



January 2012 - Investor Presentation

Homeowners Choice, Inc.,

Nasdaq Global Select Market: *HCII*

## Forward Looking Statements



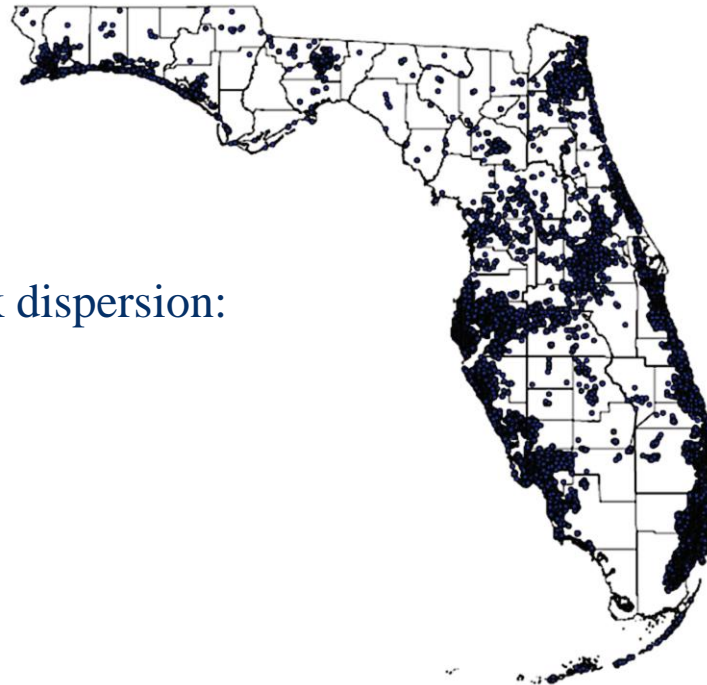
This presentation includes certain forward-looking statements and information, including statements regarding plans, strategies, and expectations of Homeowners Choice, Inc. When used in this presentation, words such as “believes,” “anticipates,” “expects,” “estimates,” or words of similar meaning are 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 Homeowners Choice Inc. 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 with the Securities and Exchange Commission, including within the “Risk Factors” section of the company’s prospectus filed July 24, 2008 and its Annual Report on Form 10-K filed March 29, 2011.

## Our Business : Property & Casualty Insurance in Florida



- Homeowners Insurance
- Condominium Owners Insurance
- Renters Insurance

Individual risk dispersion:



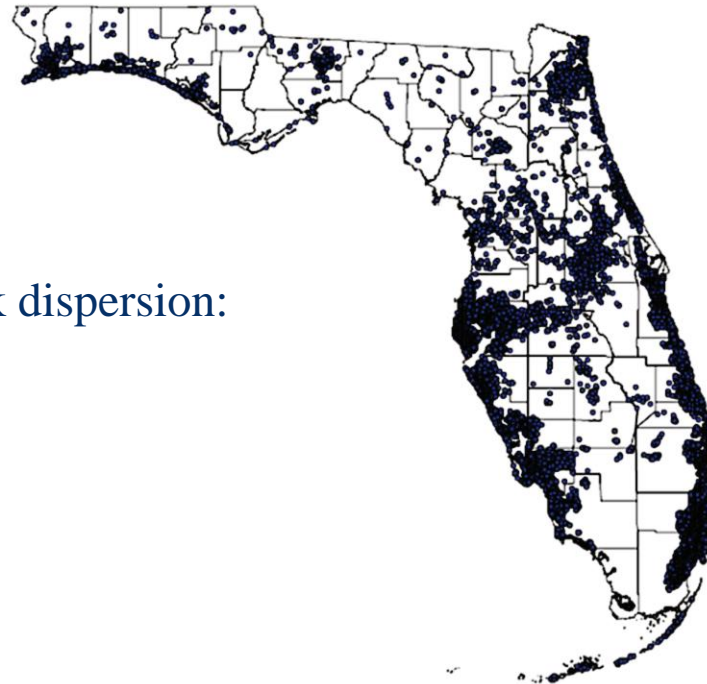
## HCI Facts



- Tampa, Florida-based property and casualty company
- Raised \$13 million equity capital in April 2007
- Began operations in July 2007
- Raised \$10 million in July 2008 IPO
- Book value per share increased to \$7.64 from \$2.43
- Initiated quarterly dividend on common stock in 2010 - HCII
- Initiated monthly dividend on its 7% convertible preferred offering – HCIIP
- 16 consecutive quarters of profitability
- Completed recent acquisition of HomeWise Florida policies nearly doubling the size of the company

## Current Status

- 125,000 policies or 2.8 % market share
- \$235 million in annualized premiums
- Well positioned for significant growth via strategy that leverages management expertise and Florida regulatory programs

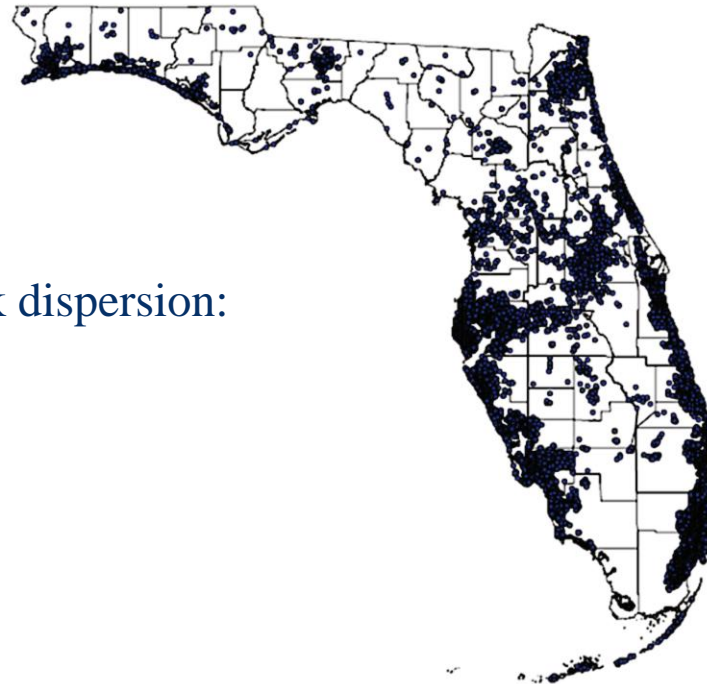


Individual risk dispersion:

# The Florida Market Opportunity

- 4.4 million in personal residential and condo owners policies
- \$6.9 billion in premiums
- Diminishing presence by certain competitors

Individual risk dispersion:



# Florida Major Hurricane History \*



**1964 – None**  
1965 – 1  
**1966 – None**  
**1967 – None**  
**1968 – None**  
**1969 – None**  
**1970 – None**  
**1971 – None**  
**1972 – None**  
**1973 – None**  
**1974 – None**  
1975 – 1  
**1976 – None**  
**1977 – None**  
**1978 – None**  
**1979 – None**  
**1980 – None**

**1981 – None**  
**1982 – None**  
**1983 – None**  
**1984 – None**  
1985 – 1  
**1986 – None**  
**1987 – None**  
**1988 – None**  
**1989 – None**  
**1990 – None**  
**1991 – None**  
1992 – 1  
**1993 – None**  
**1994 – None**  
1995 – 1  
**1996 – None**  
**1997 – None**

**1998 – None**  
**1999 – None**  
**2000 – None**  
**2001 – None**  
**2002 – None**  
**2003 – None**  
2004 – 3  
2005 – 2  
**2006 – None**  
**2007 – None**  
**2008 – None**  
**2009 – None**  
**2010 – None**  
**2011 – None**

\* Category 3 and higher

## Risk Transferred via Reinsurance

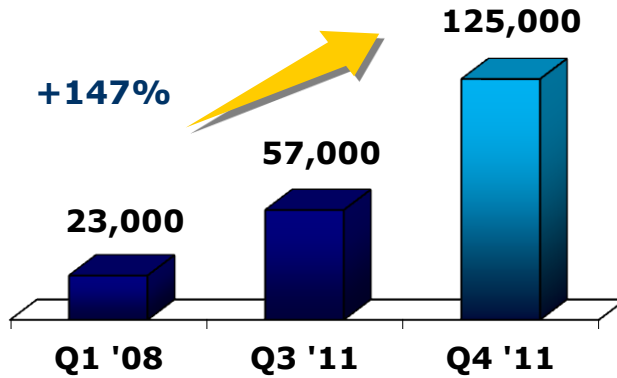


- New comprehensive reinsurance catastrophe program in June 2011
- Our homeowners insurance subsidiary retains the first \$3.5 Million in any single event
- Coverage of approximately \$360 million is in excess of 1-in-100 year Probable Maximum Loss (PML)
- All Reinsurers are either A.M. Best “A-” rated or fully collateralized

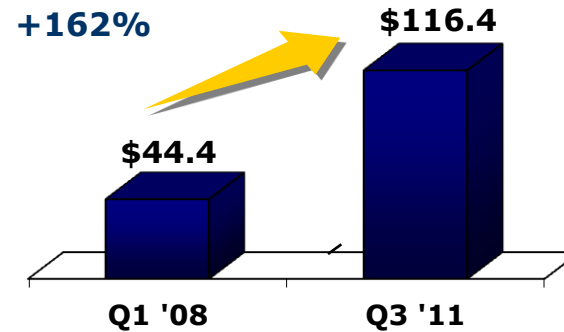


# Progress

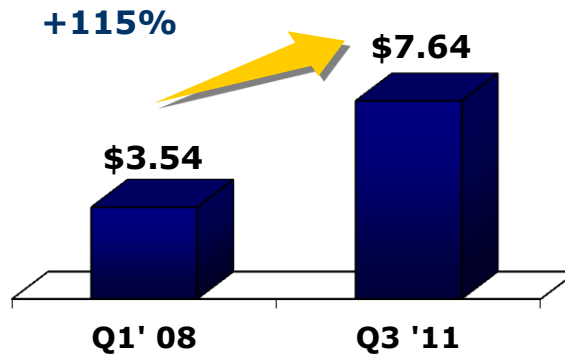
## Policy Count



## Cash and Investments (in millions)



## Book Value per Share



## 2011 Highlights



- Net premiums earned up 10% for the nine months ended Sept 30, 2011
- Cash, short-term and other liquid investments of \$116.48 million
- Conservative investment portfolio
- Quarterly and annual dividend on common stock
- Completion of Series A Cumulative Redeemable Preferred Stock offering paying a 7% dividend
- Acquired competitor HomeWise Florida book of business
- Doubled the size of the company in fourth quarter

## HomeWise Acquisition in 4<sup>th</sup> Quarter



- Acquired approximately 70,000 policies
- Representing approximately \$100 million in annualized premium
- Doubled the size of the policy base of the company in fourth quarter
- Wider spread of policies through the State
- Combined book aids in overall reinsurance spend

## Looking Ahead



- Growth opportunities include acquisition and/or organic growth
- Anticipate continued 2012 profitability through policy optimization
- Quarterly and annual dividend on common stock
- Monthly dividend on preferred stock (7% annualized)
- Recurring revenue stream of \$235M +

# HCII Compared to Public Peers



Public Peers	Ticker	Price 01/03/12	Market Cap (\$Mil)	EPS Q1/10	EPS Q2/10	EPS Q3/10	EPS Q4/10	EPS Q1/11	EPS Q2/11	EPS Q3/11	Price/Book
Universal Insurance	UVE	3.67	151.56	0.21	0.27	0.32	0.15	0.34	0.19	0.02	0.94
21 <sup>st</sup> Century Holding	TCHC	3.05	19.55	(0.12)	(0.30)	(0.16)	(0.43)	(0.25)	(0.10)	0.05	0.44
United Insurance	UIHC	4.40	44.03	(0.35)	0.02	(0.03)	0.27	0.11	0.01	0.35	0.88
Homeowners Choice	HCII	8.02	49.57	0.10	0.19	0.25	0.27	0.12	0.30	0.23	1.05

Source: Yahoo Finance 01/03/12

## Statistics



<b>Nasdaq (Common/Warrants/Preferred):</b>	<b>HCI / HCIW / HCIIP</b>
<b>Recent Price (01/03/12)</b>	<b>\$8.02 (Warrants \$ 0.60 Preferred \$9.45)</b>
<b>Market Cap:</b>	<b>\$ 49.57 Million**</b>
<b>Range 52 week:</b>	<b>\$ 7.88 - \$ 8.70</b>
<b>Shares Outstanding:</b>	<b>6.1 Million**</b>
<b>Fully Diluted Shares:</b>	<b>6.7 Million*</b>
<b>Book Value:</b>	<b>\$ 7.64*</b>
<b>Inside Ownership:</b>	<b>30%**</b>
<b>Cash, Short-term &amp; Other Liquid Investments:</b>	<b>\$ 116.48 Million*</b>
<b>Revenue TTM:</b>	<b>\$ 74.14 Million*</b>
<b>Diluted EPS TTM:</b>	<b>\$ 0.97*</b>
<b>Price Book:</b>	<b>1.05x**</b>
<b>P/E TTM:</b>	<b>8.27x</b>

Source: Yahoo Finance 01/03/12

\* At 09/30/11    \*\* Approximately

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# Company Information



## Office Location

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www.hcpci.com

## Investor Information

Direct all inquiries for investor relations information, including copies of the Company's Form 10-K and other reports filed with the SEC, to: Jay Madhu  
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## Independent Registered Public Accounting Firm

Hacker, Johnson & Smith PA  
Tampa, Florida

## Registrar and Transfer Agent

American Stock Transfer and Trust Company  
6201 15th Avenue  
Brooklyn, NY 11219  
Tel (800) 937-5449



# Thank you



- Achieved significant growth  
*policy count / book value / cash and investments*
- 16 Consecutive quarters of profitability
- Quarterly dividends
- Listed on the Nasdaq Global Select Market: *HCII*

***“At this point, we are not only a growth company looking to expand the size and scope of the business but also a dividend paying company that provides a steady cash return to our shareholders on their investment” – Paresh Patel, CEO***