Corporate Presentation

September 2017

NYSE
NYSE:HCI

Important Cautions Regarding Forward-Looking Statements

NYSE:HCI

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, 2016 filed February 22, 2017.

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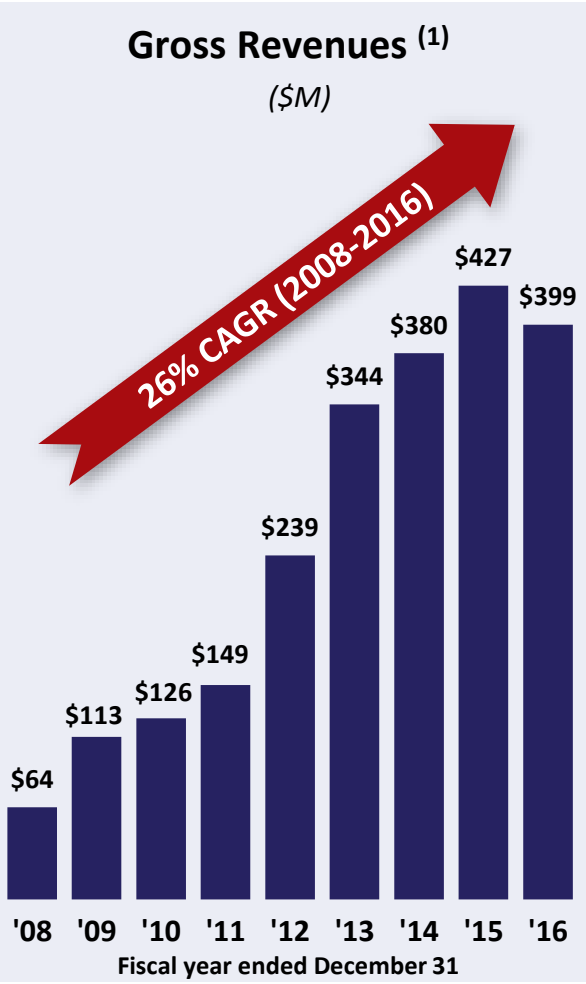
Key Company Statistics as of June 30, 2017

NYSE:HCI

Stock Price (8/30/17)	**$40.14**
52 Week Low/High	$24.35/$50.93
Common Shares Out.	9.99M[2]
Fully Diluted Share Ct.	12.39M[3]
Free Float, *est.*	7.4M
Avg. Daily Vol. *(3 mo.)*	84,671[4]
Market Capitalization	**$400.9M**

Gross Revenue[1] (TTM)	**$392.6M**
Diluted EPS (TTM)	$3.65
P/E (TTM)	11.0x
Dividend Yield	3.5%
Cash (MRQ)	**$296.5M**
Total Assets (MRQ)	$792.7M
Total Debt (MRQ)	$234.8M
Book Value/Share[5] *(MRQ)*	$25.99
Stockholders' Equity (MRQ)	**$238.4M**
Institutional Ownership	72.9%
Insider Ownership	**25.8%**
Employees	338
Founded/IPO	2006/2008



Sources: HCI, Capital IQ
MRQ = most recent quarter; TTM = trailing twelve months. MRQ and TTM figures as of quarter end 6/30/17
(1) Gross revenue = total revenue before premiums ceded
(2) Per AST; includes 814,000 shares subject to prepaid forward contracts; shares outstanding per GAAP are 9.173M
(3) Estimated as of 6/30/17
(4) Per NASDAQ.com
(5) $238.4M/9.173M

Our Business Lines

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HCI Group owns enterprises engaged in diverse yet complementary business activities

- **Property & Casualty Insurance:**
  - **Homeowners Choice** – homeowners insurance
  - **TypTap Insurance Company** – private flood insurance offered through the TypTap.com online platform
- **Reinsurance: Claddaugh**, HCI's captive reinsurer, participates in the reinsurance program for Homeowners Choice
- **Real Estate: Greenleaf Capital** manages and develops HCI's growing real estate portfolio
- **Technology: Exzeo** develops innovative products and value-added services for Homeowners Choice, TypTap and the insurance industry

Key Milestones: Growth Through Innovation

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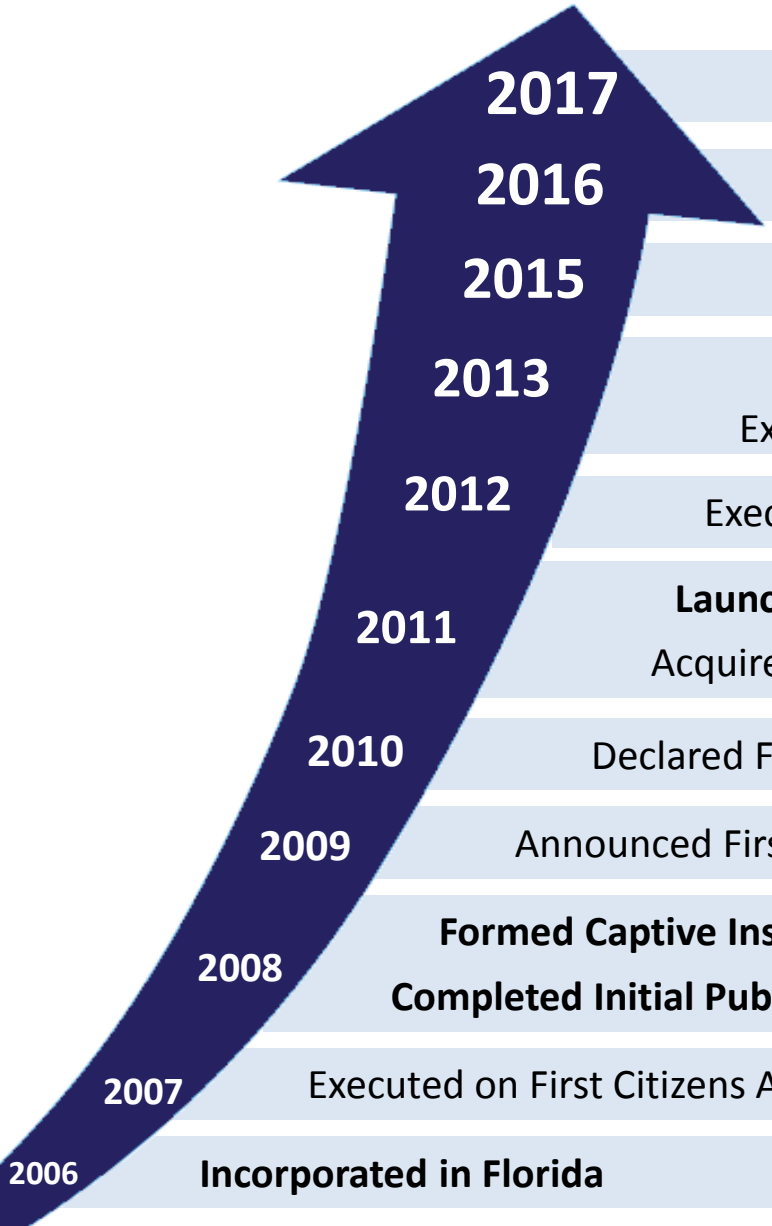

2017	Executed $144M Convertible Notes Offering
2016	**Launched TypTap for Private Flood Insurance**
2015	Completed Wind-Only Citizens Assumption
2013	**Launched Information Technology Division (Exzeo)** Executed $103M Convertible Notes Offering
2012	Executed Follow-on Offering
2011	**Launched Real Estate Division (Greenleaf)** Acquired HomeWise Insurance Book of Business
2010	Declared First Cash Dividend
2009	Announced First Share Buyback
2008	**Formed Captive Insurance Division (Claddaugh)** **Completed Initial Public Offering**
2007	Executed on First Citizens Assumption
2006	**Incorporated in Florida**

Investment Highlights

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- **"Top 10" Florida homeowners insurer** (1) led by veteran management team with successful entrepreneurial track record
- **Significant runway** for continued profitable growth
  - Market share gains in **homeowners insurance** through: M&A, leveraging independent agents, and future assumptions from Citizens
  - Expansion of **flood insurance** in Florida and other geographies
  - Opportunities to **expand outside of core Florida market**
  - Expansion possibilities in other divisions, such as **reinsurance**, **real estate** and **technology**
- Disciplined business execution results in **consistent profitability** and **best-in-class margins** (2)
  - 39 consecutive quarters of profitability and 27 cumulative quarters of dividends
- **Proprietary technology developed in-house** provides sustainable competitive advantage
- **Well-structured reinsurance program** protects capital base

(1) Source: Florida Office of Insurance Regulation at 3/31/17; excludes State Farm
(2) As compared to public peer companies: Federated National Holding Company (FNHC), Heritage Insurance Holdings, Inc. (HRTG), United Insurance Holdings Corp. (UIHC), Universal Insurance Holdings (UVE)

Expertise Drives Profitable Results

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Developed proprietary risk selection technology and service processes that deliver industry-leading results (1)

- **Predictive underwriting model**
  - Analyzes 48 key data points through proprietary algorithms
  - Identifies historical loss trends to forecast future claims and profitability
- **Insourcing of all key functions**
  - In-house policy administration and claims processing functions result in better cost containment and lower losses
  - Better customer experience leads to higher retention rates

(1) As compared to public peer companies: Federated National Holding Company (FNHC), Heritage Insurance Holdings, Inc. (HRTG), United Insurance Holdings Corp. (UIHC), Universal Insurance Holdings (UVE)

Conservative Approach to Risk

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HCI proactively manages its risk exposure through multiple strategies

- **Risk Selection**
  - Premium adequacy (sufficient premium for risk)
- **Risk Management**
  - Non-catastrophic exposures (theft, fire & water)
- **Risk Allocation**
  - Geographic diversification of policies
- **Risk Transfer**
  - Reinsurance partnerships

Florida P&C Insurance Market by Premiums & Risk Exposure*

Florida P&C Insurer	Annual Premiums ($M)	Rank	Risk Exposure ($B)	Rank
Universal	$880.6	1	$132.0	1
Citizens	833.5	2	111.3	2
Heritage	549.9	3	93.2	5
Federated National	475.9	4	99.2	3
Security First	$364.8	5	97.9	4
Homeowners Choice	**$363.9**	**6**	**$45.0**	**15**
United	330.4	7	77.0	7

Despite being ranked 6th by premiums written in Florida, HCI ranks only 15th by risk exposure

*Source: Florida Office of Insurance Regulation at 3/31/17; excludes State Farm

Geographically Diversified in Florida

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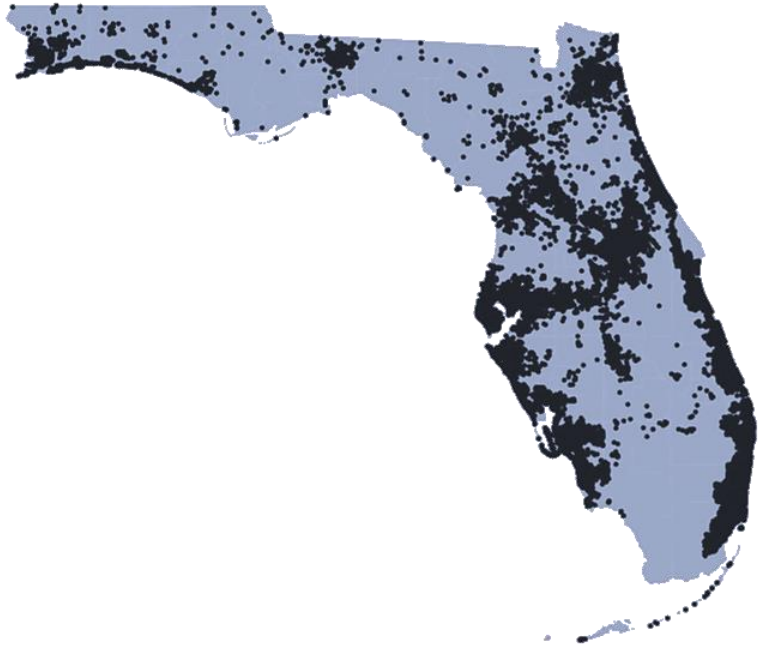
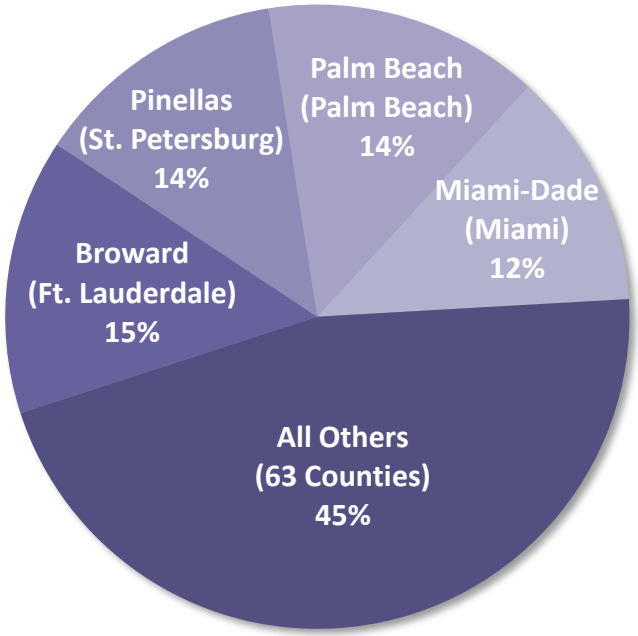
Geographic Diversification[1]



Homeowners Choice's Recent Portfolio Acquisitions have Increased its Geographic Diversification

Homeowners Choice Insured Value by County



Policies in Force Distributed Across All 67 Counties in Florida, with Only Four Counties Individually Accounting for >10%

(1) HCI Internal Data: Q2-17

Reinsurance: Transferring Risk

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- Homeowners Choice's reinsurance program transfers catastrophic risk to **55 highly-rated or fully collateralized** reinsurance partners
  - The 2017-2018 program provides **$968 million of catastrophic coverage** (1st event cover)
- Net reinsurance premiums of **~$113.1(1) million** and first event retention of only **$16 million** for Homeowners Choice
- Since 1964, in Florida there have been **only 9 storms rated Category 3 or higher** in Florida
- HCI's captive reinsurer, Claddaugh, helps lower costs by retaining risk selectively from year to year. Claddaugh maintains $34 million 1st event retention for 2017/2018 program

CHUBB

LLOYD'S
LLOYD'S OF LONDON

MS Amlin

EVEREST
Everest Re Group, Ltd.

CLADDAUGH

OdysseyRe

SOMPO INTERNATIONAL

RenaissanceRe

NATIONAL Liability & Fire
a Berkshire Hathaway Insurance Company

(1) Assumes benefit of $12.6 million in 2017/2018 program year under multi-year retrocession contract.

2017-2018 Reinsurance Program

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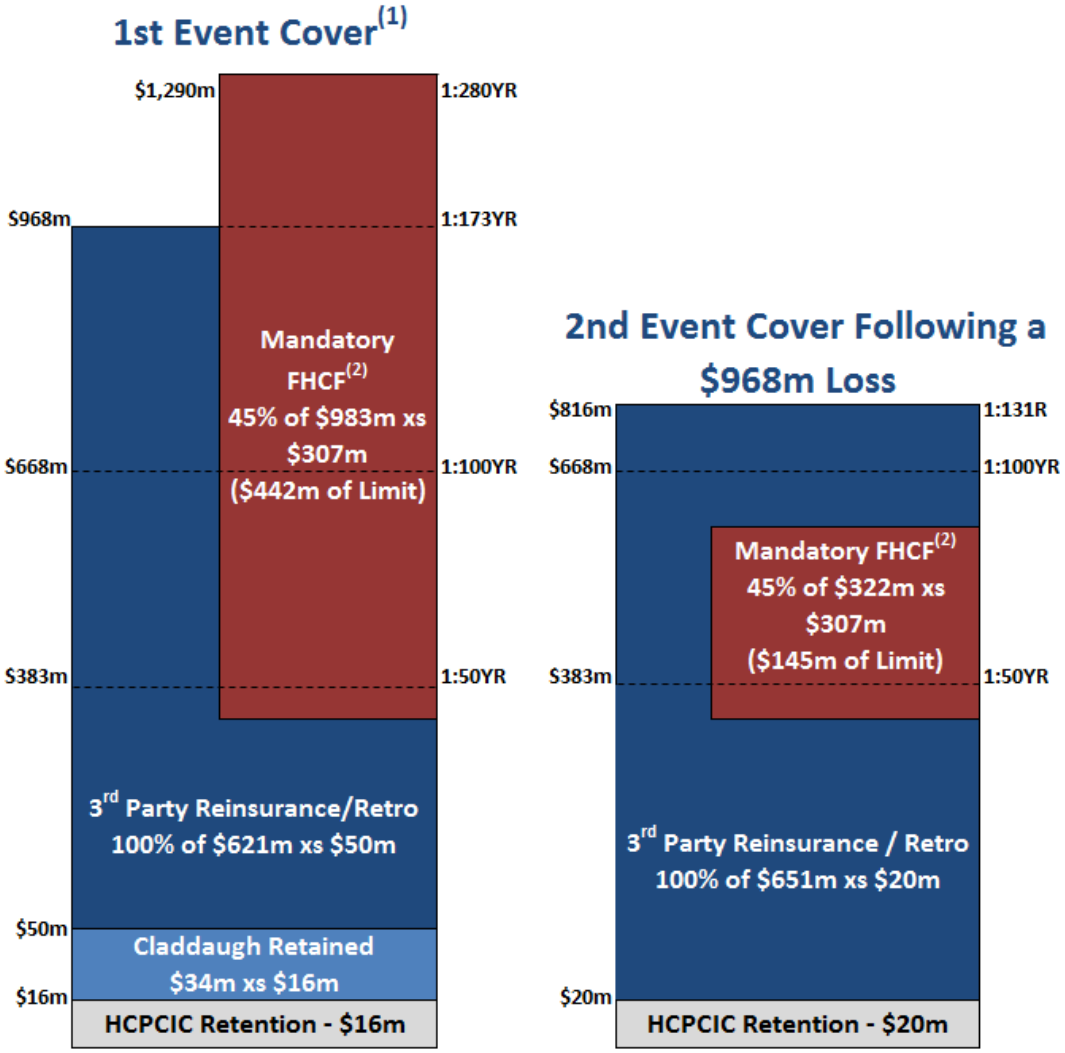
Conservative Reinsurance Program Provides Protection Against Catastrophic Events



Note: Figure not drawn to scale

(1) RMS RiskLink v15.0 Long-Term Hurricane, with Loss Amplification, excluding Storm Surge, without Secondary Uncertainty

(2) Florida Hurricane Catastrophe Fund

Capitalizing on Florida Market Opportunity

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- **~145,000 policies** in force
- A highly fragmented market results in acquisition opportunities for HCI
  - Top 10 insurers control only 46%
  - Weaker players impacted by recent hurricanes and need for capital

Florida P&C Insurance Market by Premiums Written*

Rank	Florida P&C Insurer	Annualized Premiums ($M)	Market Share (%)
1	Universal	$880.6	8.8%
2	Citizens	833.5	8.3
3	Heritage	549.9	5.5
4	Federated National	475.9	4.8
5	Security First	364.8	3.6%
6	**Homeowners Choice**	**$363.9**	**3.6%**
7	United	330.4	3.3
8	First Protective	271.7	2.7
9	American Integrity	265.2	2.7
10	USAA	258.7	2.6
Total for Top 10 Companies		**$4,594.6**	**45.9%**
Total for All Companies in FL		**$10.002.2**	**100.0%**

*Source: Florida Office of Insurance Regulation at 3/31/17; excludes State Farm

Flood Insurance: $1B Market in Florida

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National Flood Insurance Program (NFIP)

- $23 billion underfunded
- Passed legislation to cover deficit
- Increasing premiums up to 25% per year

TypTap: HCI's Flood Insurance Program

- Initially focused on Florida, with opportunities to expand into other states
- Offer superior coverage and competitive rates
- Utilize in-house software to minimize underwriting costs
- Limited number of competitors

State Flood Insurance Market by Premiums Written (1)

Rank	State	Premiums Written ($M)
1	**Florida**	**$951.4**
2	Texas	367.1
3	Louisiana	353.0
4	New Jersey	226.9
5	New York	205.0
6	California	194.3
7	South Carolina	134.9
8	North Carolina	107.8
9	Virginia	77.7
10	Massachusetts	77.5
Total for Top 10 States		**$2,695.6**
Total for All States		**$3,530.5**

(1) Source: Federal Emergency Management Agency, as of 4/30/17

TypTap: Technology-Enabled Flood Insurance

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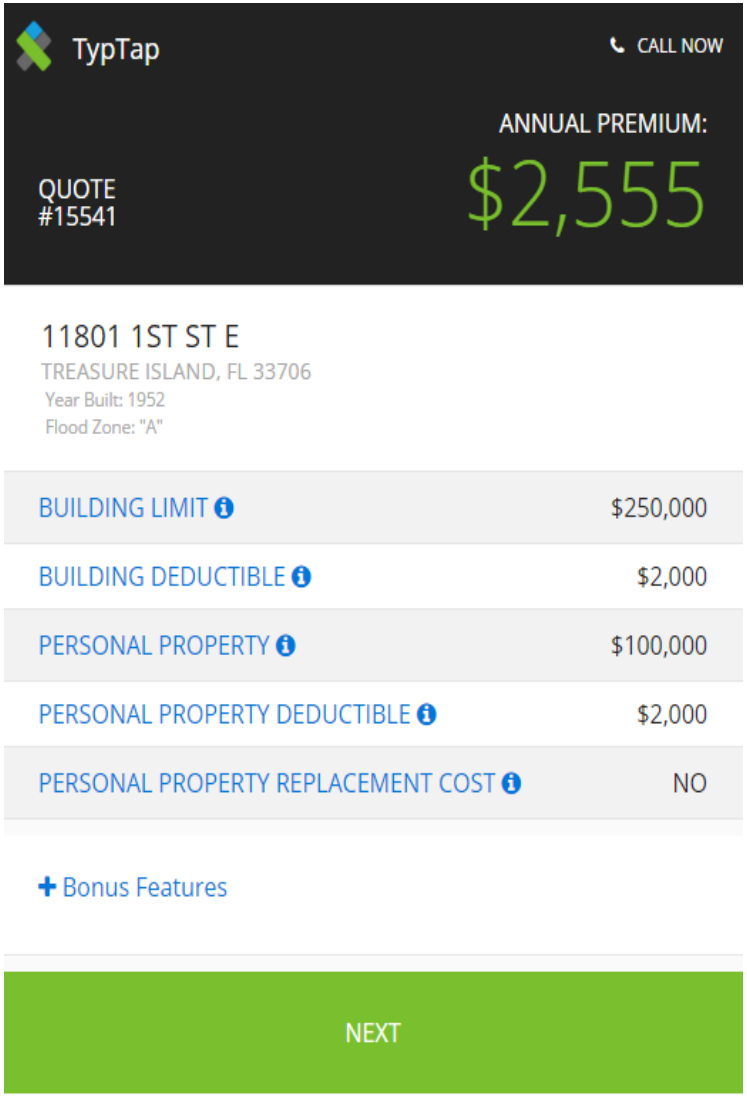
Flood Insurance

TypTap
Insurance Company

- **100% online-based insurance company** powered by proprietary technology
- Currently serving Florida flood insurance market as **alternative to policies offered by National Flood Insurance Program (NFIP)**
  - Cost effective alternative to rising rates of NFIP product
- **Three easy steps provide a quote in seconds:**
  - Type in the Florida address
  - Answer how many months out of the year the home is lived in
  - Provide how many flood claims have been reported at the property



Leveraging Proprietary Technology Platform

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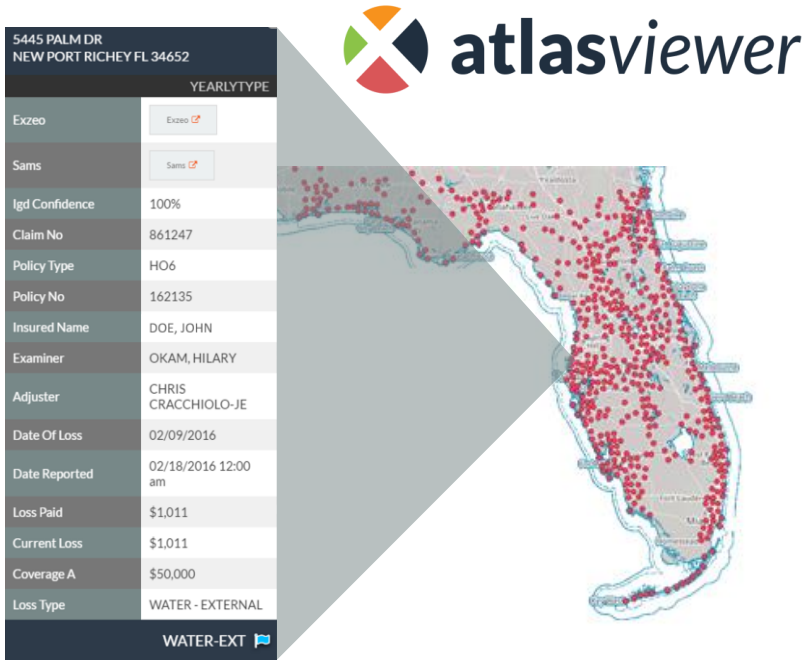
HCI's technology division develops innovative products and offers value-added services to Homeowners Choice, TypTap, and the insurance industry

- **Proplet:** Enables agents the ability to **search, underwrite and purchase** insurance

- **Exzeo:** Facilitates a **collaborative, real-time** work environment
  - Intelligent automation for business processes of insurance industry

- **Atlas Viewer: Identify, track and manage** daily claims as well as major claim events



Expanding Real Estate Opportunity

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Greenleaf Capital manages and develops HCI's growing real estate portfolio

- Investment philosophy seeks **immediate cash flow** and **capital appreciation** through opportunistic transactions
- Opportunity to increase returns with debt financing at currently favorable rates
- $31.7 million real estate market value in excess of carrying amount not recognized in stockholders' equity

GREENLEAF CAPITAL

Existing Commercial Properties

Property	Size	Net Book Value as of 6/30/17	Market Value
Class A Office Buildings	138,000 Sq. Ft.	$9.4M	$20M (1)
Marina/Restaurant	10 Acres, with 12,500 Sq. Ft. Restaurant	9.8M	26.1M (2)
Large Regional Grocery & Out Parcels	16 Acres, with 61,400 Sq. Ft. Retail	15.6M	16.1M (3)
Marina/Retail	9 Acres, with 21,500 Sq. Ft. Retail	8.0M	11.2M (4)
Large Regional Grocery & Out Parcels	12 Acres, with 49,995 Sq. Ft. Retail	16.2M	17.3M (5)
Total		***$59.0M***	***$90.7M***

New Development Projects in Progress

Anchor Tenant	Total Retail	Location
Fuel Station & Convenience Store(6)	8,000 Sq. Ft. + Ground Lease	Riverview, FL
Estimated Total Investment		***$5.3M(7)***

(1) Based on November 2015 appraisal (Cypress) and March 2017 (Ocala)
(2) Based on March 2017 appraisal
(3) Based on April 2016 appraisal (gain recognized Q3 2016)
(4) Based on October 2014 appraisal
(5) Based on October 2016 appraisal (gain recognized Q4 2016)
(6) Ground lease for fuel station/convenience store commenced 5/6/17. In-line retail tenants undergoing their buildouts as of 6/30/17
(7) Net Book Value as of 6/30/17 is $4.5 million

Shareholder Value Creation

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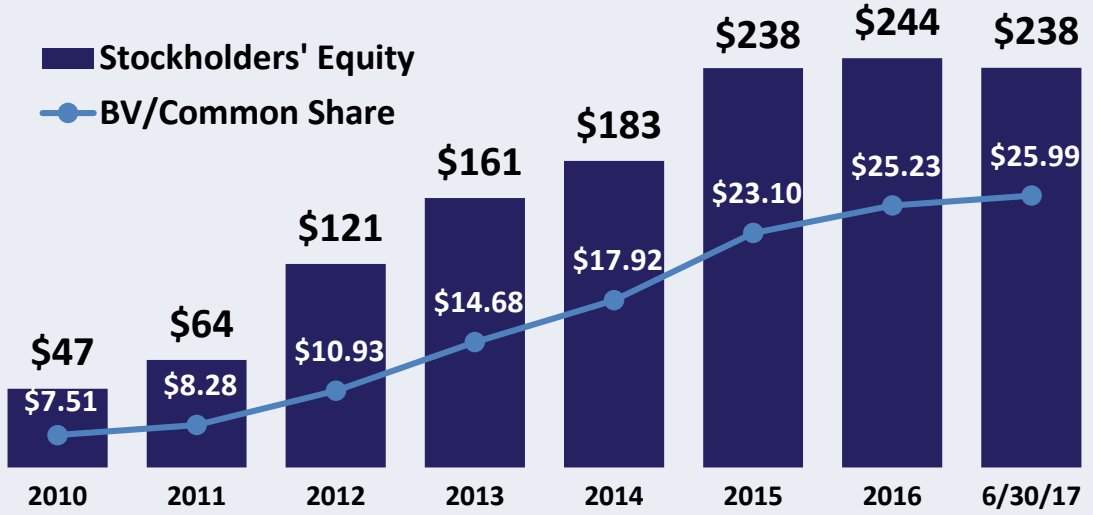
- Shareholders benefit from focus on profitability
- Robust earnings profile supports conservative and strong capital structure
- Paid $13.2M of dividends over the past 12 months
- Steadily increasing Book Value per Share and Stockholders' Equity
- Share Repurchase Activity:
  - **2009/2011:** Bought back $~4M of $6M plan (519,463 shares)
  - **2013:** Bought back $30M in connection with convertible offering
  - **2014/2015:** Bought back 100% of $40M plan (1,028,570 shares)
  - **2015/2016:** Bought back 100% of $20M plan (643,703 shares)
  - **2017:** Bought back $29.7M in connection with convertible offering

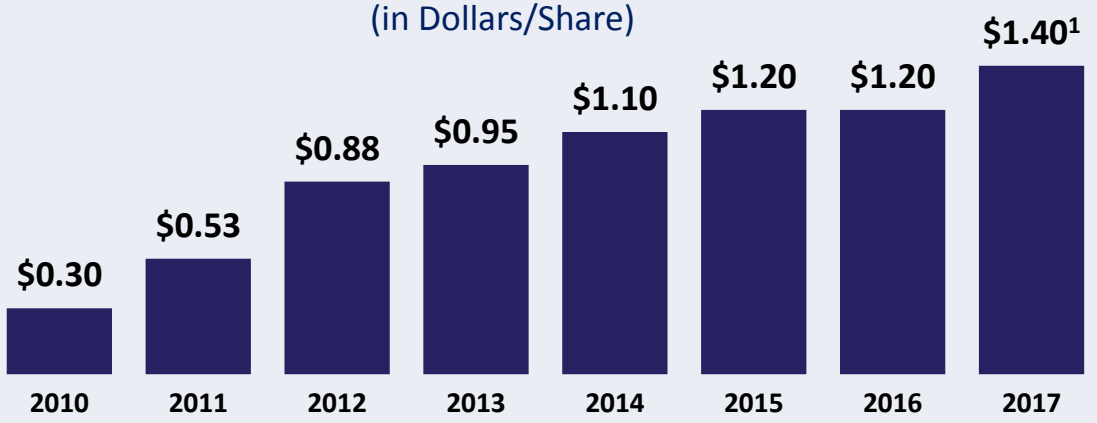
(1) Based on quarterly dividends paid through 6/30/17 and annualized for full calendar year.

Total Stockholders' Equity ($millions) & Book Value/Common Share



Annual Dividends Paid Per Share[1]

(in Dollars/Share)



Highly Focused on Profitability

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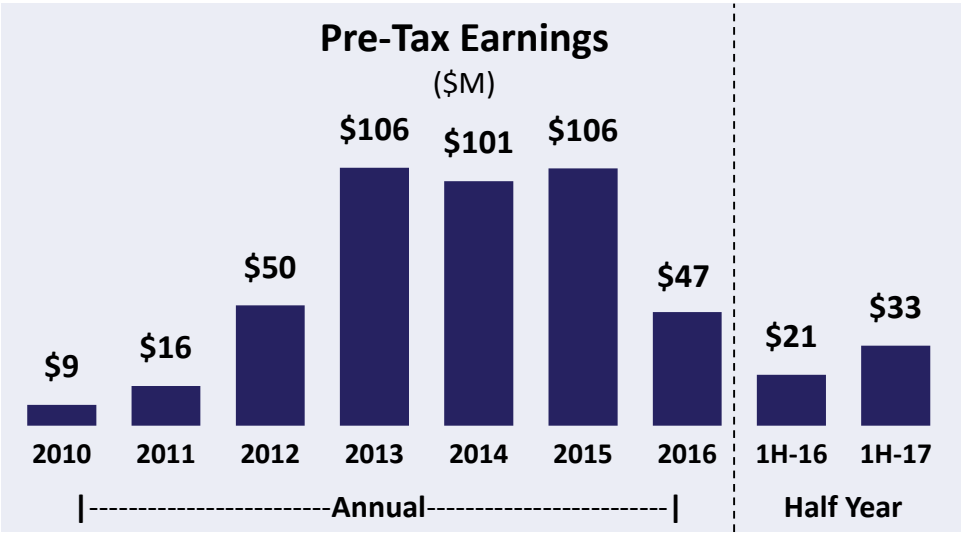
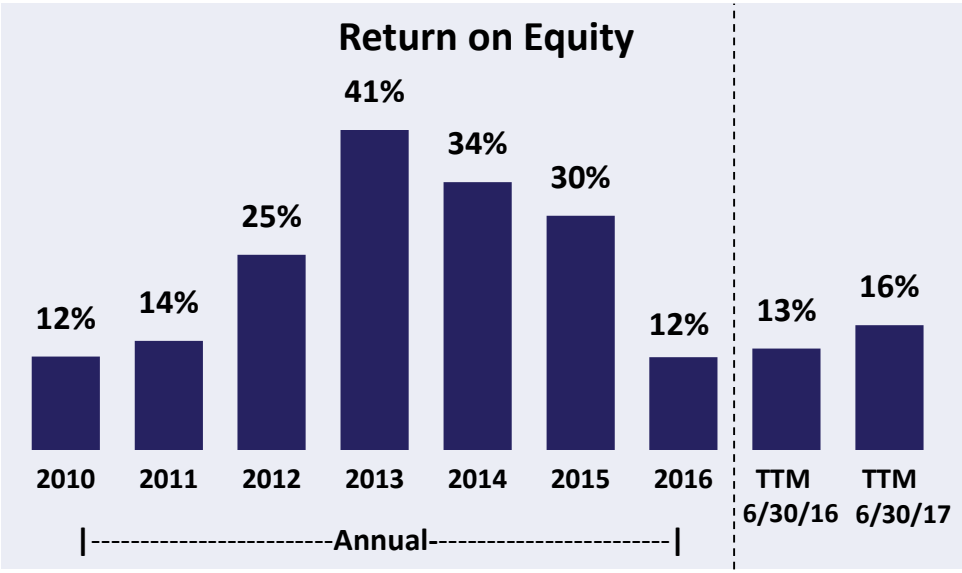
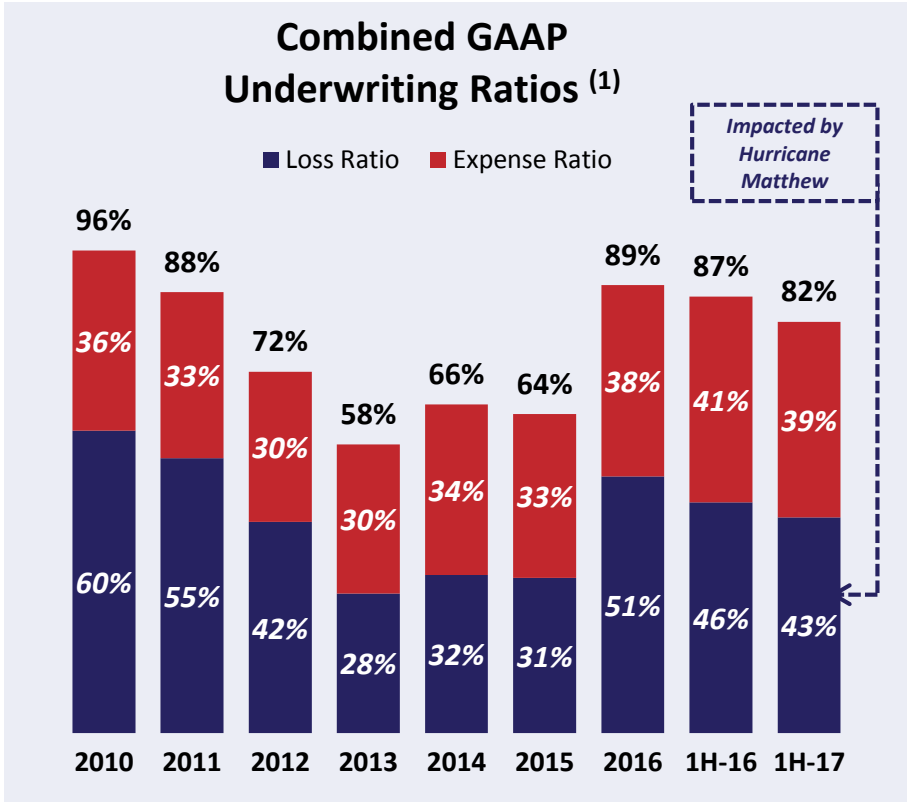




- Prudent risk management enables positive returns even in years with CAT events
- Predictive underwriting and technology enable focus on underwriting most profitable business



(1) Combined ratio = total of all expenses in relation to net premiums earned

Conservative Investment Portfolio Well Positioned for Rising Rates

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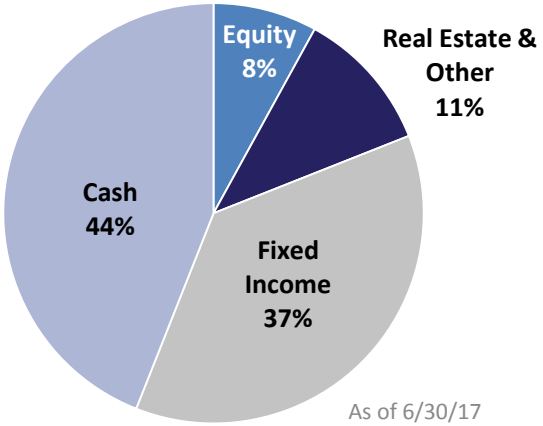
- Significant portfolio cash balance available for future investment (44%) (1)
- Generated investment related income of **$8.1 million in first half of 2017** and **$3.5 million in first half of 2016** (2)



As of 6/30/17

Historical Investment Portfolio by Asset Type (1)

$M	2012		2013		2014		2015		2016		6/30/17	
Equity	$8.9	*3%*	$17.6	*4%*	$45.6	*10%*	$48.2	*10%*	$53.0	*9%*	$56.2	*8%*
Real Estate & Other[3]	16.1	*6*	16.2	*4*	26.1	*5*	59.7	*12*	79.6	*14%*	70.9	*11%*
Fixed Income	35.9	*12*	112.2	*25*	97.1	*20*	125.0	*25*	166.2	*29%*	248.6	*37%*
Cash available for investment	230.2	*79*	293.4	*67*	314.7	*65*	267.7	*53*	280.5	*48%*	296.5	*44%*
Total	***$291.1***	***100%***	***$439.4***	***100%***	***$483.5***	***100%***	***$500.6***	***100%***	***$579.3***	***100%***	***$672.2***	***100%***

(1) As of 6/30/17
(2) Excludes other than temporary impairment expense (OTTI)
(3) Includes investments in limited partnerships, real estate, and joint ventures

Profitable Strategies for Future Growth

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1 Grow Homeowners Insurance Book

- **Acquisitions:** Utilize strong balance sheet and operational expertise to take advantage of acquisition opportunities
- **New State Expansion:** Export capabilities to penetrate attractive markets outside of Florida
- **Organic:** Originate new policies by leveraging technology platform, potential Citizens takeouts and Homeowners Choice's network of ~3,600 independent agents

2 Capitalize on First-Mover Advantage in Private Flood Insurance

- Offer flood insurance to new and existing policyholders facing increasing flood insurance rates

3 Execute on Emerging Real Estate Opportunity

- Increase our portfolio through anchor tenant strategy and other real estate ventures

4 Leverage Proprietary Technology Platform

- License innovative products and offer value-added services to Homeowners Choice, TypTap and the insurance industry

Cumulative Total Return

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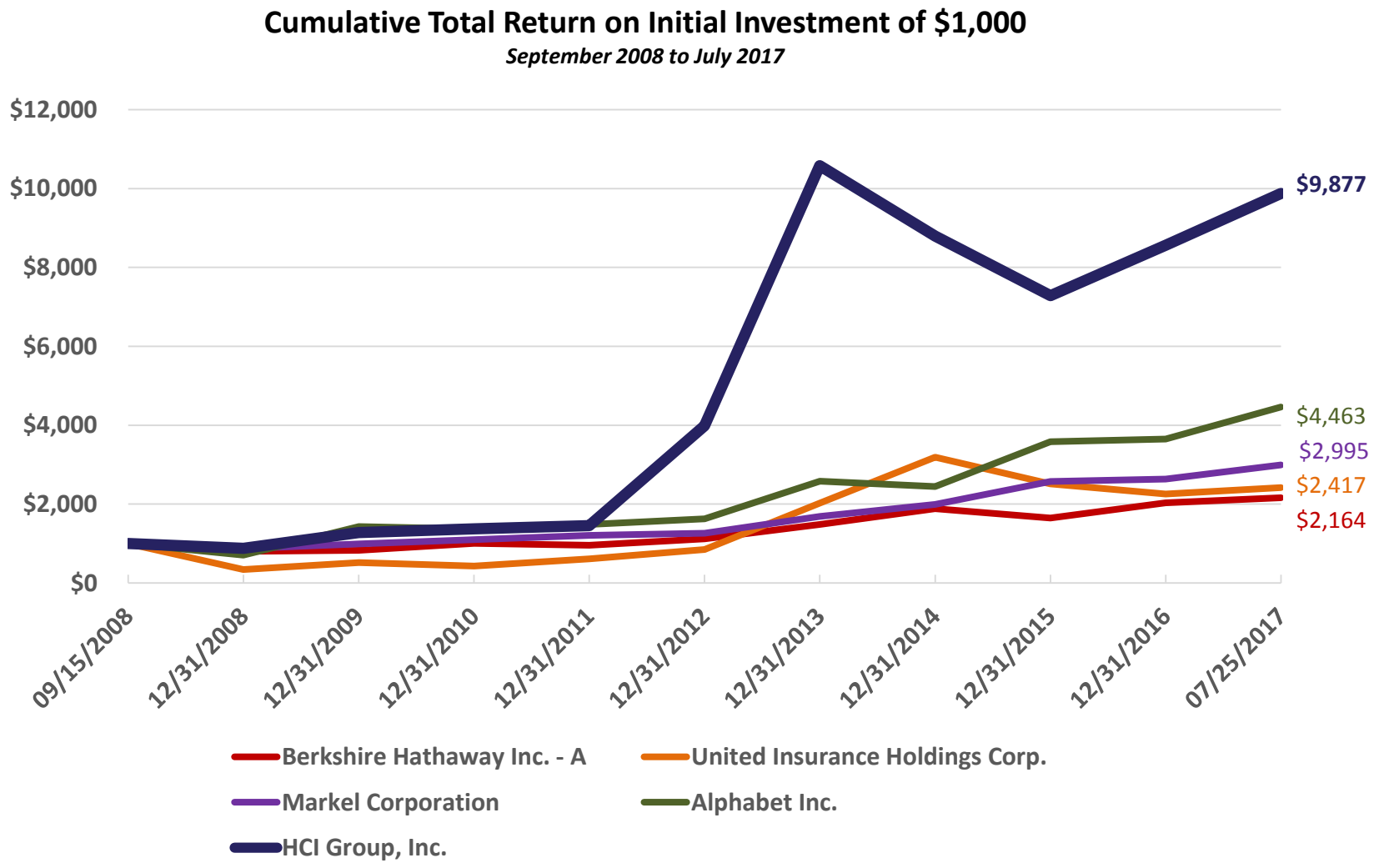

Senior Management Team

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Paresh Patel

Chairman & CEO

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

Mark Harmsworth

CFO

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

Andrew Graham

General Counsel

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

Kevin Mitchell

VP of Investor Relations

- VP of Investor Relations since 2013
- Area Director of Financial Institutions practice at Arthur J. Gallagher (NYSE: AJG) from 2008 to 2013
- Employed by Oswald Companies, one of the nation's largest independent insurance brokerage firms, from 2005 to 2008

Anthony Saravanos

President of Greenleaf Capital

- Director since 2007; President of Greenleaf Capital since 2013
- Former VP of full-service real estate firm in Palm Harbor, Florida, from 2005 to 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

Contact us

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