



# Investor Presentation

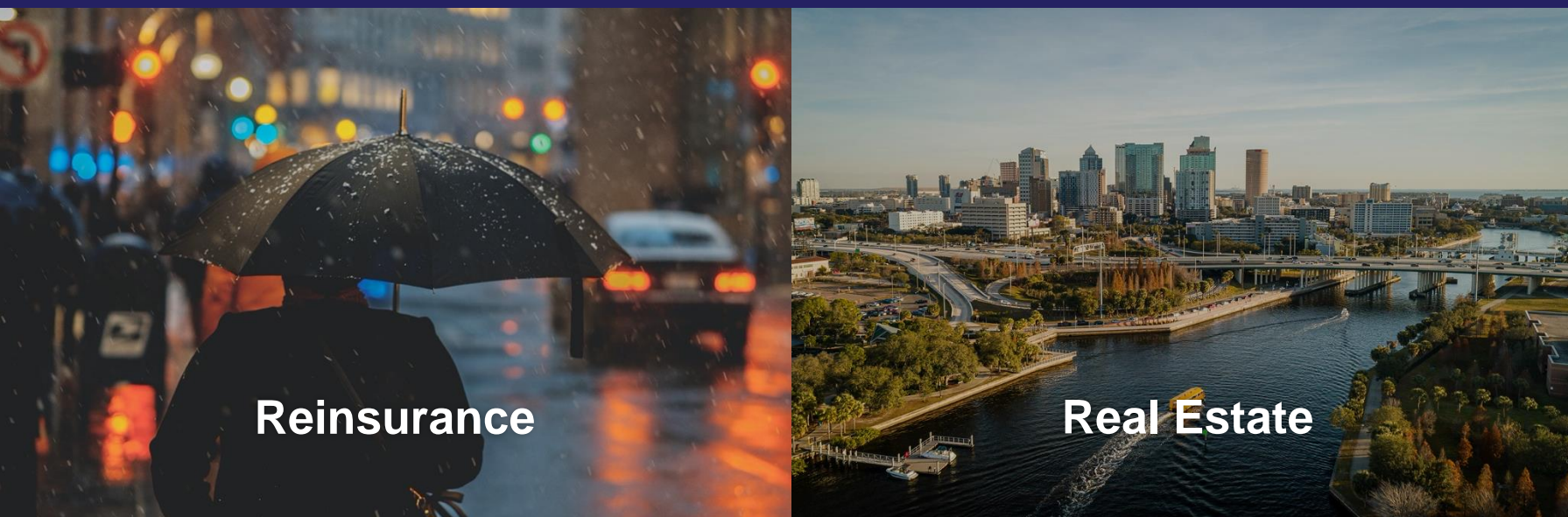
NYSE: HCI | SEPTEMBER 2024

# 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, 2023, filed March 8, 2024.



## HCI at a Glance



Stock Price <sup>2</sup>	<b>\$95.83</b>
Est. Market Capitalization <sup>2</sup>	<b>\$1.0B</b>
Price-to-TTM Earnings	<b>7.5x</b>
Book Value/Share	<b>\$42.72</b>
Dividend Yield <sup>2</sup>	<b>1.7%</b>
In-Force Premium <sup>3</sup>	<b>\$1,081M</b>
Debt to Capital	<b>34%</b>
Founded/IPO	<b>2006/2008</b>
Management Tenure	<b>13 years</b>
Insider Ownership	<b>18%</b>



- (1) All data as of 6/30/2024 except where noted  
(2) As of 8/30/24  
(3) Includes Condo Owners Reciprocal Exchange ("CORE")

# Investment Thesis

- ✓ An **insurance holding company** with operations in Homeowners Insurance, Information Technology Solutions, 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

**49%**  
TRAILING  
12-MONTHS ROE<sup>1</sup>

**16%**  
TEN-YEAR ROE<sup>1</sup>

**18%**  
INSIDER OWNERSHIP



**2006** founded

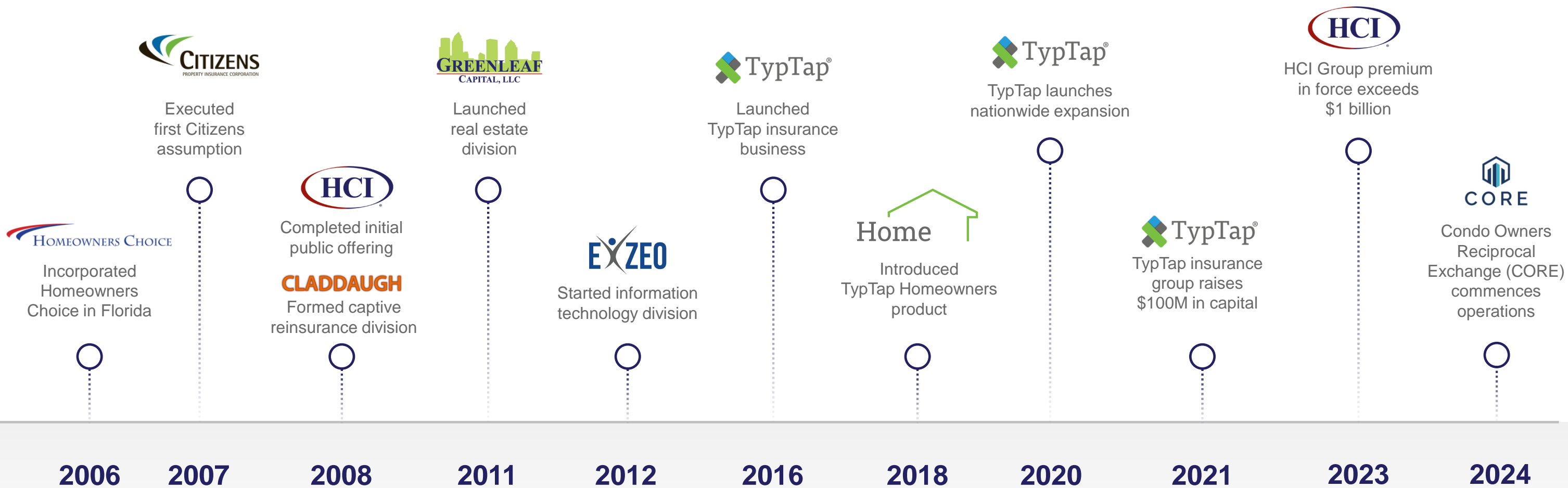
**55** consecutive quarters  
of dividends

**>\$435M** capital returned to  
shareholders since  
inception<sup>2</sup>

(1) As of 6/30/2024  
(2) Includes \$269M buybacks and \$167M dividends



# Growing Through Investment & Innovation



# HCI Operational Divisions



## Reinsurance

Claddaugh

## Insurance Carriers

Homeowners Choice P&C Insurance Company

TypTap Insurance Company

Condo Owners Reciprocal Exchange (CORE)

## Insurance Solutions

Exzeo  
*(technology division)*

MGA Services  
*(division responsible for product, rates & forms, reinsurance, etc.)*

Griston  
*(claims division)*

## Real Estate

Greenleaf



# Insurance Carriers

# Overview of Insurance Divisions



Launched in 2007

Homeowners and condominium owners insurance primarily in Florida

Historically has acquired customers through Citizens assumptions and opportunistic acquisitions

Track record of consistent underwriting profitability

Strong cash flow helps to fund growth initiatives

**\$571M of In-Force Premiums<sup>(1)</sup>**



Launched in 2016

Technology-driven homeowners insurance

Utilizes independent agent channel

Currently active in 13 states, including Florida

Differentiated technology yields best-in-class loss ratio

**\$428M of In-Force Premiums<sup>(1)</sup>**



Commenced operations in 2024 as reciprocal exchange

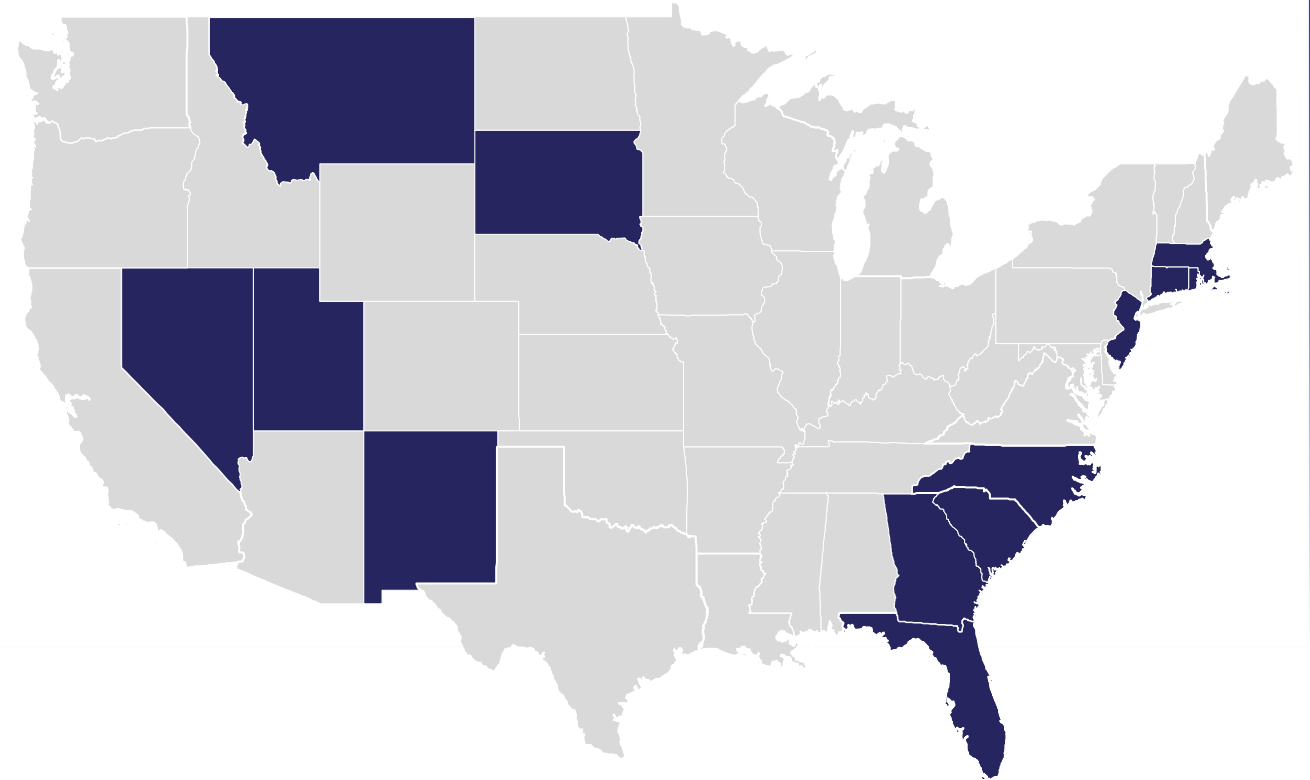
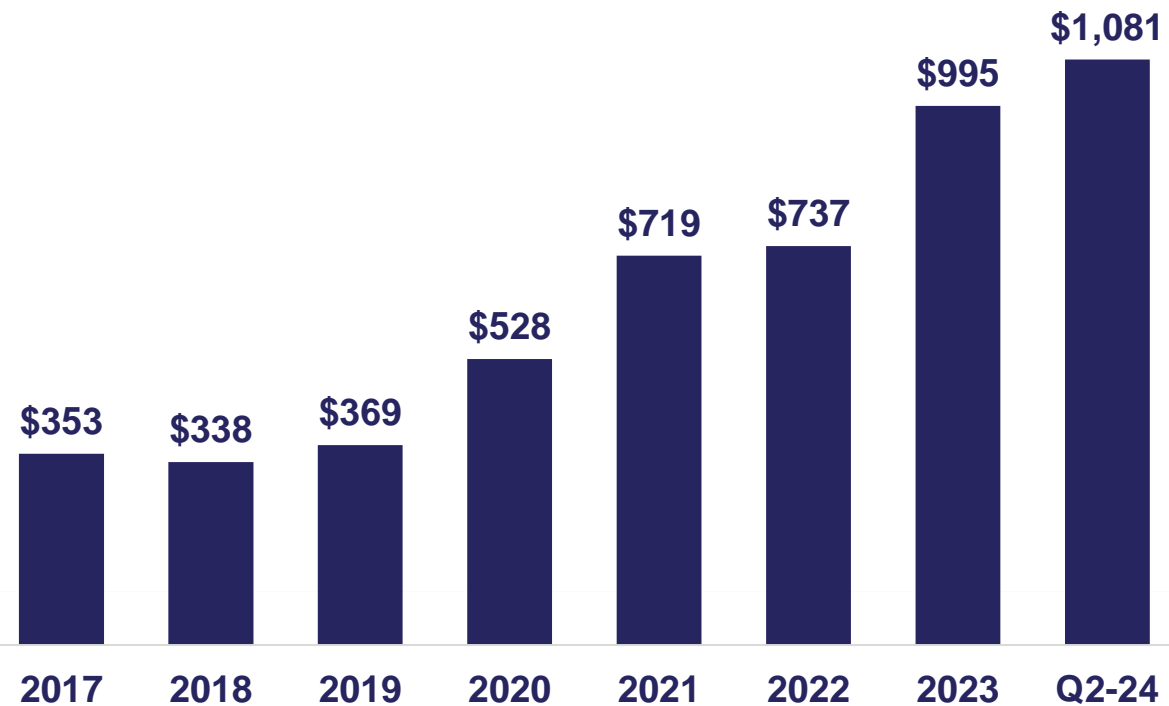
Writes Florida-based commercial residential lines


Acquired policyholders through Citizens assumptions

Fills gap created by limited condo association coverage and growing demand

**\$81M of In-Force Premiums<sup>(1)</sup>**

# A Growing Homeowners Business



 **Best-in-class Underwriter in the Florida Market**

## ✓ Opportunistically Add Policies

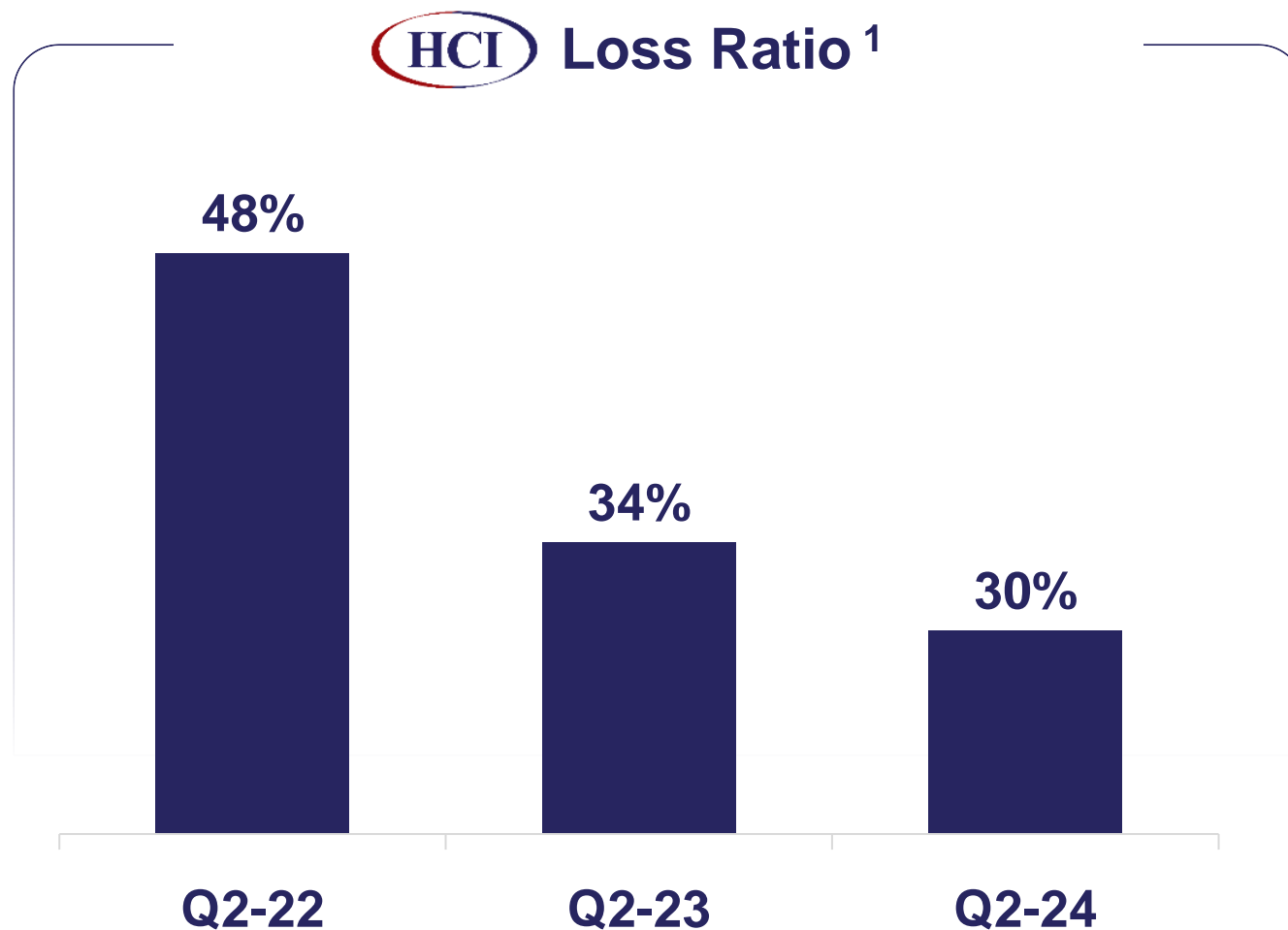
 **Proactively  
Managing Risk  
and Loss Costs**

 **Deploying Excess Capital Into Investments & Growth Initiatives**



(1) Includes Homeowners Choice, TypTap, and CORE in-force premium

# A Profitable Homeowners Business



**Leverage technology to constantly evaluate underwriting criteria**

- Rate adequacy
- Exposure management

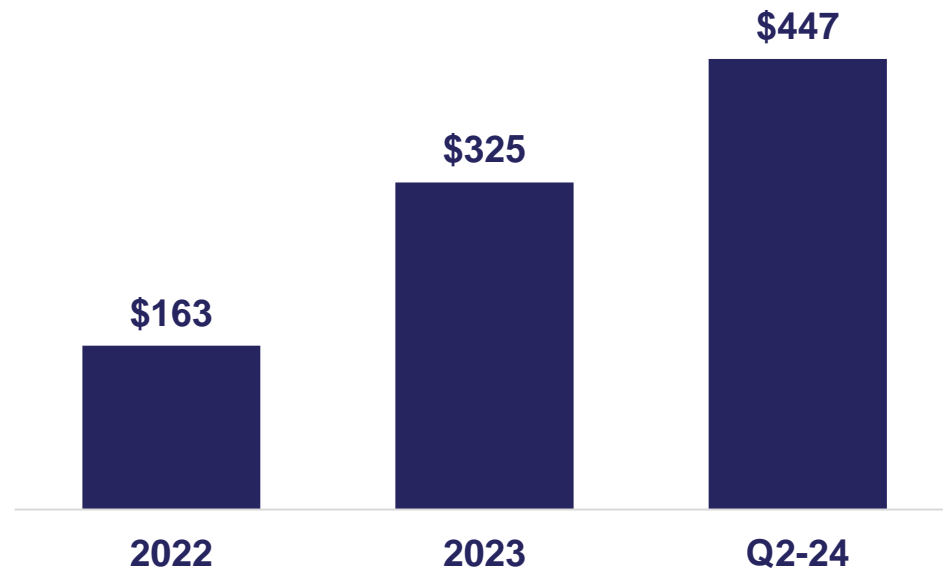
**Legislative reforms have proven effective in improving loss trends in Florida**

- ~25% decline in claims frequency
- ~35% decline in litigation frequency

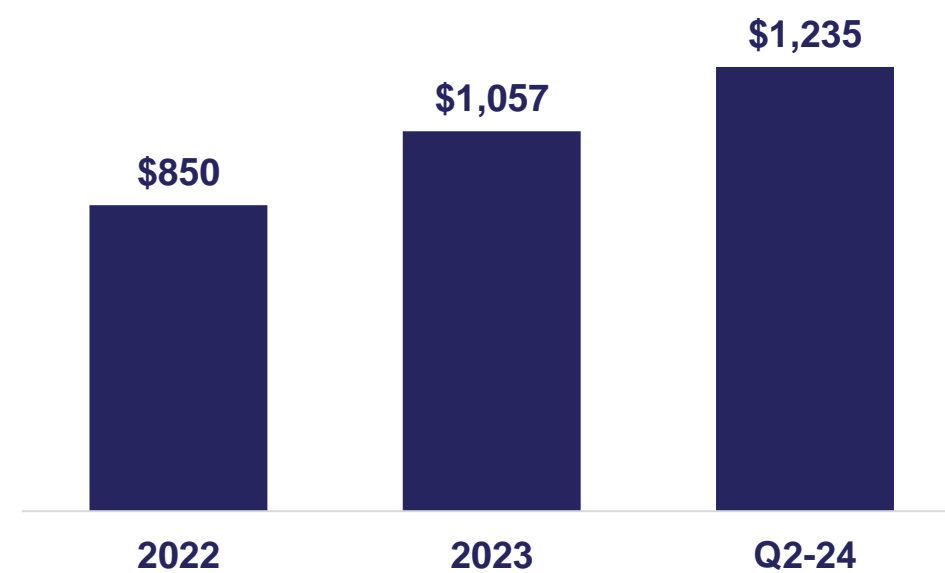
(1) Consolidated losses and loss adjustment expenses divided by consolidated gross premiums earned.

# Steady Improvement

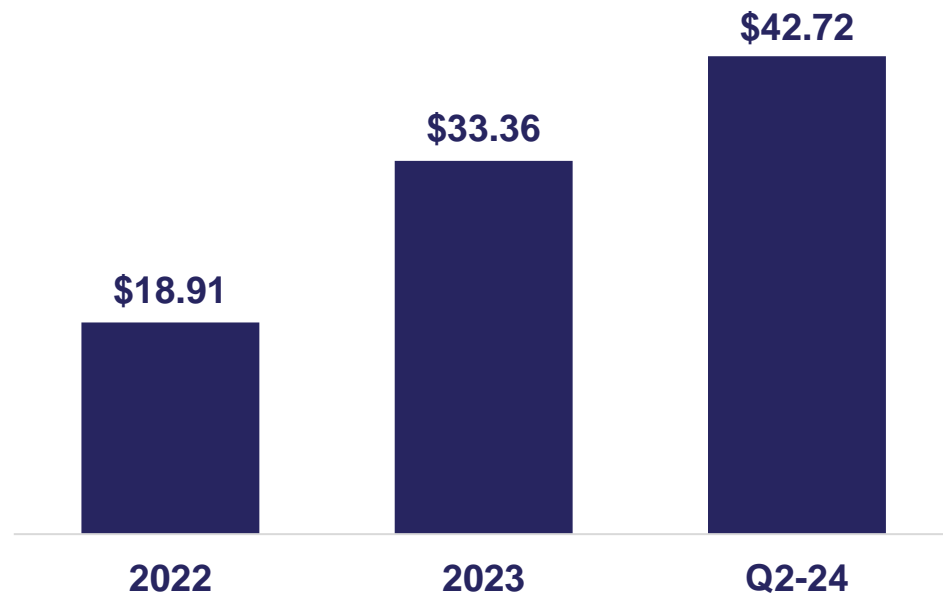
Shareholders Equity (in \$M)



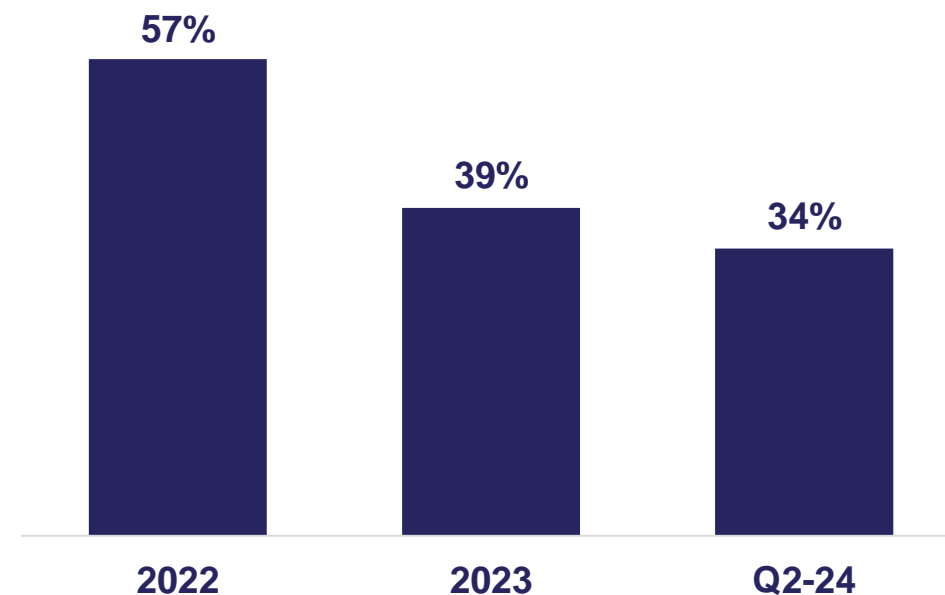
Invested Assets (in \$M)



Book Value Per Share



Debt Leverage (%)<sup>1</sup>





# Insurance Solutions

# Overview of Insurance Solutions Division

## Technology Platform

**EXZEO** Launched in 2012

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Wholly-owned technology subsidiary

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A team of over 150 experienced developers and data scientists

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100% internally developed technology platform powers underwriting operations of the insurance carriers

## MGA Services

Includes Homeowners Choice Managers Inc., TypTap Management Company, CORE AIF

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Responsible for all activities to manage day-to-day operations of insurance carriers

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Includes product, rates, forms, customers services, reinsurance

## Claims Services

Griston Claims Services is a wholly owned division of HCI Group

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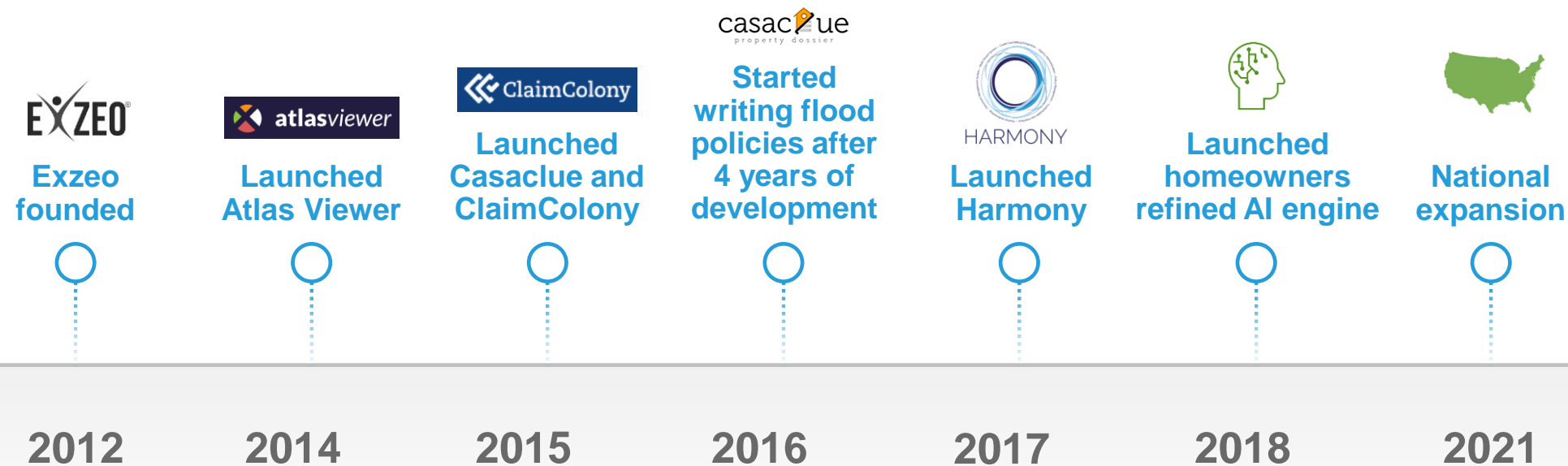
Handles all internal claims, including daily and catastrophe claims

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Includes a team of over 115 employees<sup>1</sup>

# 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 insurance carriers day-to-day operations

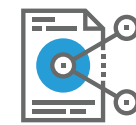
# Technology Advantages



**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

# We Use Technology to Underwrite at the Individual Property Level

## 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 (U.S. homeowners insurance industry direct expenses).

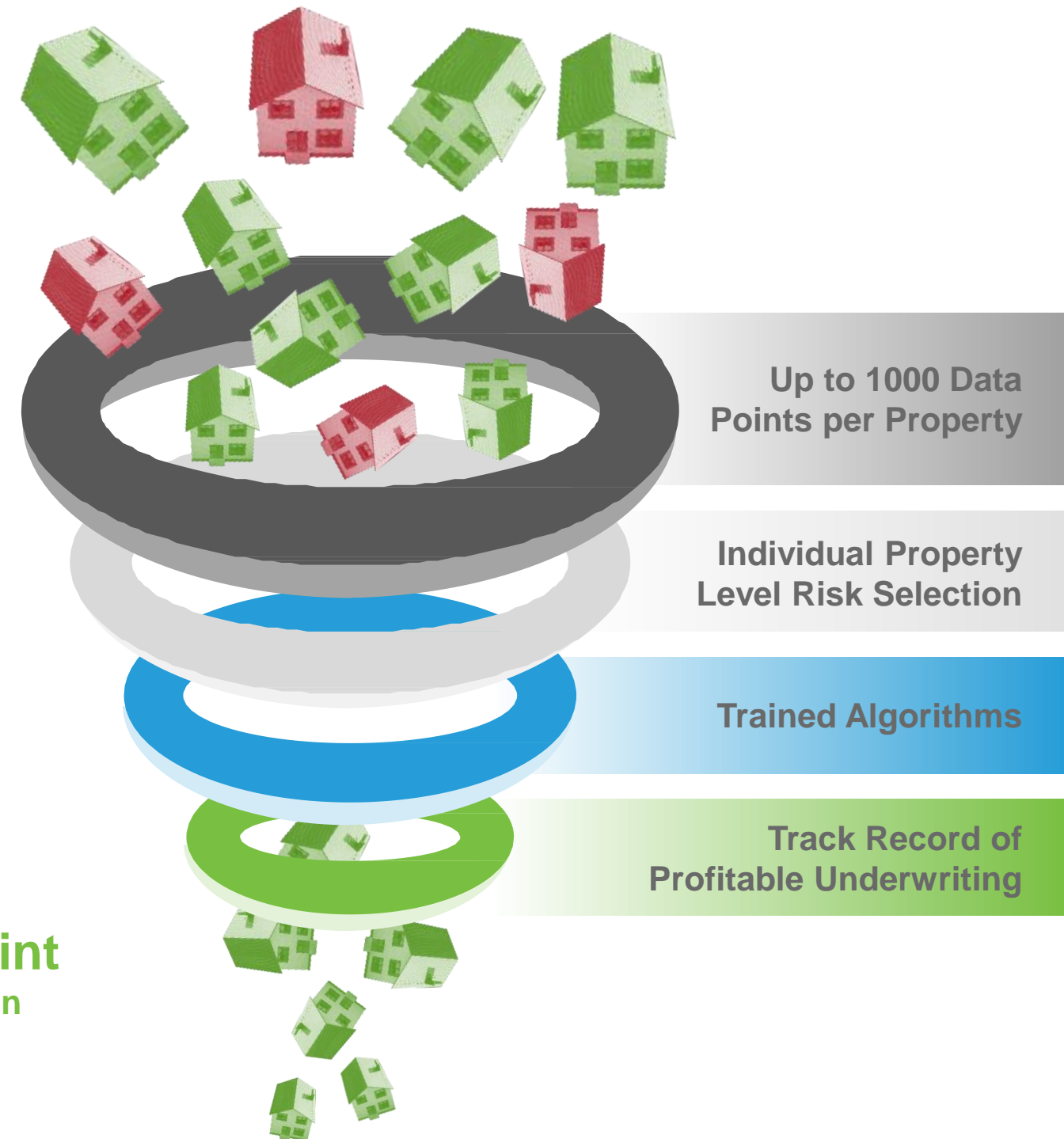
Excludes reinsurance expense

(1) Represents industry average from 2014-2023

73%<sup>1</sup>  
industry  
average  
loss ratio



~25 point  
decrease in  
loss ratio



# Individual Level Risk Evaluation Results in Lower Loss Ratio



Property level (HCI insurance carriers) vs. zip code level (industry)

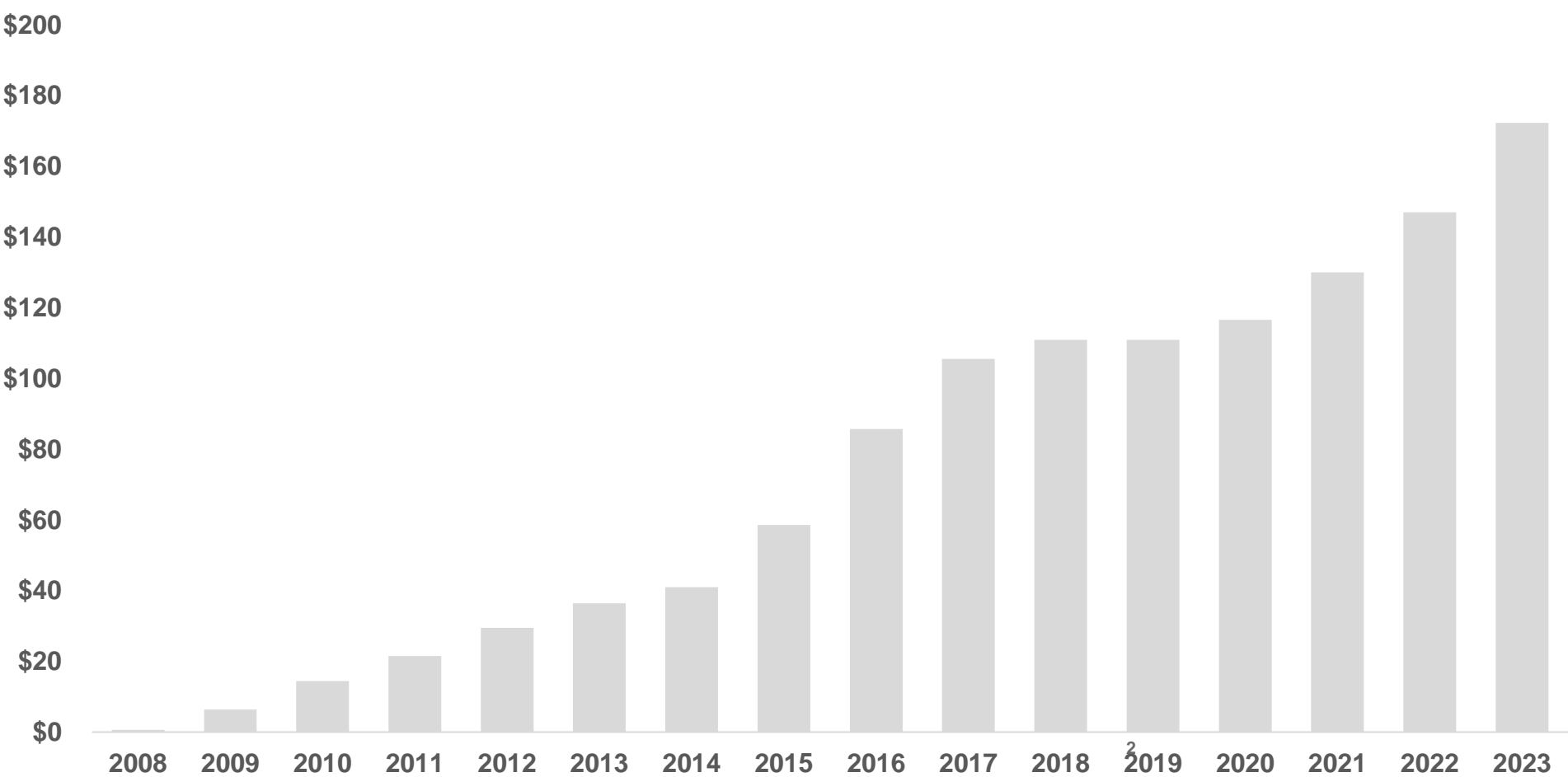
Algorithms can determine “green properties” vs. “red properties” in the same neighborhood

A photograph of a person holding a black umbrella on a rainy city street at night. The person is seen from behind, wearing a dark jacket. The umbrella is open and has water droplets on it. The background is a blurred city street with colorful traffic lights (red, yellow, green, blue) and car lights. The overall atmosphere is moody and rainy.

# 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 \$58M in pre-tax income to HCI.<sup>1</sup>

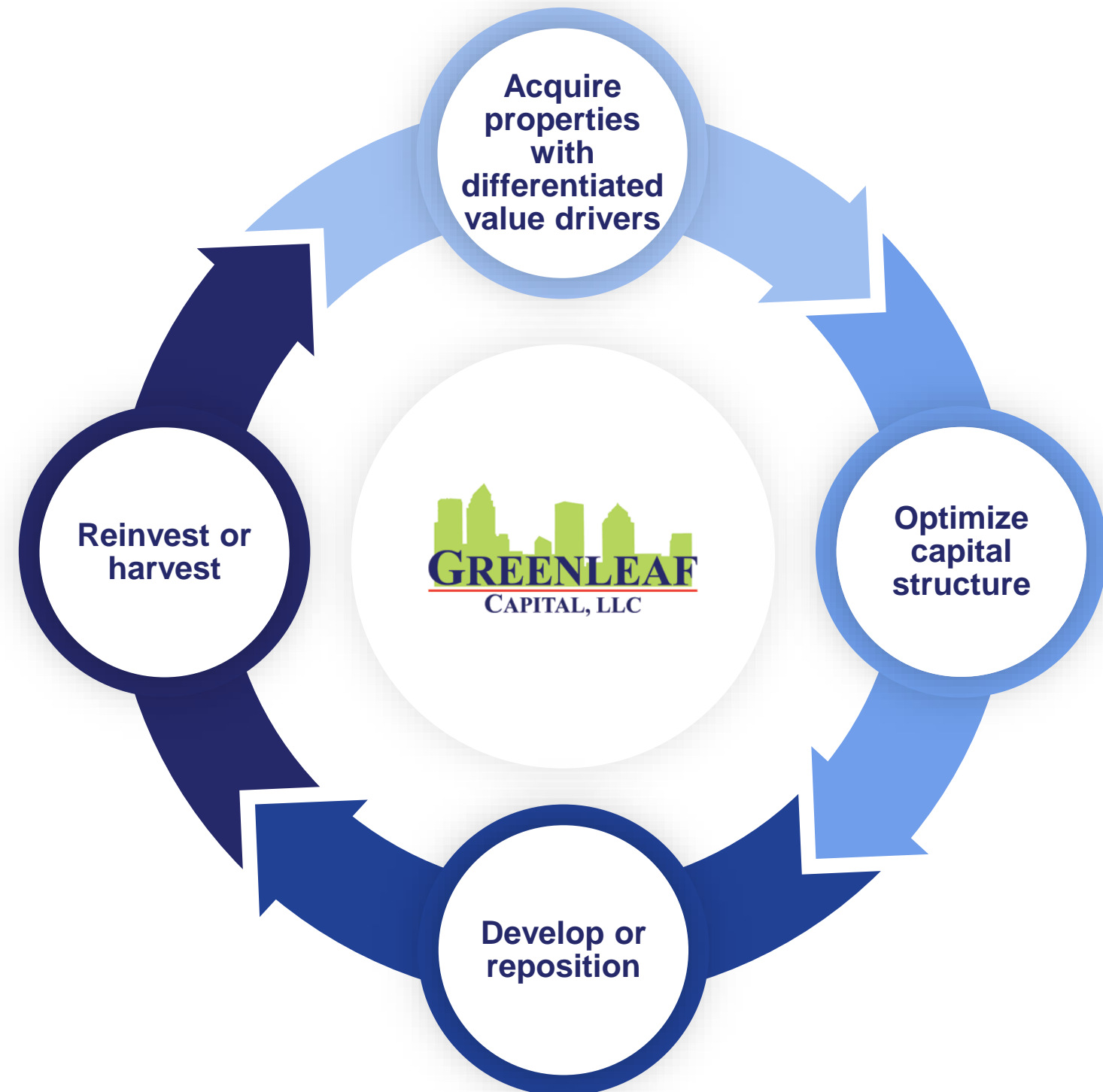
(1) As of 12/31/23. Excludes the impact of intercompany stop loss agreement.



# Real Estate

# Creating Value in Real Estate

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



# Generating Gains from our Real Estate Portfolio

Recent Sales Transactions	PROPERTY	LOCATION	DATE PURCHASED	GROSS PROCEEDS <sup>2</sup>	BOOK VALUE	PRE-TAX GAIN <sup>1</sup>
	Office Building	Tampa	2010	\$44.0M	\$7.0M	\$37.0M
	Office Building	Tampa	2017	\$14.5M	\$1.1M	\$13.4M
	Grocery Anchored Retail	Eustis, FL	2016	\$13.0M	\$10.6M	\$2.5M
	Grocery Anchored Retail	Melbourne, FL	2016	\$18.0M	\$11.5M	\$6.4M
				<b>\$90M</b> GROSS PROCEEDS	<b>\$30M</b> BOOK VALUE	<b>\$59M</b> PRE-TAX GAIN

(1) Includes gains associated with bargain purchase

(2) Gross proceeds are net of transaction costs and commissions

# Florida Real Estate Portfolio With Embedded Value

PROPERTY		APPRAISED VALUE <sup>(1)</sup>	BOOK VALUE <sup>(3)</sup>	DEBT ON PROPERTY
OPERATING	Office Portfolio	\$25M	\$18M	\$4M
	Anchored Retail	28M	17M	\$11M
	Waterfront Specialty Use Portfolio	40M	17M	-
UNDER DEVELOPMENT	Properties Under Development	46M	42M	-
		<b>\$139M<sup>1</sup></b>	<b>\$94M</b>	
		APPRAISED VALUE	BOOK VALUE	

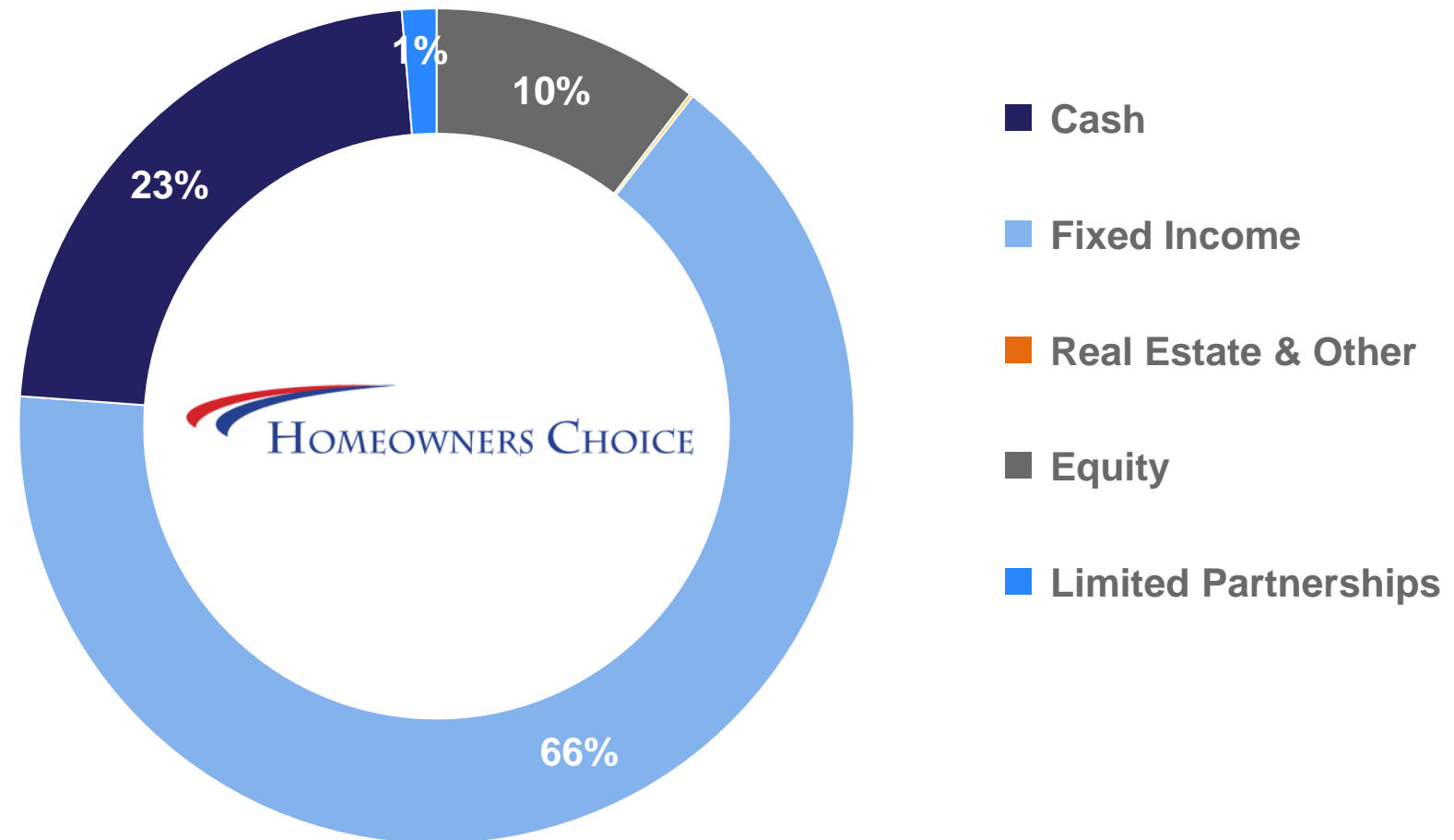
(1) Based on appraisals obtained by Fifth Third bank. As of 6/30/2024  
(2) Book value is net of depreciation  
(3) All data as of 6/30/2024

# Homeowners Choice Investment Portfolio

A conservative allocation, positioned for higher rates and opportunistic investments

Total invested assets<sup>1</sup>  
**\$395 million**

Fixed Income Average  
Duration ~1 year



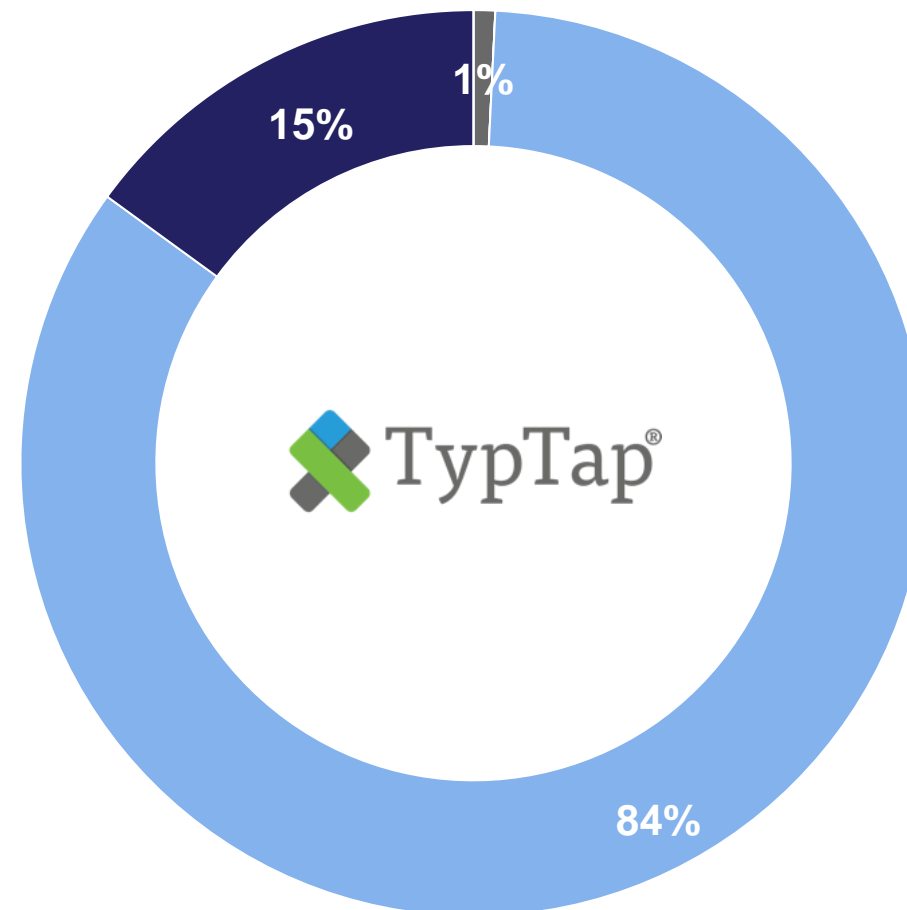
(1) As of 6/30/24

# TypTap Investment Portfolio

A conservative allocation, positioned for higher rates and opportunistic investments

Total invested assets<sup>1</sup>  
**\$392 million**

Fixed Income Average  
Duration ~1 year



- Cash
- Fixed Income
- Equity
- Limited Partnerships

(1) As of 6/30/24

# 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



>\$435M

capital returned to  
shareholders since  
inception<sup>2</sup>

18%

insider  
ownership

16%

10-year average  
ROE<sup>1</sup>

>2500%  
Total Shareholder  
Return since IPO

1) As of 6/30/2024  
2) Includes \$269M buybacks and \$167M dividends





# Contact Us

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