



Corporate Presentation

June 2013



Important Cautions Regarding 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 HCI Group, 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 preliminary prospectus supplement dated January 9, 2013 and its Annual Report on Form 10-K filed March 14, 2013.

Key Stats: HCI (NYSE)



NYSE:HCI

Stock Price 5/31/13 **\$35.21**

52 Week Low/High **\$13.49/\$36.04**

Common Shares Out. **10.9M**

Free Float, est. **9.6M**

Avg. Daily Vol. (3 mo.) **154,978**

Market Capitalization **\$384.0M**

Enterprise Value (mrq) **\$144.9M**



Gross Revenue¹ (ttm) **\$266.9**

Diluted EPS (ttm) **\$4.04**

P/E (ttm) **8.75x**

Dividend Yield **2.7%**

Cash (mrq) **\$279.3**

Total Assets (mrq) **\$407.6**

Long-term Debt **\$40.3**

Book Value/Common Share **\$12.62**

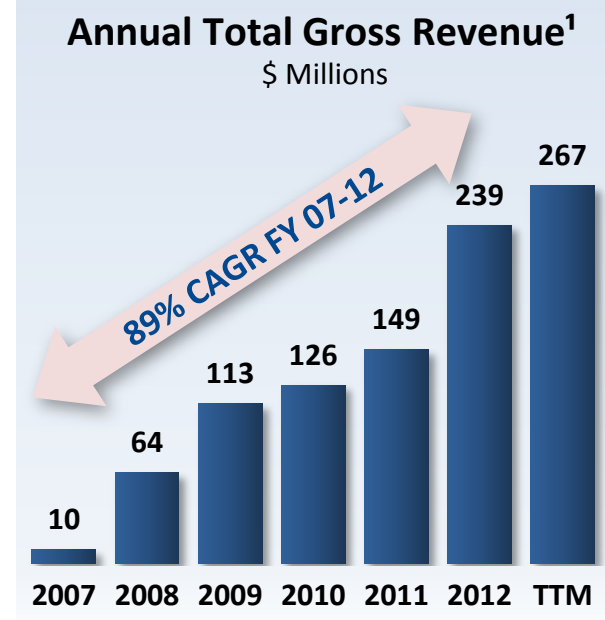
Inst. Holdings (mrq) **64%**

Insider Holdings (mrq) **15%**

Employees **222**

Founded/IPO **2006/2008**

Fiscal Year End **Dec 31**



Source: Capital IQ and Yahoo! Finance

mrq = most recent quarter; ttm = trailing twelve months. mrq and ttm figures as of quarter ended 3/31/13.

1) Total revenue = Gross premiums earned plus investment and other income

Who We Are...



HCI Group is a Florida-based holding company owning enterprises engaged in complementary business activities:

- **Property & Casualty (P&C) Insurance:** Homeowners Choice is a leading provider of P&C insurance in Florida
- **Information Technology:** Exzeo develops innovative products and services including web-based applications for mobile devices
- **Real Estate:** Greenleaf Capital manages HCI Group's real estate investment portfolio
- **Reinsurance:** Claddaugh participates in the reinsurance program for the Homeowners Choice insurance division



Homeowners Choice



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- Homeowners Choice Property & Casualty Company, Inc. is HCI Group's largest subsidiary
- A leading provider of property and casualty (P&C) insurance in Florida and among the fastest growing in the state
- HCI protects homeowners, condominium owners, renters & landlords against unexpected loss
- ~\$340 million in annualized gross premiums and ~150,000 policies in force¹
- 22 consecutive quarters of profitability & 11 consecutive quarters of shareholder dividends
- Benefiting from the ongoing divestiture of policies by the largest P&C insurance company in Florida



1) As of 3/31/13

Large & Strengthening P&C Market



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U.S. Property & Casualty Insurance industry continues to strengthen with improving fundamentals:¹

- Industry-wide, the first half of 2012 net premiums written increased 4% to **\$228.6 billion** vs. first half of 2011
- Over the same period, industry-wide net profits surged 206% to **\$20.1 billion**

Little Impact of Superstorm Sandy

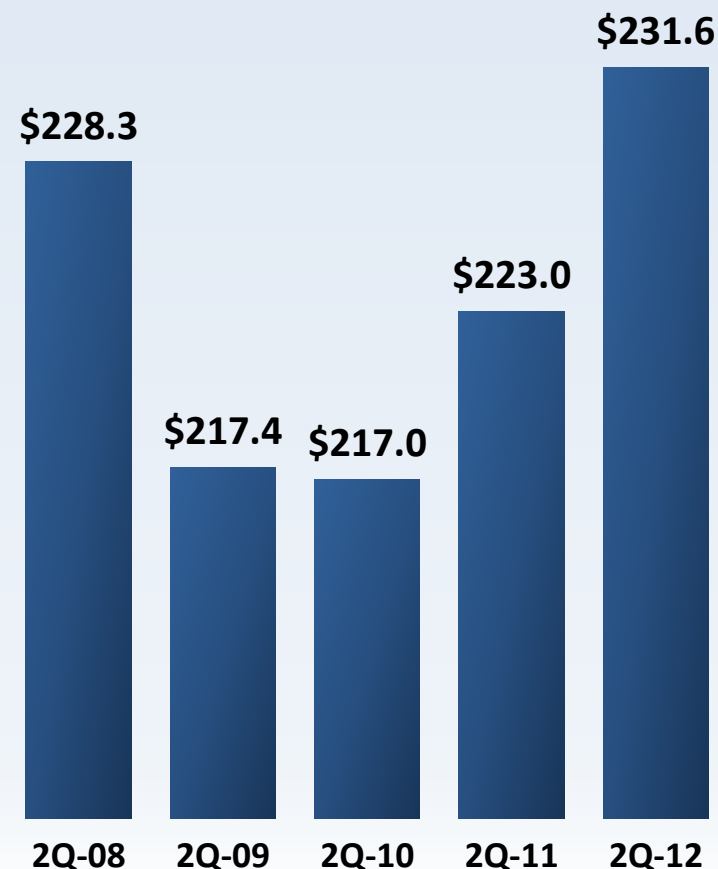
"...Superstorm Sandy is not expected to create a substantial capital challenge to the [P&C] industry, and even after a record catastrophe year in 2011, the overall position of the [P&C] insurance industry's balance sheet is strong..."

"A.M. Best anticipates that the industry will absorb these losses without significant impact to its overall financial strength"¹

- A.M. Best Company, 1/2013

U.S. Net Premiums Written for Homeowners Insurance¹

(\$billions)



How We Address the Market



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- Since inception, Homeowners Choice has focused on strong growth opportunities in Florida
- We've demonstrated the ability to rapidly grow through:
 - Highly selective homeowner policy assumptions from the state-run, Citizens Property Insurance Corporation
 - Strategic acquisition from other private insurers
 - Organically through our network of 4,000 independent agents
- Our highly-selective underwriting process determines the best properties to insure
 - Proprietary algorithms analyze 48 data points to determine if a particular policy meets our rigorous standards
 - Our internal software technology platform continues to evolve and is highly scalable
- We have a clear path to our goal of 5% market share in Florida, with ability to expand into other states



Our P&C Products

Homeowners: These policies insure homes occupied by the owner, and provide coverage for personal possessions and liability.

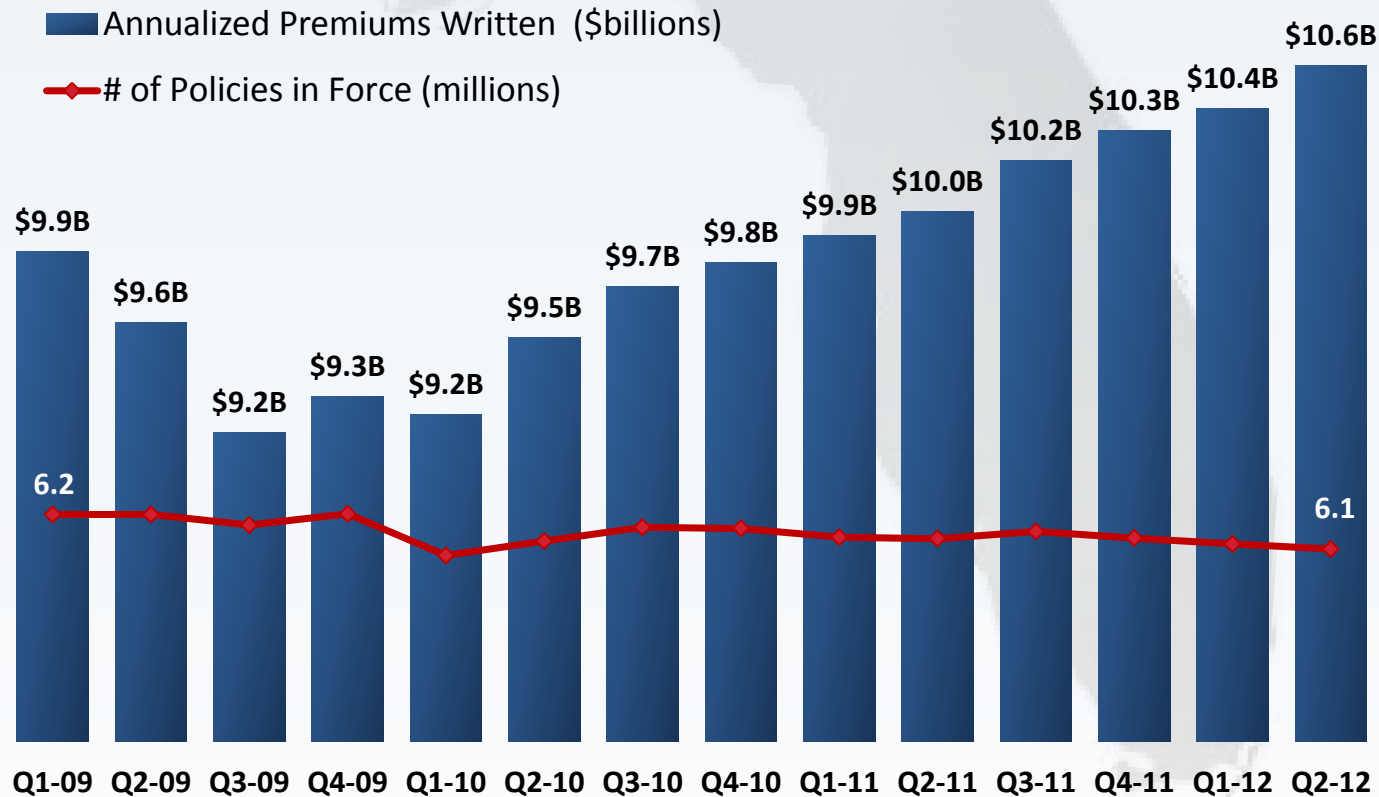
Condominium Owners: Insures condominiums owned and occupied by policyholder or tenant, and provides coverage for personal possessions and liability.

Renters: Insures policyholder property in a home that is rented, rather than owned, like an apartment.

Dwelling Property: Coverage for dwellings rented or not owner occupied. These policies are generally not as broad in coverage as homeowners policies.

\$10.6 Billion Growth Market in Florida

Florida Property Insurance Industry¹
Total Annualized Premium Value vs. Policies in Force



- The total value of premiums has risen to more than **\$10.6 billion**, despite a slight decline in total policies in force over the last few years
- As the State of Florida works to privatize policies held by its Citizens Property Insurance, Homeowners Choice is capitalizing on the opportunity by successfully executing multiple, large-volume take-outs

Florida's Unique Market Opportunity



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- Between 2002-2010, four large national insurance companies (representing 75% of the market) exited the state of Florida
- As a result, the state-run Citizens Property Insurance Corporation quickly evolved from the insurer of “last resort” to the insurer of “only resort” for many Floridians
- By 2012, Citizens had rapidly grown beyond its founding mission, accounting for more than 1.4 million policies or 28% of the Florida market
- Under pressure to reduce its unbalanced risk exposure, Citizens has stepped up efforts to divest thousands of homeowner policies
- This has presented & continues to present a tremendous opportunity for Homeowners Choice to assume valuable policies

Since 2007, Homeowners Choice has successfully assumed nine tranches of Citizens' policies

Homeowners Choice's strict underwriting guidelines target the best properties to insure

Homeowners Choice has successfully integrated assumed policies onto its book of business primarily due to its existing infrastructure

Case Study: Policy Acquisition from a Private Insurer

- Strong capital position enabled Homeowners Choice to acquire HomeWise policies in Nov 2011
- ~70,000 homeowners policies acquired, representing ~\$106 million in estimated annualized gross premiums
- Homeowners Choice also acquired cash and premium receivables of ~\$53 million, less a 10% ceding commission
- Acquisition allowed Homeowners Choice to double its revenue & number of policies – demonstrating strong leverage in its operating model

HomeWise™



HCI's Fast-Growing Market Share



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Florida P&C Insurance Market by Premiums Written*

Rank	Florida Property & Casualty Insurer	Annualized Premiums (Millions \$)	Market Share (%)
1	Citizens Property Insurance Corporation	2,723.6	36.2%
2	Universal Property & Casualty Insurance	765.7	10.2%
3	State Farm Florida Insurance Company	757.9	10.1%
4	Homeowners Choice.	344.8	4.6%
5	Florida Peninsula Insurance Company	278.6	3.7%
6	St. Johns Insurance Company, Inc.	276.1	3.7%
7	United Services Automobile Association	273.9	3.6%
8	American Coastal Insurance Company	262.3	3.5%
9	Security First Insurance Company	226.1	3.0%
10	United Property & Casualty Insurance	221.6	2.9%
11	Tower Hill Prime Insurance Company	182.1	2.4%
12	American Integrity Insurance Co .of Florida	162.8	2.2%
13	Federal Insurance Company	156.9	2.1%
14	USAA Casualty Insurance Company	146.4	1.9%
15	Castle Key Insurance Company	139.7	1.9%
16	Tower Hill Signature Insurance Company	129.9	1.7%
17	Tower Hill Preferred Insurance Company	123.9	1.6%
18	ASI Assurance Corp.	122.1	1.6%
19	Chartis Property Casualty Company	120.8	1.6%
20	ASI Preferred Insurance Corp.	117.2	1.6%
Total for Top 20 Companies		7,532.3	70.5%
Total for All Companies in FL		10,681.1	100.0%

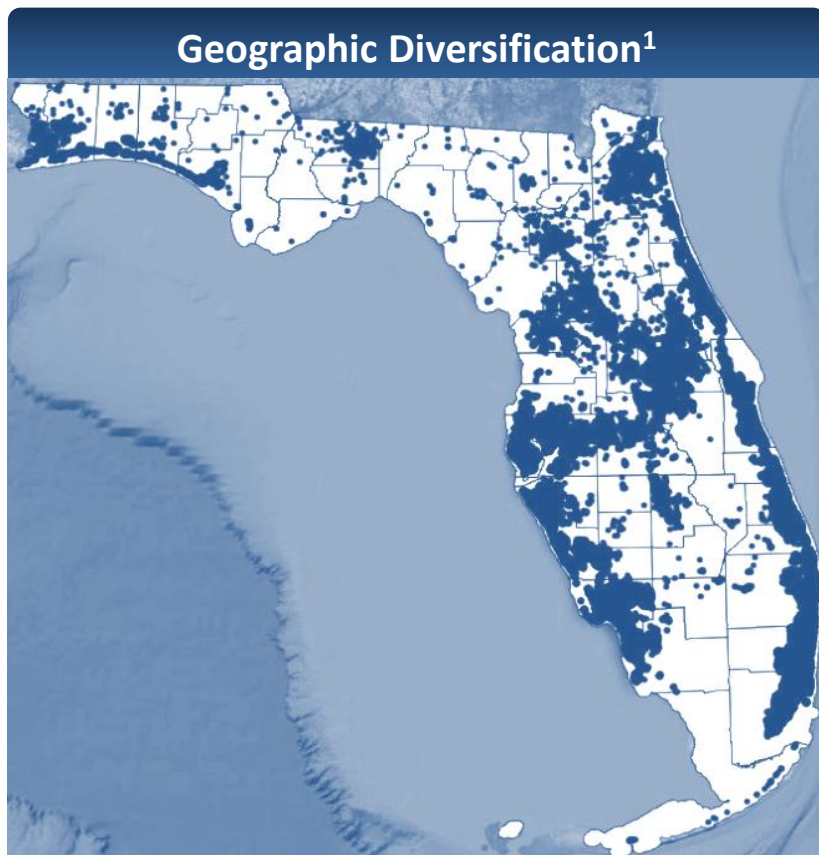
- Homeowners Choice's acquisition of 60,000 policies from Citizens in Nov 2012 doubled its market share ranking on a pro-forma basis.
- These policies are at a higher average premium than the company's current book of business because the takeout targeted homeowners policies rather than renters.
- These policies have an average premium per policy of ~\$2,500, while the company's current average is ~\$2,000 per policy.
- This takeout brought the company close to its stated goal of 5% market share in Florida, and sets the stage for expansion into other choice states.

*Source: Florida Office of Insurance Regulation as of 12/31/2012

Geographically Diversified in Florida

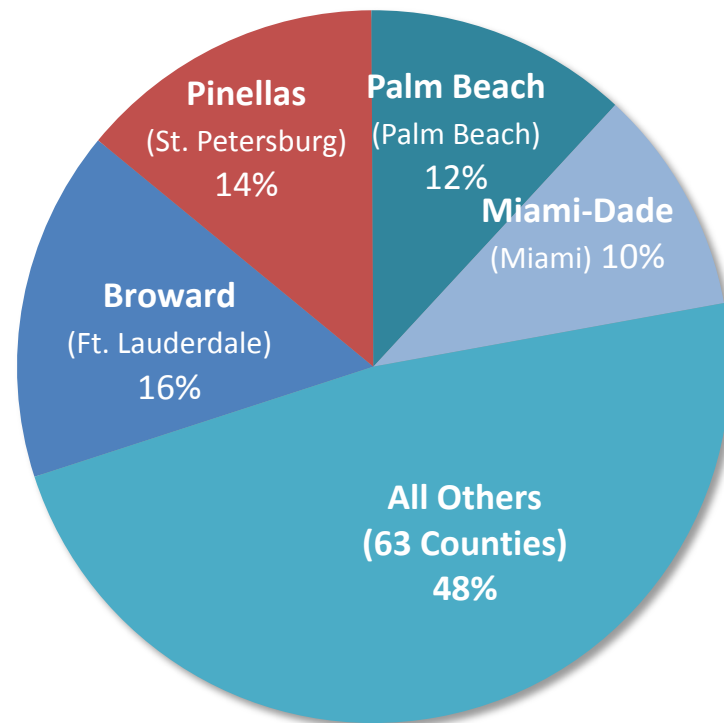


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Homeowners Choice recent portfolio acquisitions have increased its geographic diversification

Homeowners Choice Insured Value by County (as % of Total Portfolio)



Policies in force distributed across all 67 counties in Florida, with only four counties accounting for >10% each

Reinsurance – Transferring Risk

- Homeowners Choice’s reinsurance program transfers risk to 24 highly-rated or fully collateralized reinsurance partners
- The 2013-2014 program provides approximately \$800 million of coverage at a cost of approximately \$130 million, with first event retention of \$21 million
- Since 1964, there have been only nine Category 3 or higher storms in Florida
- Claddaugh, a wholly owned subsidiary of HCI Group, participates in the reinsurance program for Homeowners Choice



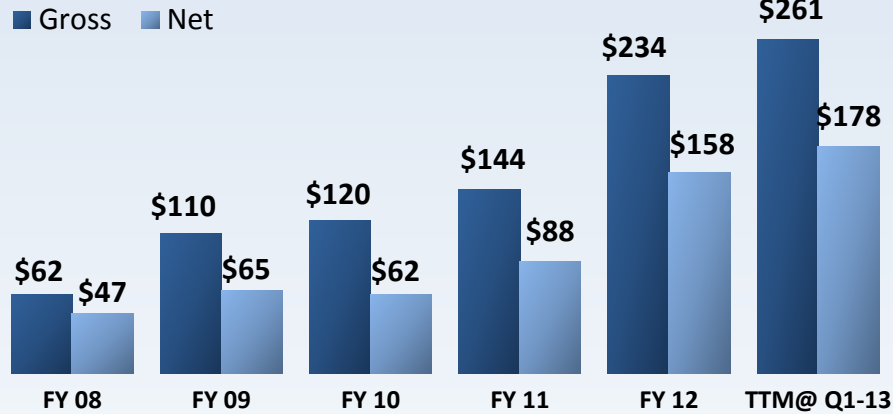
Financial Performance



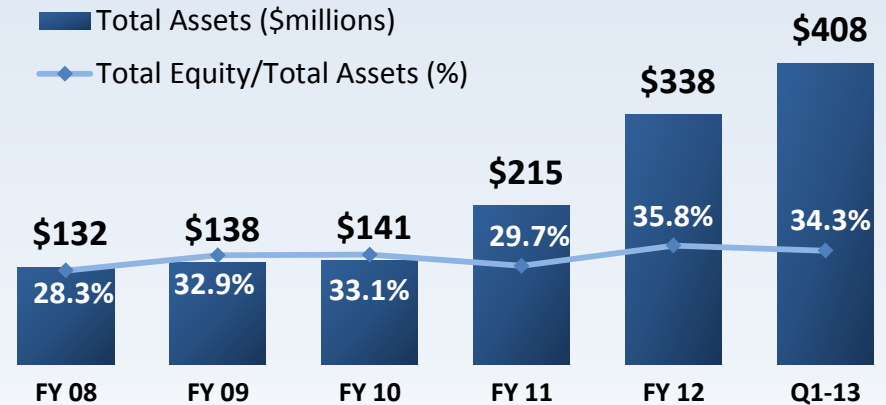
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Annual Gross & Net Premiums Earned

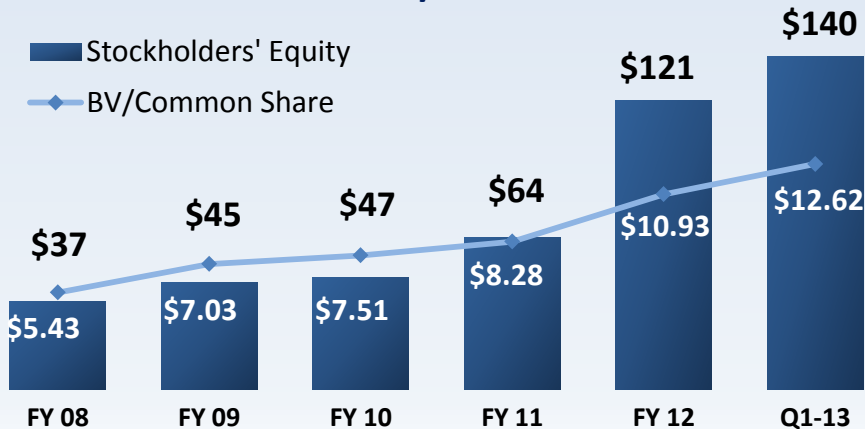
(\$millions)



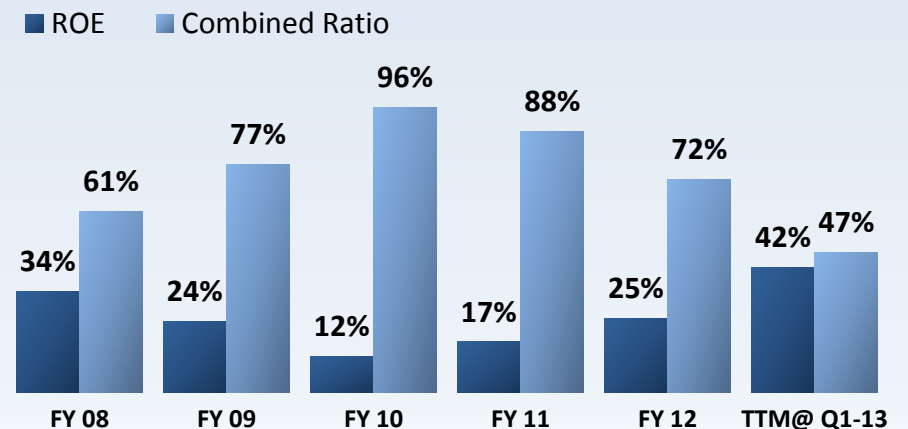
Total Assets



Total Stockholders' Equity & Book Value/Common Share



ROE & Combined Ratio

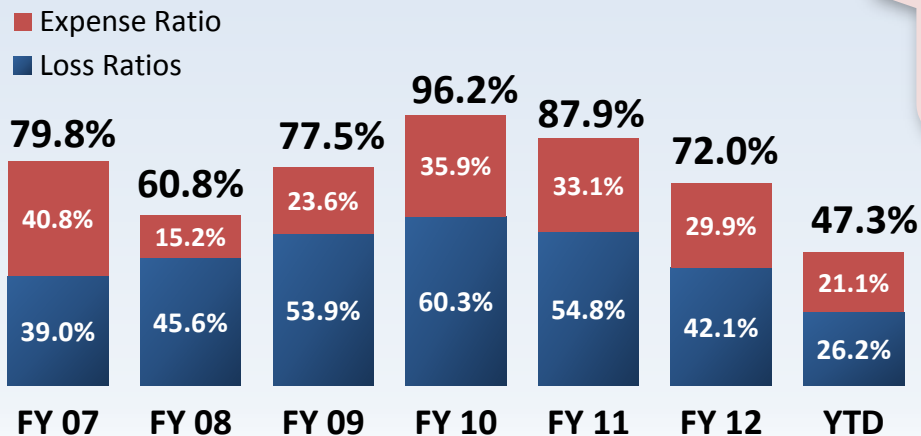


Focused on Underwriting & Profitability



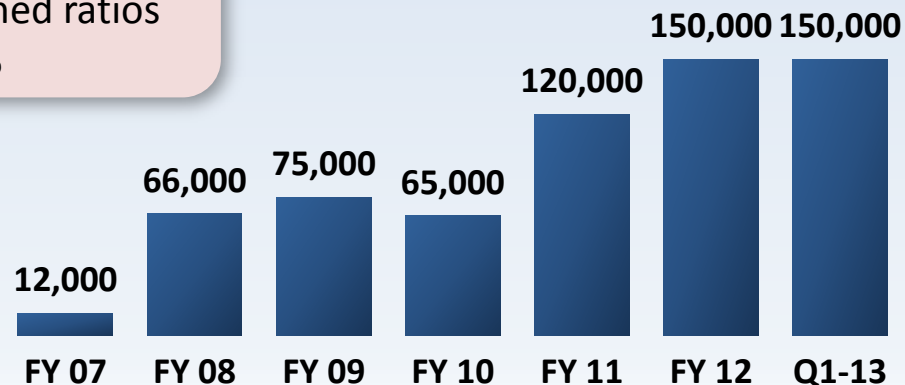
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Combined GAAP Underwriting Ratios



Since Q4-07, positive pre-tax GAAP earnings with combined ratios under 100%

HCI Policy Count



Pre-Tax Earnings & Dividends¹

(\$millions)



First Quarterly Dividend

1) Dividends to common shares; includes special dividends.

Conservative Investment Strategy



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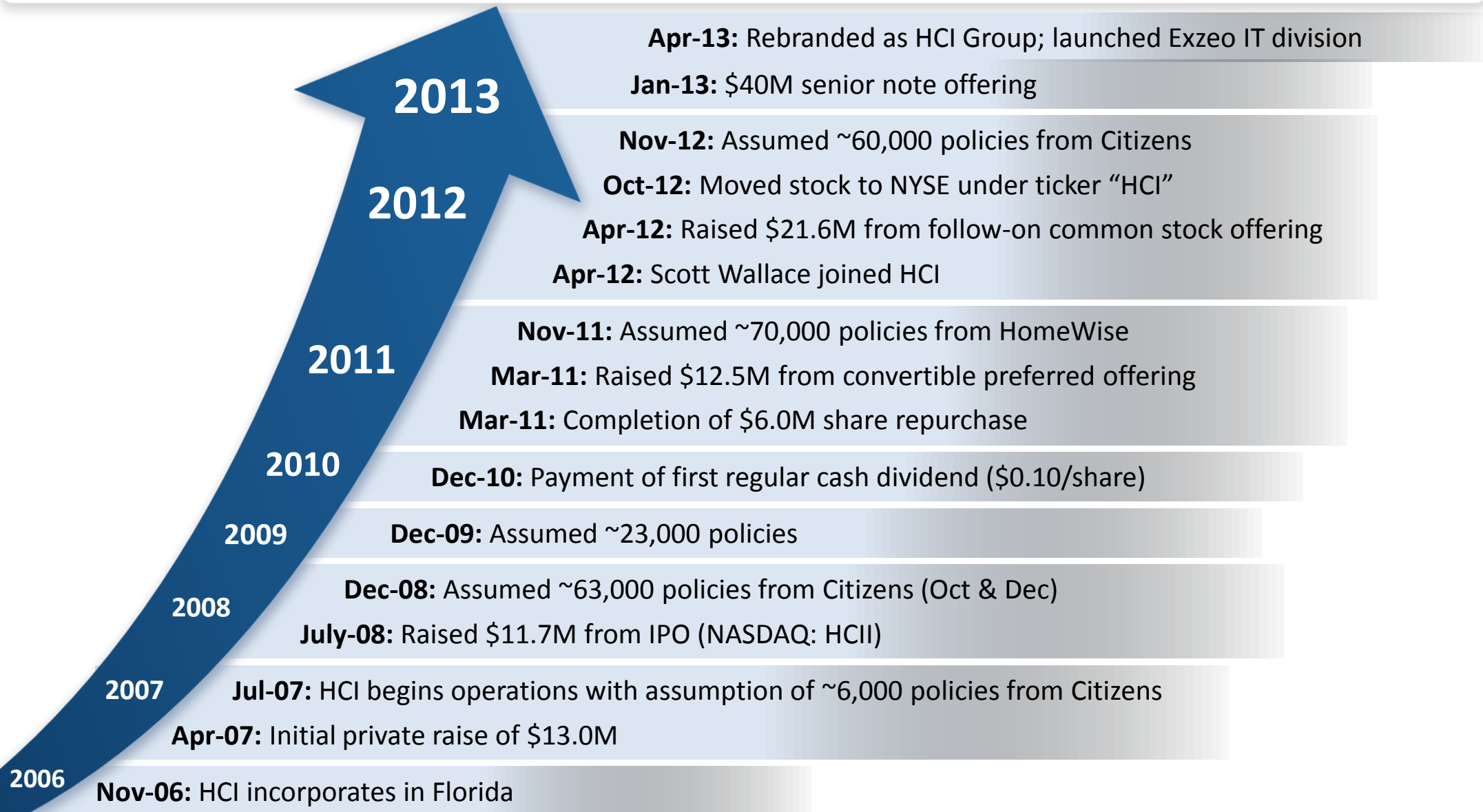
Disciplined Investment Process:

- Investment decisions reviewed by investment committee comprised of experienced HCI board members
- Conservative portfolio positioned to capitalize on an increasing interest rate environment

Historical Investment Income & Gains						
\$M	2007	2008	2009	2010	2011	2012
Net Investment Income	\$0.6	\$1.6	\$1.8	\$2.0	\$2.1	\$1.0
Realized Gains (Losses)	-	-	-	2.0	0.3	0.3
Total	\$0.6	\$1.6	\$1.8	\$4.0	\$2.4	\$1.3

Historical Investment Portfolio by Asset Type														
\$M	2007		2008		2009		2010		2011		2012		Q1-13	
Equity	-	-	-	-	-	-	\$0.9	1%	\$4.1	3%	\$8.9	3%	\$9.9	3%
Real Estate	-	-	-	-	-	-	-	-	6.5	4	16.1	6	16.1	5
CDs / Time Deposits	-	-	\$8.0	7%	\$13.5	15%	14.0	14	12.4	8	-	-	-	-
Fixed Income	-	-	-	-	23.3	25	28.6	29	35.8	22	35.9	12	35.1	10
Short-term Investments	\$17.1	52%	19.6	18	11.5	13	-	-	-	-	-	-	-	-
Cash	15.7	48%	81.1	75	43.5	47	54.8	56	100.3	63	230.2	79	279.3	82
Total	\$32.8	100%	\$108.7	100%	\$91.8	100%	\$98.3	100%	\$159.1	100%	\$291.1	100%	\$340.4	100%

Operational & Financial Milestones



- **Continued Expansion in Florida Homeowners Insurance Market**
 - **Organic:** Originate new policies through Homeowners Choice internal marketing department & relationships with 4,000+ agents
 - **Citizens:** Florida's desire to shrink Citizens' portfolio creates additional opportunities for Homeowners Choice to diversify its portfolio through take-out of profitable policies
 - **Acquisitions:** Opportunistic acquisitions of in-state competitors
- **Expansion into Other States**
 - Planned expansion into Alabama and possible expansion into other states as merited based on risk-adjusted return
- **Diversification of Product Offerings**
 - Opportunity to cross-sell additional insurance products to existing customers
 - Significant leverage in existing infrastructure to support new insurance product initiatives, such as dwelling fire, manufactured homes and auto
- **Scalable B2B Proprietary Technology Platform**
 - Exzeo develops innovative products and services including web-based applications for mobile devices



HCI Group Senior Management Team



- Executives with entrepreneurial track record & deep industry expertise
- HCI Group's proprietary underwriting & policy administration system was developed by senior management
- Continuity of senior management since IPO

Paresh Patel Chairman & CEO

- One of the original founders of HCI Group in 2006 and has served as CEO since 2011 and chairman since 2006.
- Designed HCI's policy administration systems, which are optimized to effectively underwrite, analyze and administer insurance risks
- Founded NorthStar Bank in 2004 and served as a director from 2006 to 2010

Scott Wallace President of P&C Division

- Joined HCI Group in April 2012
- Former President & CEO of Citizens
- Before joining Citizens, held senior management positions with W.R. Berkley Corporation, a commercial lines P&C company

Richard Allen CFO

- HCI Group's CFO since inception
- Over 30 years of experience in P&C insurance finance and management including agency/broker relations, reinsurance and financial controls and reporting and third party administration

Jay Madhu VP of IR & President of Real Estate Division

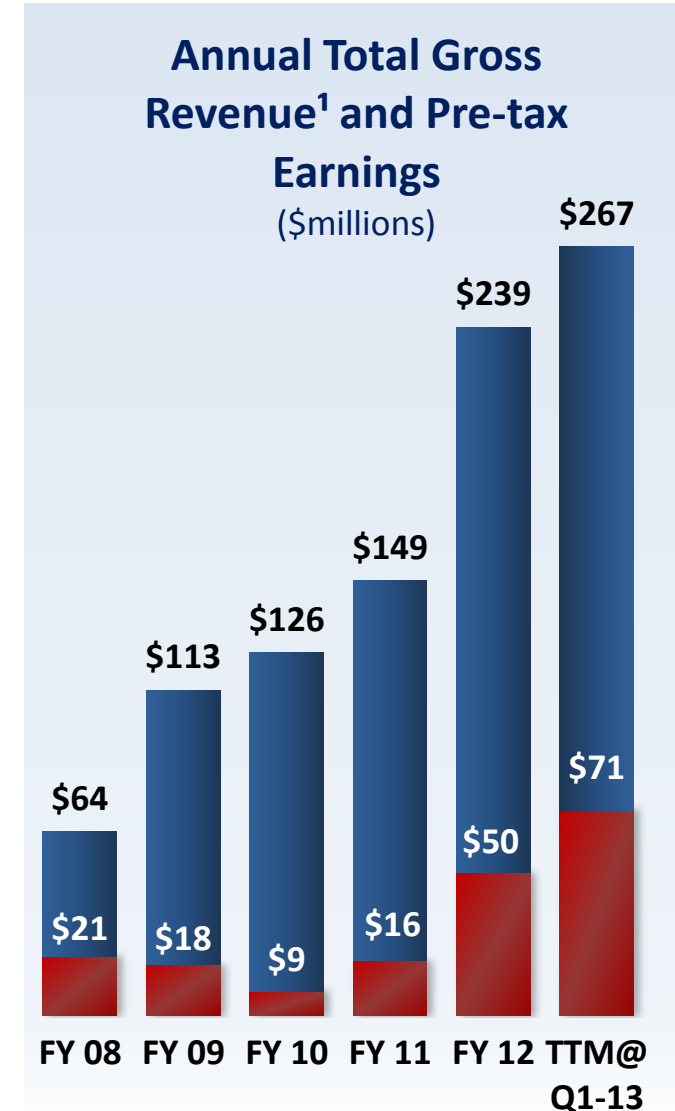
- One of the original founders of HCI Group in 2006 and has served as VP of Investor Relations since 2008 and President of Real Estate Operations since 2011.
- Joined HCI Group's board of directors in 2007 and also serves as a director of Wheeler Real Estate Investment Trust (NASDAQ: WHLR)

Andrew Graham General Counsel & Corporate Secretary

- General Counsel of HCI Group since June 2008
- Served from 1999 to 2007 in various capacities, including General Counsel for Trinsic, a publicly-held telecommunication services provider

HCI Key Takeaways

- Homeowners Choice is a leading provider of P&C insurance in Florida and among the fastest growing in the state
- ~\$340 million in annualized gross premiums and 150,000 policies in force
- 22 consecutive quarters of profitability & 11 consecutive quarters of shareholder dividends
- Executives with entrepreneurial track record & deep industry expertise



Source: Capital IQ

ttm = trailing twelve months. ttm figures as of quarter ended 3/31/13

1) Total revenue = Gross premiums earned plus investment and other income

Contact us



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