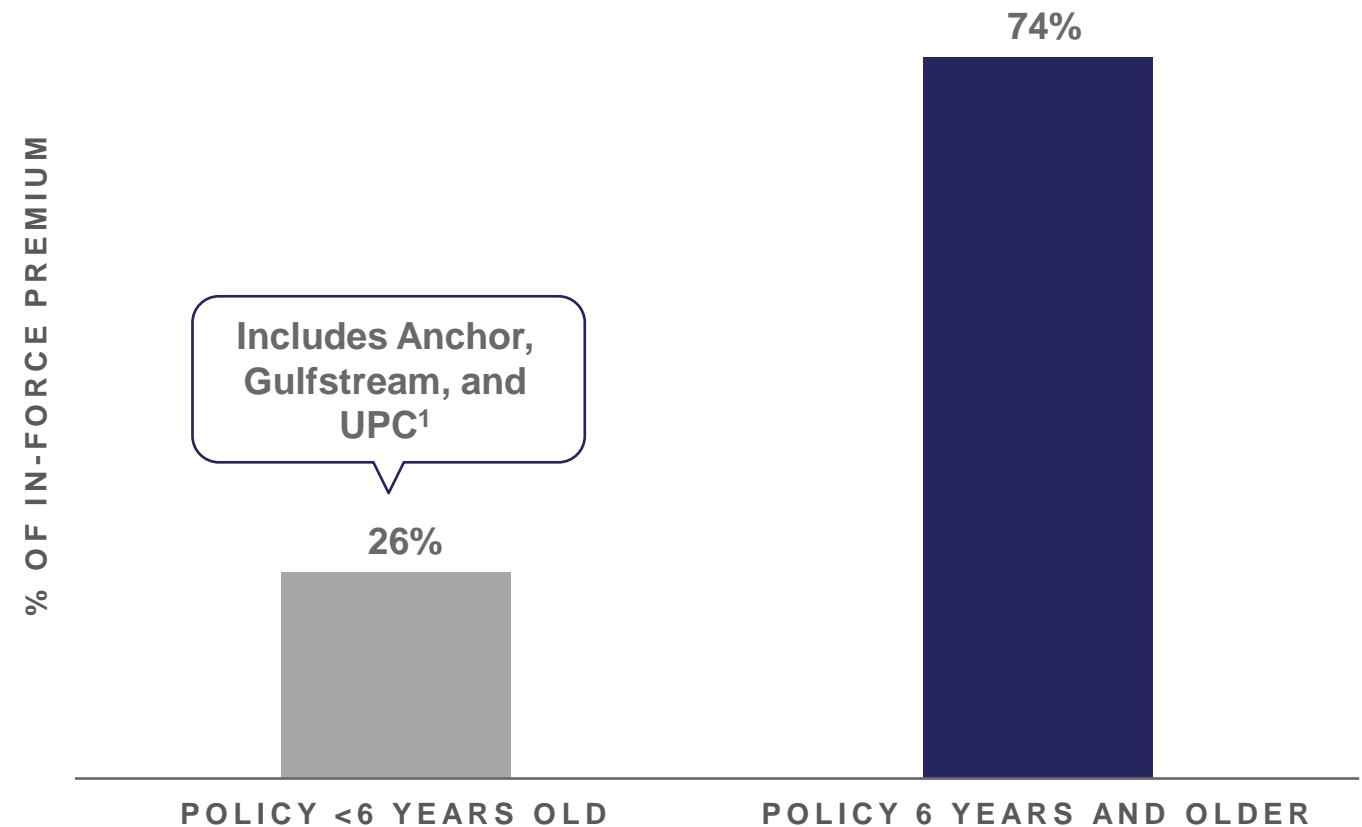


>70% of in-force premium retained more than 6 years and counting



Average non-cat gross loss ratio below 40%

High Retention of In-Force Premium



(1) Anchor, Gulfstream, and UPC books transitioned in 2020 and 2021

(2) As of 9/30/22

Value-Added Portfolio Acquisitions

DECEMBER 2021



Has acquired



Georgia, North Carolina & South Carolina personal insurance lines

\$87 million of annual premiums **\$3.1 million cash consideration**

AUGUST 2021



Has selected policies of



Florida insurance policies

\$25 million of annual premiums **\$0 upfront consideration**

DECEMBER 2020



Has acquired



Connecticut, New Jersey, Massachusetts & Rhode Island personal insurance lines

\$112 million of annual premiums **\$5.4 million equity consideration**

APRIL 2020



Has acquired



Florida insurance policies

\$62 million of annual premiums **\$3 million cash consideration**

~\$300M of in-force premiums acquired for \$12M, resulting in earnings accretion

- ✓ Thoughtful acquisition strategy drives profitable growth

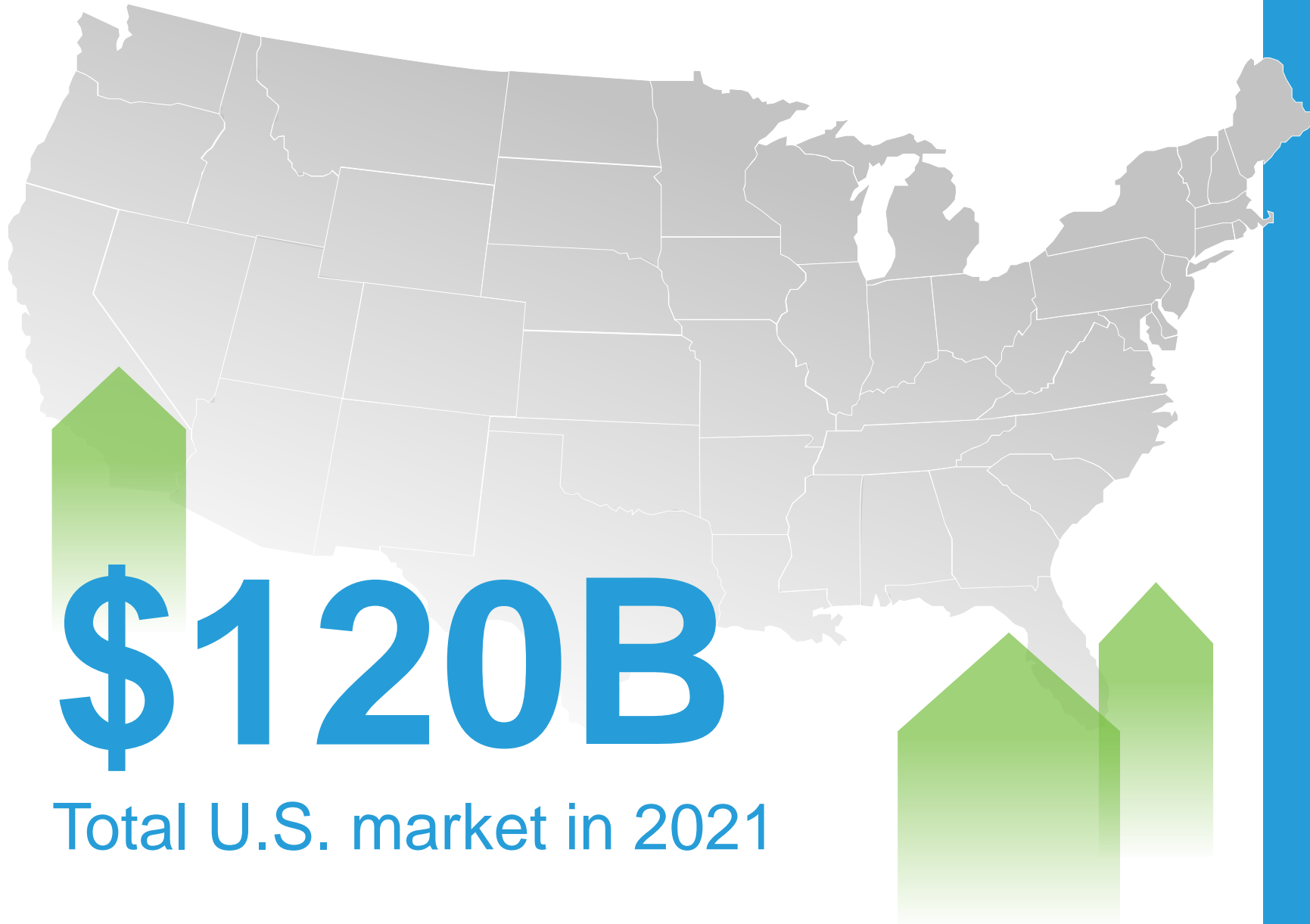
- ✓ Financial strength and integration capabilities make HCI a preferred acquisition partner

- ✓ Underwriting algorithms and proprietary use of data allows for improved profitability of acquired portfolios



Insurance Technology

U.S. Homeowners Insurance is a Massive Opportunity...



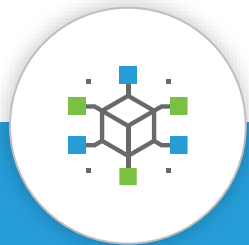
...with Attractive Features

- ✓ Homeowners market is large and growing
- ✓ Fragmented with one company > 10% share
- ✓ High average premium and strong retention
- ✓ Incumbents under-investing in technology
- ✓ Opportunity to capture market share

**Strong customer retention
is leading to a subscription-like
business model**



Technology-driven Insurance Company



**Proprietary
Technology**



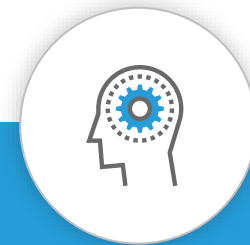
**National
Expansion**



**Superior
Underwriting**



**Positive
Cash Flow**



**Experienced
Management**

We Use Technology to Underwrite at the Individual Property Level

TypTap's Differentiated Strategy

Individual property level risk evaluation

Only write insurance for homes that are expected to be profitable on a standalone basis over the life of the policy

Optimizing for profitable growth

Source: S&P Market Intelligence (2021 U.S. homeowners insurance industry direct expenses).

Excludes reinsurance expense

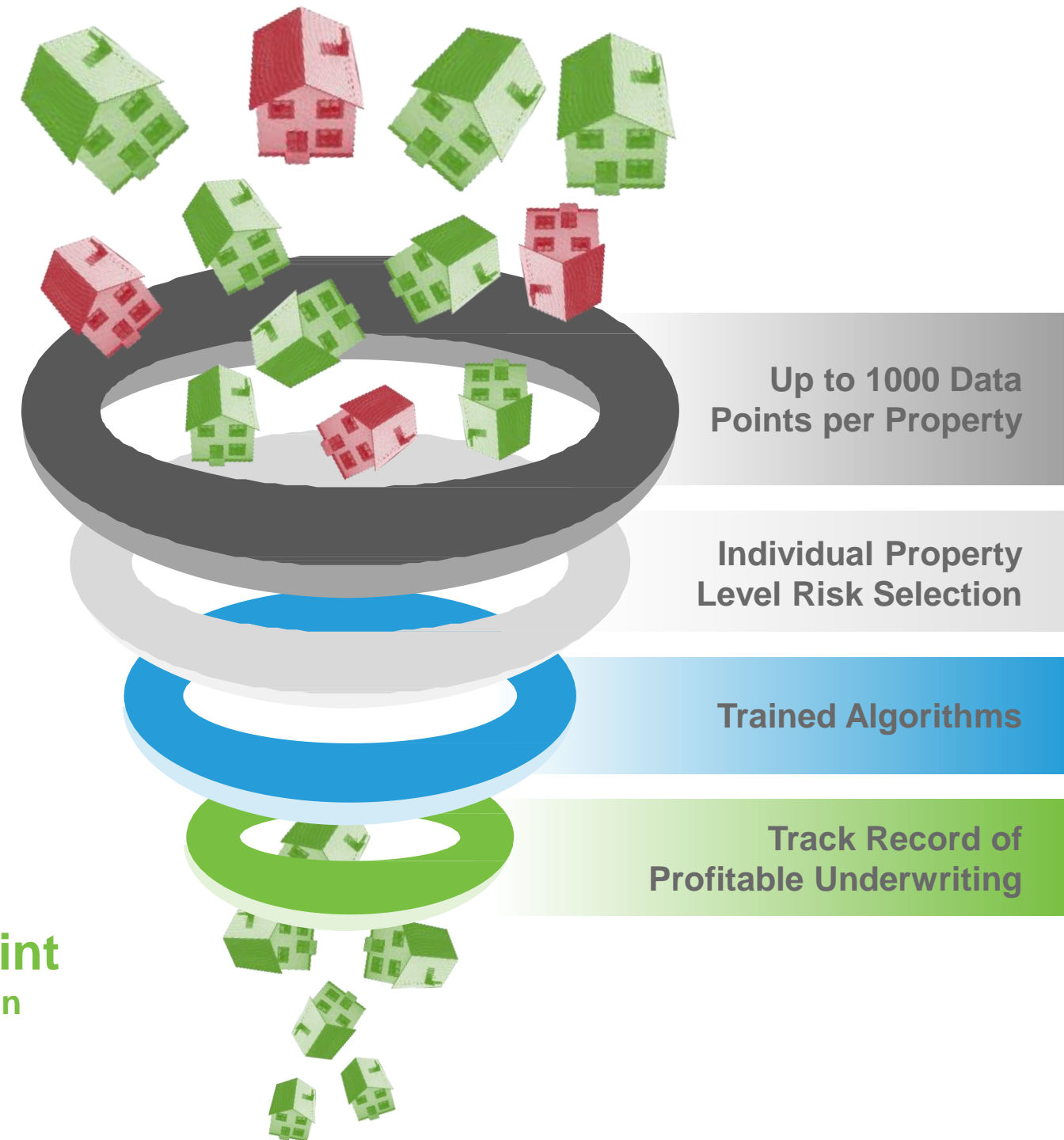
(1) Represents industry average from 2019-2021



73%¹
industry
average
loss ratio



~25 point
decrease in
loss ratio



Individual Level Risk Evaluation Results in TypTap's Lower Loss Ratio



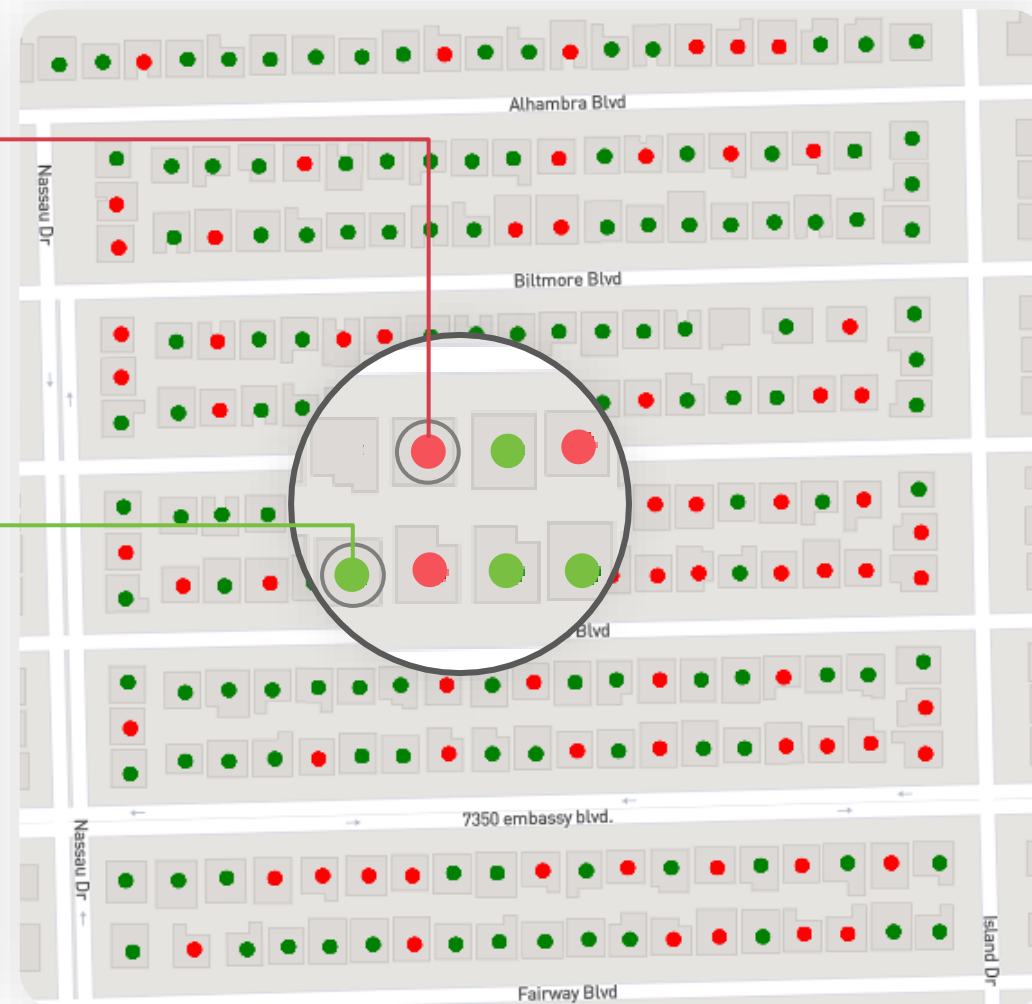
RED PROPERTIES (not approved):

Risks that we expect to be unprofitable and will not bind



GREEN PROPERTIES (approved):

Those that meet our return thresholds based on our underwriting algorithm

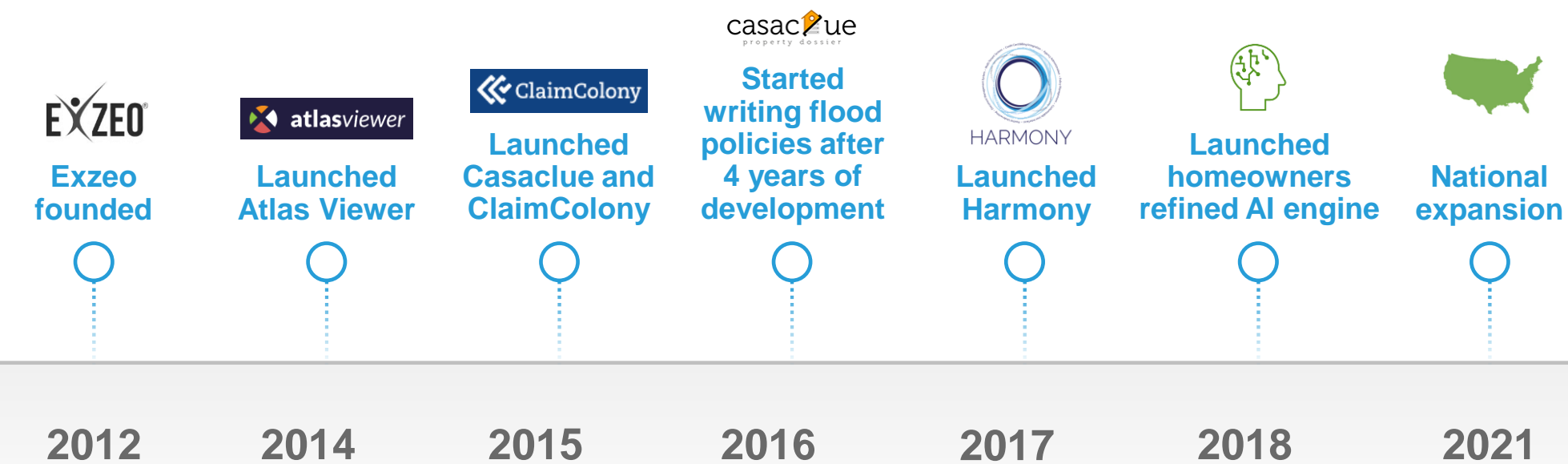


Property level (TypTap) vs. zip code level (industry)

TypTap's algorithms can determine "green properties" vs. "red properties" in the same neighborhood

HCI Developed its Own Technology

Exzeo Was Launched in 2012 to Build and Develop TypTap's Entire Technology Stack



- ✓ Wholly-owned technology subsidiary
- ✓ A team of over 150 experienced developers and data scientists
- ✓ 100% internally developed technology platform powers every aspect of TypTap's and HCI's day-to-day operations

Exzeo's Full-stack Tech Platforms Power TypTap

Simplified Customer Experience...

Intuitive user interface

Enter an address to start a quote, and then answer 4-8 simple questions

Intelligent data repository

Casacue, our intelligent data repository, provides the rest of the information needed to complete the quote

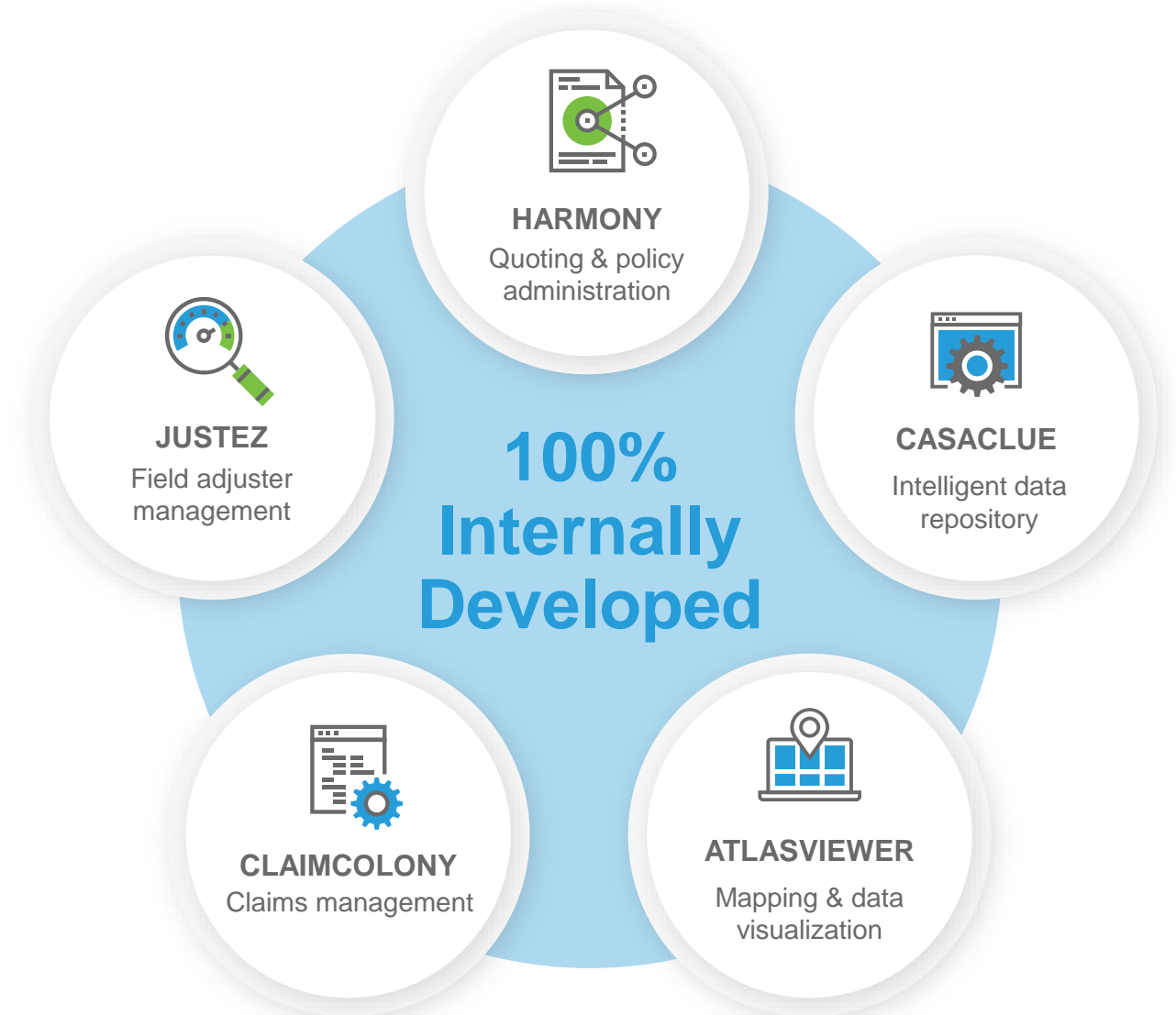
Real time decisions

The information is fed to the Underwriting, Cost and Rating Engines to determine if it is a red or green property

Frictionless, automated quote & bind

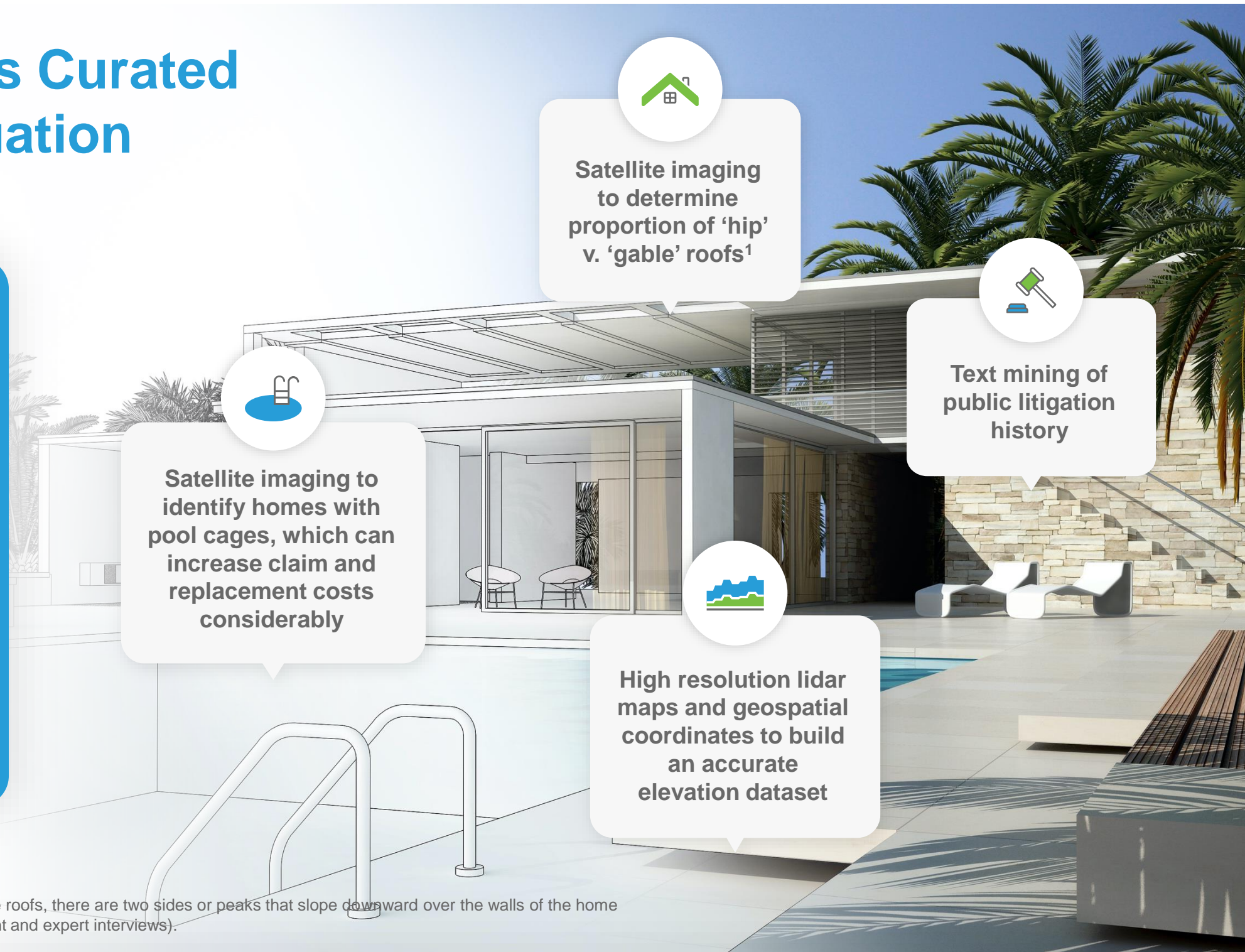
All this is done with no TypTap human intervention

... Powered by a Full Suite Solution



Our Data Repository is Curated for Precise Risk Evaluation

- ✓ Data sourced through in-house proprietary research and 3rd party resources
- ✓ Curated and validated data delivered to decision algorithms
- ✓ Information continuously accumulates, creating a perpetual evolution of data



¹ In Hip roofs, all sides slope downward over the walls of the home; in Gable roofs, there are two sides or peaks that slope downward over the walls of the home
Source: Oliver Wyman analysis (from discussions with TypTap management and expert interviews).

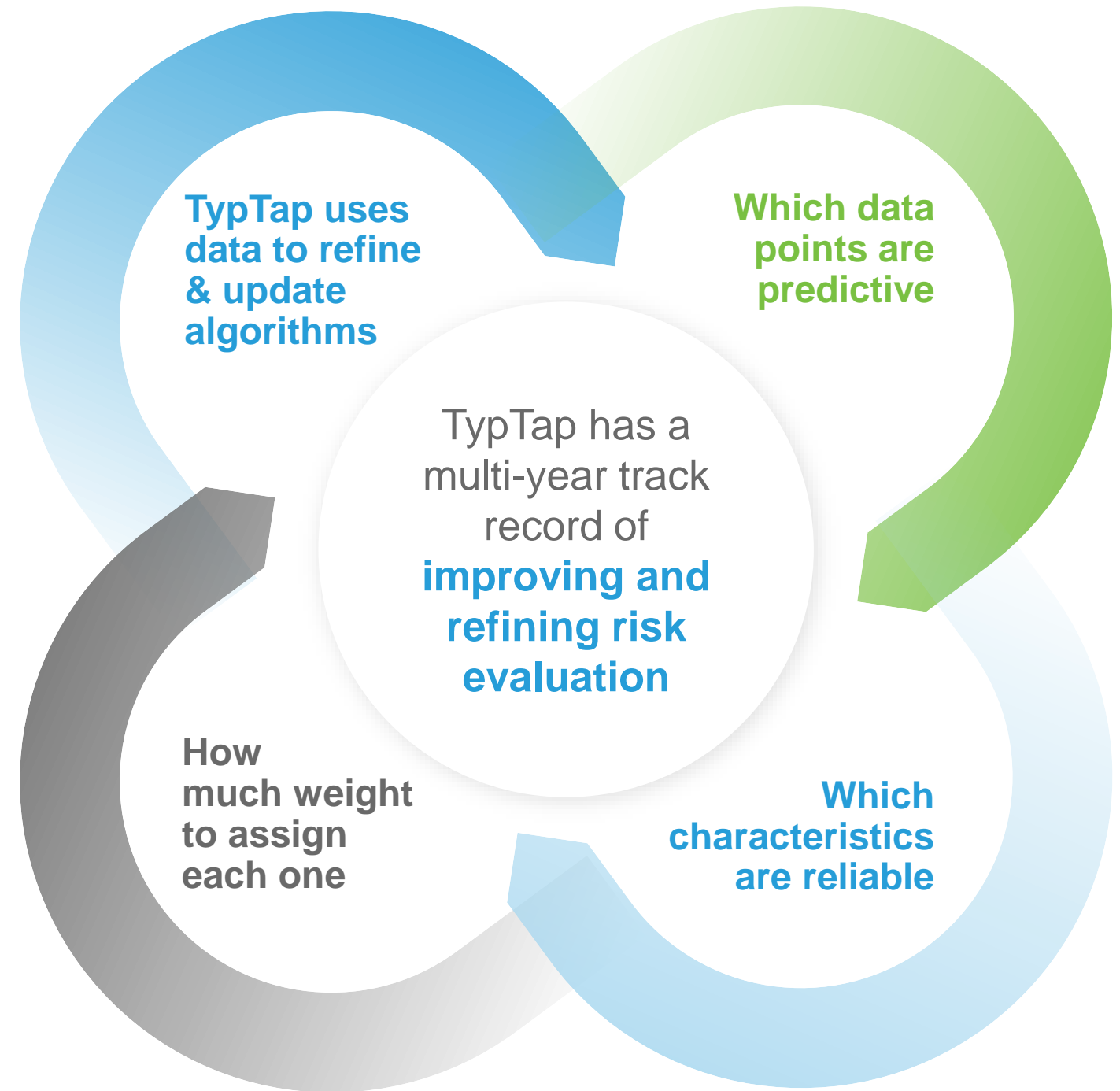
Algorithms Transforming Data Into Profit

The curated data is fed into our underwriting, cost rating engines

Algorithm-enabled engines determine red or green properties

Historical trends are applied to underwriting and costs to refine and improve the risk selection algorithms

Underwriting algorithms are customized per state



TypTap
delivers value
for **agents** and
consumers



Why TypTap Partners with Agents

We partner with agents because that's where most policies are written

Overwhelming majority of homeowners insurance is bought through the independent agent channel

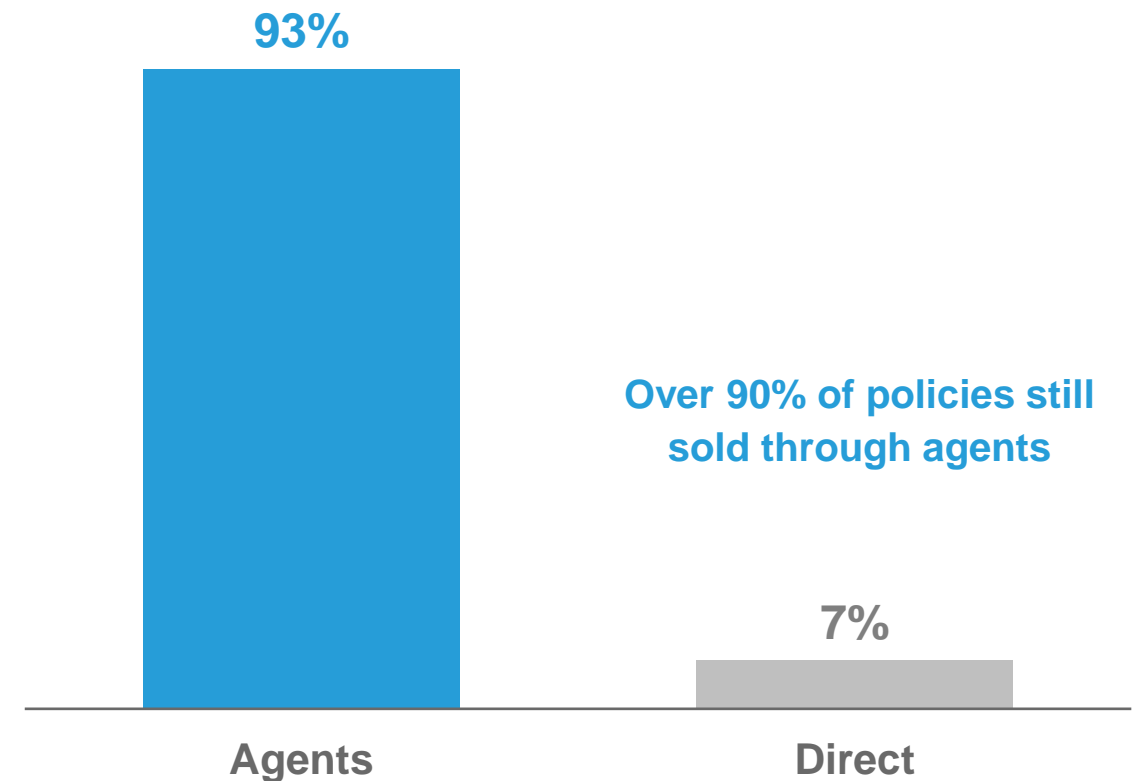
Independent agent model allows us to scale and we do not have to change consumer behavior for our growth plan

The predictability of our customer acquisition cost ("CAC") improves the efficiency to utilize our capital for growth

At the same time, we built our technology platform to be distribution agnostic



Direct Written Premium by Distribution Channel



Source: McKinsey & Company (2020 report)

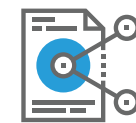
TypTap's Advantages



Purpose-built technology suite 100% owned by TypTap



Differentiated data and proprietary analytics creating superior underwriting results

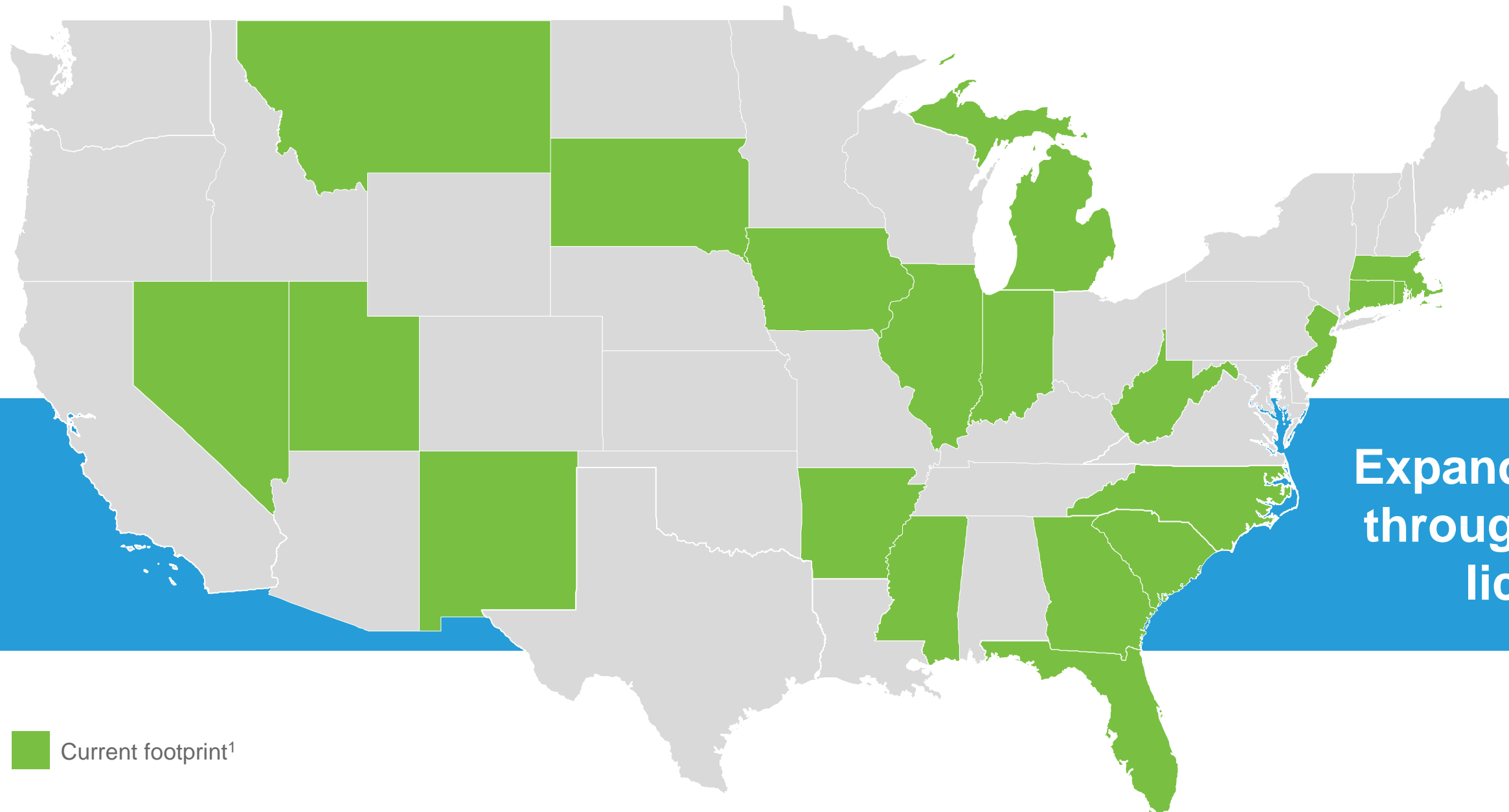


Aggregation of profitable properties is enhanced by high customer retention rate



Ease of use for a frictionless policyholder and agent experience

TypTap's Expansion Update



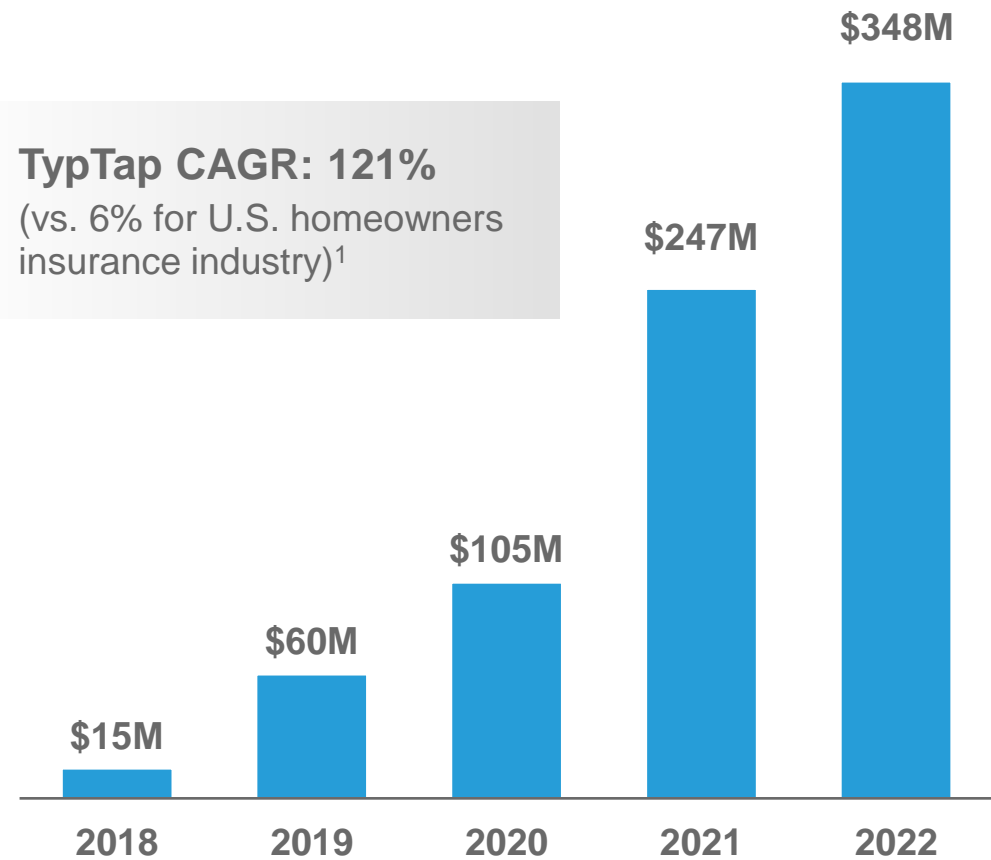
Expanding footprint through nationwide licensing effort

■ Current footprint¹

(1) TypTap is approved to offer homeowners coverage in 20 states, including Florida. TypTap is currently operating in 12 states.

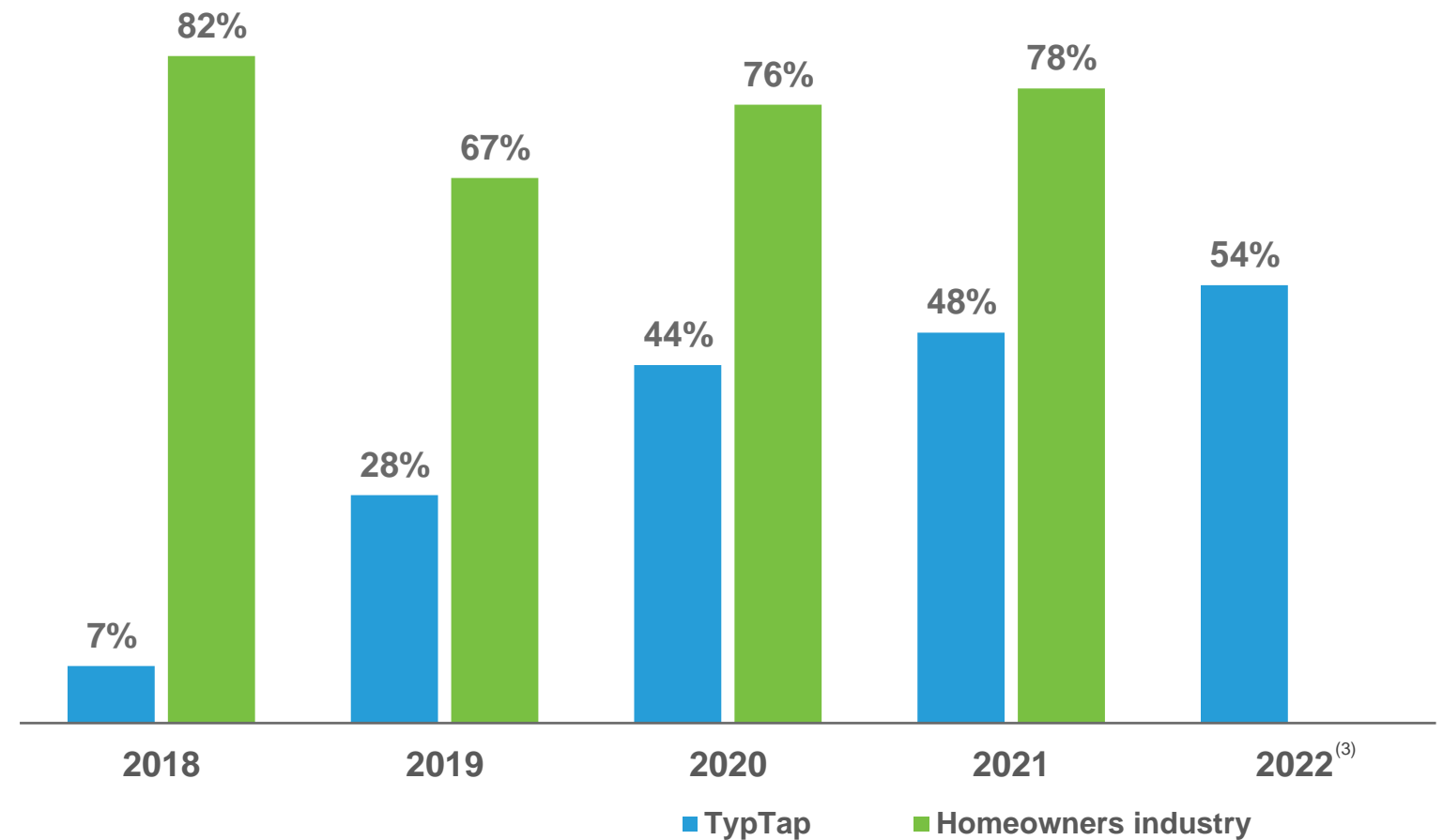
TypTap is Operating to Maximize Growth AND Profitability

TypTap Gross Written Premium



TypTap CAGR: 121%
(vs. 6% for U.S. homeowners insurance industry)¹

TypTap and U.S. Homeowners Insurance Industry Gross Loss Ratios²



Source for U.S. homeowners insurance industry data: S&P Market Intelligence (direct premiums written and direct loss & loss adjustment expense ratios);

1: TypTap CAGR for 2018 to 2022 and U.S. homeowners insurance CAGR for 2018 to 2021.

2: TypTap gross loss ratio calculated as the ratio of gross losses and loss adjustment expenses to gross earned premium

3: TypTap gross loss ratio excludes Hurricane Ian gross losses of \$395M

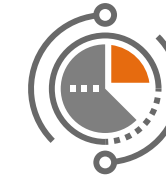
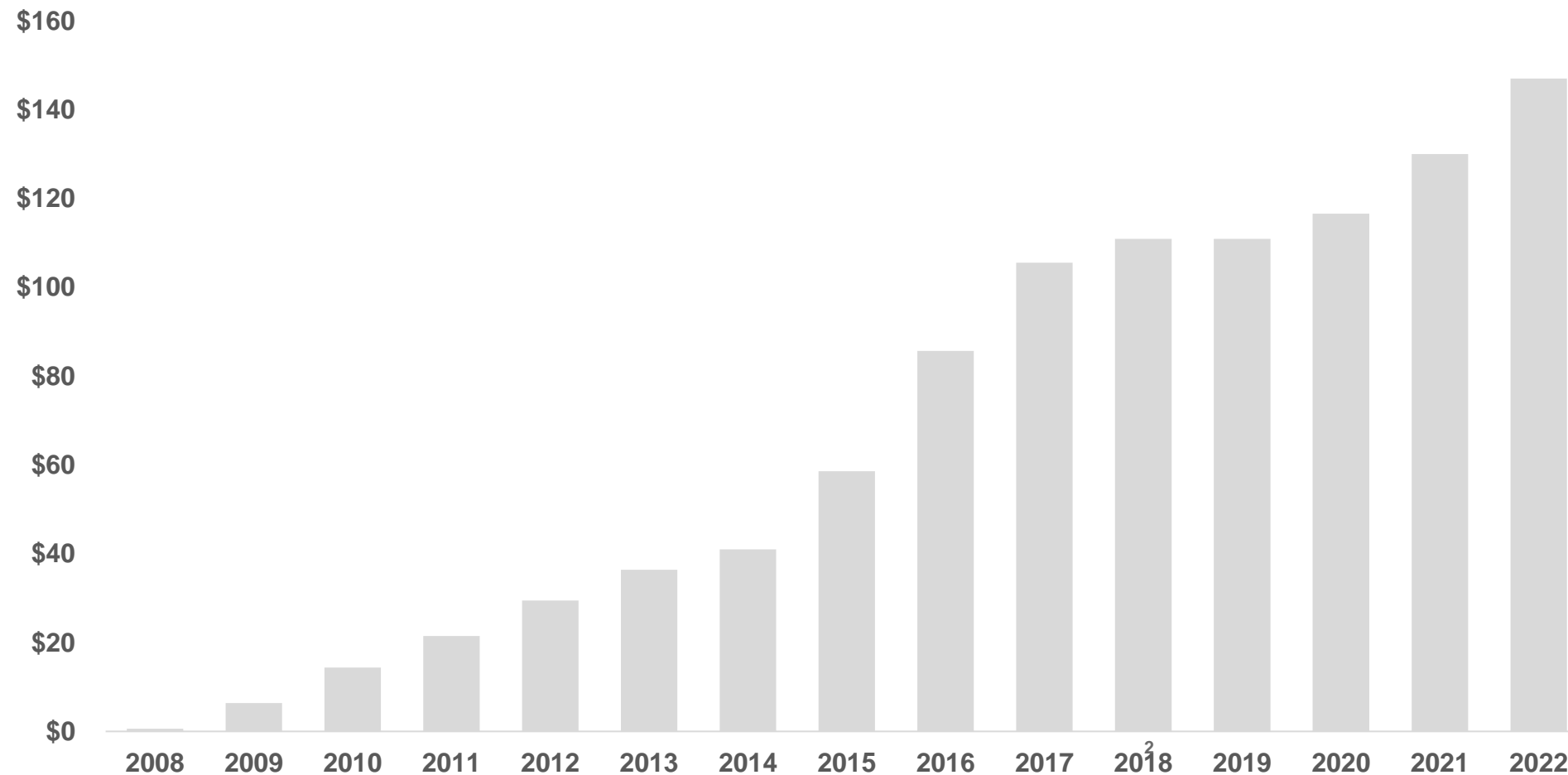
A person is seen from behind, holding a black umbrella in the rain at night. The background is a blurred city street with various colored lights (yellow, blue, green, red) and a car's taillights. The overall atmosphere is moody and atmospheric.

CLADDAUGH

Reinsurance

Claddaugh Generating Profits for Our Shareholders

Cumulative Net Premium Earned Since 2008



Claddaugh is used to opportunistically manage reinsurance cycles for HCI's insurance divisions.



Since its formation in 2008, Claddaugh has contributed \$36M in pre-tax income¹ to HCI.

(1) As of 12/31/22. Excludes the impact of intercompany stop loss agreement.

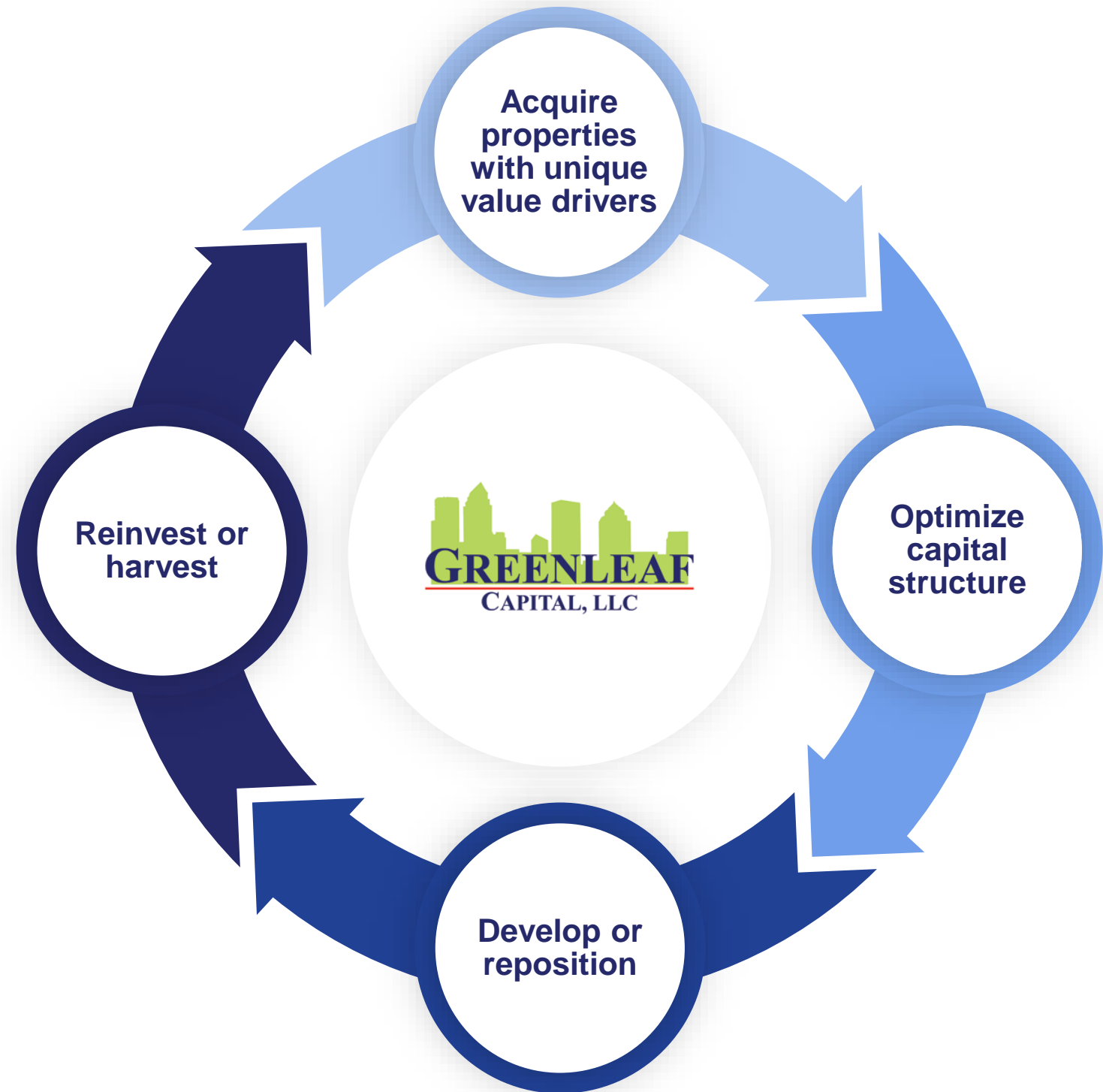



GREENLEAF
CAPITAL

Real Estate

Creating Value in Real Estate

Greenleaf Capital owns and operates HCI's growing real estate portfolio. Its holdings include a set of premier commercial assets in rapidly growing Florida.



Florida Real Estate Portfolio With Embedded Value

	PROPERTY	APPRAISED VALUE ⁽¹⁾	BOOK VALUE ⁽³⁾	DEBT ON PROPERTY
EXISTING	Office Portfolio	\$25M	\$16M	\$5M
	Anchored Retail Center Portfolio	41M	28M	15M
	Waterfront Specialty Use Portfolio	40M	17M	-
UNDER DEVELOPMENT	Retail Center	12M	13M	-
	Waterfront Vacant Land	9M	8M	-
REALIZED	Office Building and Land	MOIC ² 6x	Acquired 10M	Proceeds 59M
		\$127M¹	\$83M	83
		APPRAISED VALUE	BOOK VALUE	ACRES

(1) Based on appraisals updated through 1/31/2023 and management estimates. Under-development properties based on cost incurred to date

(2) Multiple of invested capital

(3) Book value is net of depreciation

EXAMPLE

Cypress Commons

2010

Acquired for
\$7 million

\$58
per sqft

100%
vacant

2020

Sold for
\$44 million

\$392
per sqft

100%
leased

RETURN

5x
MOIC

21%
IRR

First sale
since inception

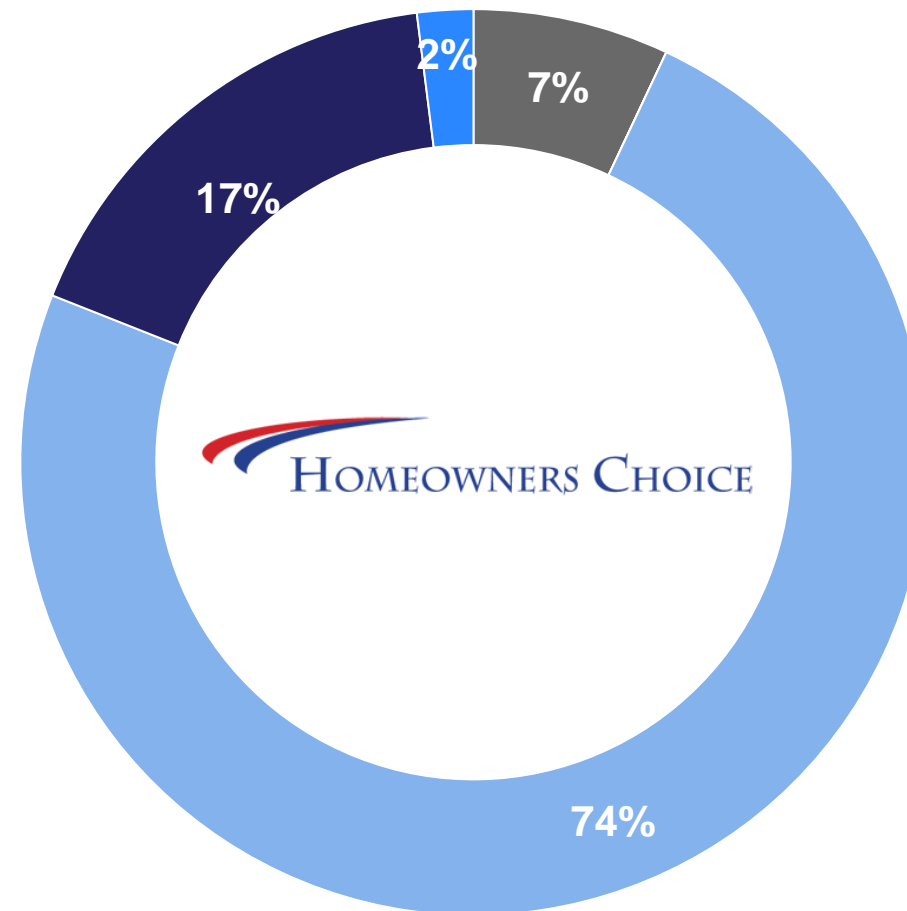


Homeowners Choice Investment Portfolio

A conservative allocation, positioned for higher rates and opportunistic investments

Total invested assets¹
\$340 million

Fixed Income Duration
~1 year



- Cash
- Fixed Income
- Real Estate & Other
- Short Term Investments
- Equity
- Limited Partnerships

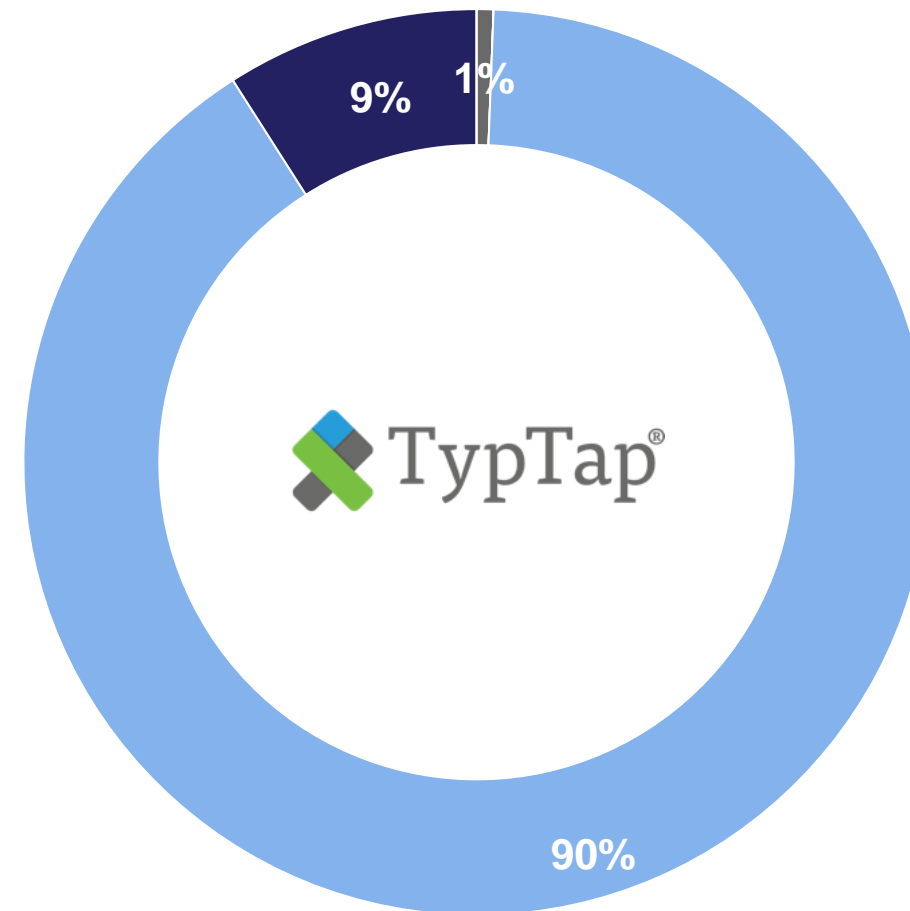
(1) As of 12/31/22

TypTap Investment Portfolio

A conservative allocation, positioned for higher rates and opportunistic investments

Total invested assets¹
\$257 million

Fixed Income Duration
~1 year



- Cash
- Fixed Income
- Real Estate & Other
- Short Term Investments
- Equity
- Limited Partnerships

(1) As of 12/31/22

Experienced & Focused Leadership Team



PARESH PATEL
Chairman & Chief Executive Officer

- Founder; Chairman since 2007 & CEO since 2011
- Designed HCI's policy administration systems, leveraging software development experience
- Founded NorthStar Bank in 2004 and served as Director (2006-2011)



MARK HARMSWORTH
Chief Financial Officer, HCI Group

- CFO since 2017; previously SVP of Finance
- Former senior advisor to Stewart Information Services (NYSE: STC)
- CFO of First American Title Insurance Company (2006-2011)
- Senior EVP of First Canadian Title Insurance Company (2002-2006)



KARIN COLEMAN
President, Homeowners Choice
Chief Operating Officer, HCI Group

- Director since February 2021
- Previously, EVP (2017-2019) and VP of Corp. Services (2009-2017)
- Former VP Strategic Alliances, TSIC, Inc. (2001-2009)
- Served in various capacities at Florida Progress Corp (NYSE: FPC), a utility holding company, now part of Duke Energy (NYSE: DUK) (1987-2000)



ANDREW GRAHAM
General Counsel, HCI Group

- General Counsel since 2008
- Served in various capacities, including General Counsel for Trinsic (1999-2007)
- Served on Internal Audit Committee of Hillsborough County, Florida, since 2011
- Hillsborough Community College trustee (2007-2011)



KEVIN MITCHELL
President, TypTap Insurance
Executive Vice President, TypTap Insurance Group

- Previously, SVP and VP of Investor Relations (2013-2019)
- Former Area Director of Financial Institutions practice at Arthur J. Gallagher (NYSE: AJG) (2008-2013)
- Previously, employed by Oswald Companies, one of the nation's largest independent insurance brokerage firms (2005-2008)



ANTHONY SARAVANOS
President, Greenleaf Capital

- Director since 2007; President of Greenleaf Capital since 2013
- Former VP of full-service real estate firm in Palm Harbor, Florida (2005-2013)
- Managing Partner of 13 commercial CRE entities in Florida and New York since 2001
- Director of First Home Bank since 2011; Chairman since 2015

Delivering Shareholder Value



121% of market cap returned to shareholders²

21% inside ownership

12% 10-year average ROE¹

>940%
Total Shareholder Return since IPO

1) As of December 31, 2022

2) Based on market capitalization on 12/31/2022. Includes 269M buybacks and 145M dividends





Contact Us

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