



Corporate Presentation

October 2013



Important Cautions Regarding Forward-Looking Statements



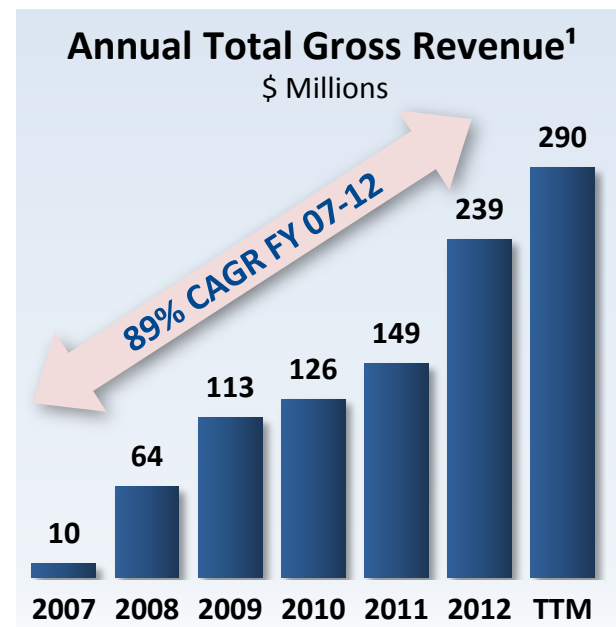
This presentation includes certain forward-looking statements and information, including statements regarding plans, strategies and expectations of HCI Group, Inc. When used in this presentation, words such as “believes,” “anticipates,” “expects,” “estimates,” or words of similar meaning are generally 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 9/25/13	\$40.93	Gross Revenue¹ (ttm)	\$289.6
52 Week Low/High	\$18.29/\$41.20	Diluted EPS (ttm)	\$4.67
Common Shares Out.	11.4M	P/E (ttm)	8.82x
Free Float, est.	9.6M	Dividend Yield	2.5%
Avg. Daily Vol. (3 mo.)	152,781	Cash (mrq)	\$296.8
Market Capitalization	\$467.8M	Total Assets (mrq)	\$461.8
Enterprise Value (mrq)	\$211.3M	Long-term Debt	\$40.3
		Book Value/Common Share (mrq)	\$13.26
		Inst. Holdings (mrq)	52%
		Insider Holdings (mrq)	16%
		Employees	319
		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 6/30/13.

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

Who We Are...



HCI Group owns enterprises engaged in diverse yet complementary business activities:

- **Property & Casualty Insurance:** Homeowners Choice Property & Casualty Insurance Company is a leading provider of property and casualty insurance in the state of Florida
- **Information Technology:** Exzeo.com is a cloud-based innovative human capital optimization platform
- **Real Estate:** Greenleaf Capital manages HCI's real estate holdings
- **Reinsurance:** Claddaugh participates in the reinsurance program for the Homeowners Choice insurance division



Homeowners Choice



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- Homeowners Choice Property & Casualty Insurance Company, Inc. is HCI Group's largest subsidiary
- A leading provider of property and casualty insurance in Florida and among the fastest growing in the state
- Homeowners Choice protects homeowners, condominium owners, renters and landlords against unexpected loss
- ~\$330 million in annualized gross premiums and ~140,000 policies in force as of June 30, 2013
- 23 consecutive quarters of profitability and 12 consecutive quarters of shareholder dividends
- Benefiting from the ongoing divestiture of policies by the state sponsored homeowners insurance company - Citizens Property Insurance Corporation, Florida's largest property and casualty company



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

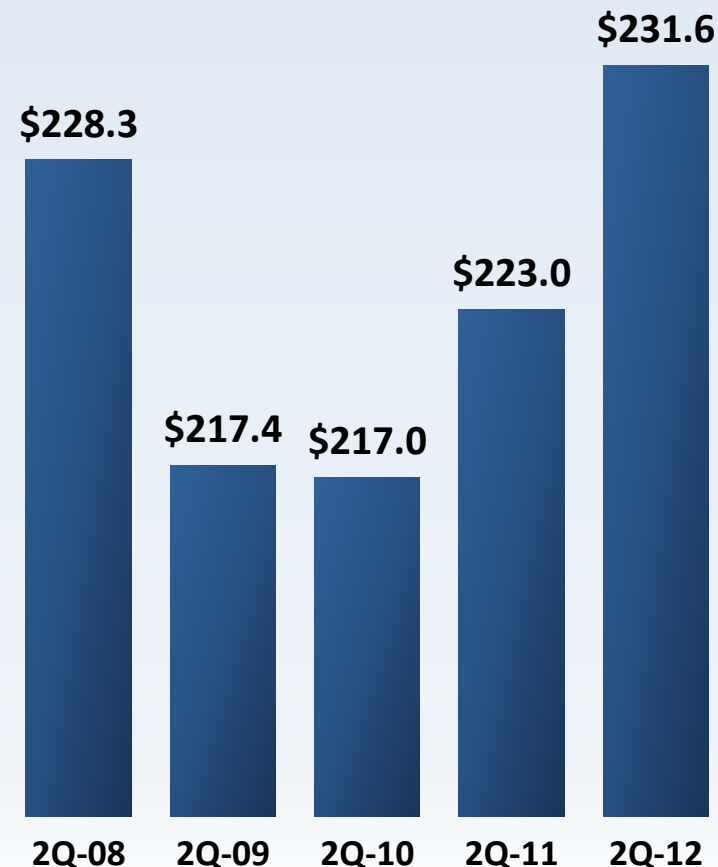
"...Superstorm Sandy is not expected to create a substantial capital challenge to the [P&C] industry, and even after a record catastrophe year in 2011, the overall position of the [P&C] insurance industry's balance sheet is strong..."

"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 take outs from the state-run, Citizens Property Insurance Corporation
 - Strategic acquisition from other private insurers
 - Organic expansion 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 owner or tenant, and provides coverage for personal possessions and liability of the owner.

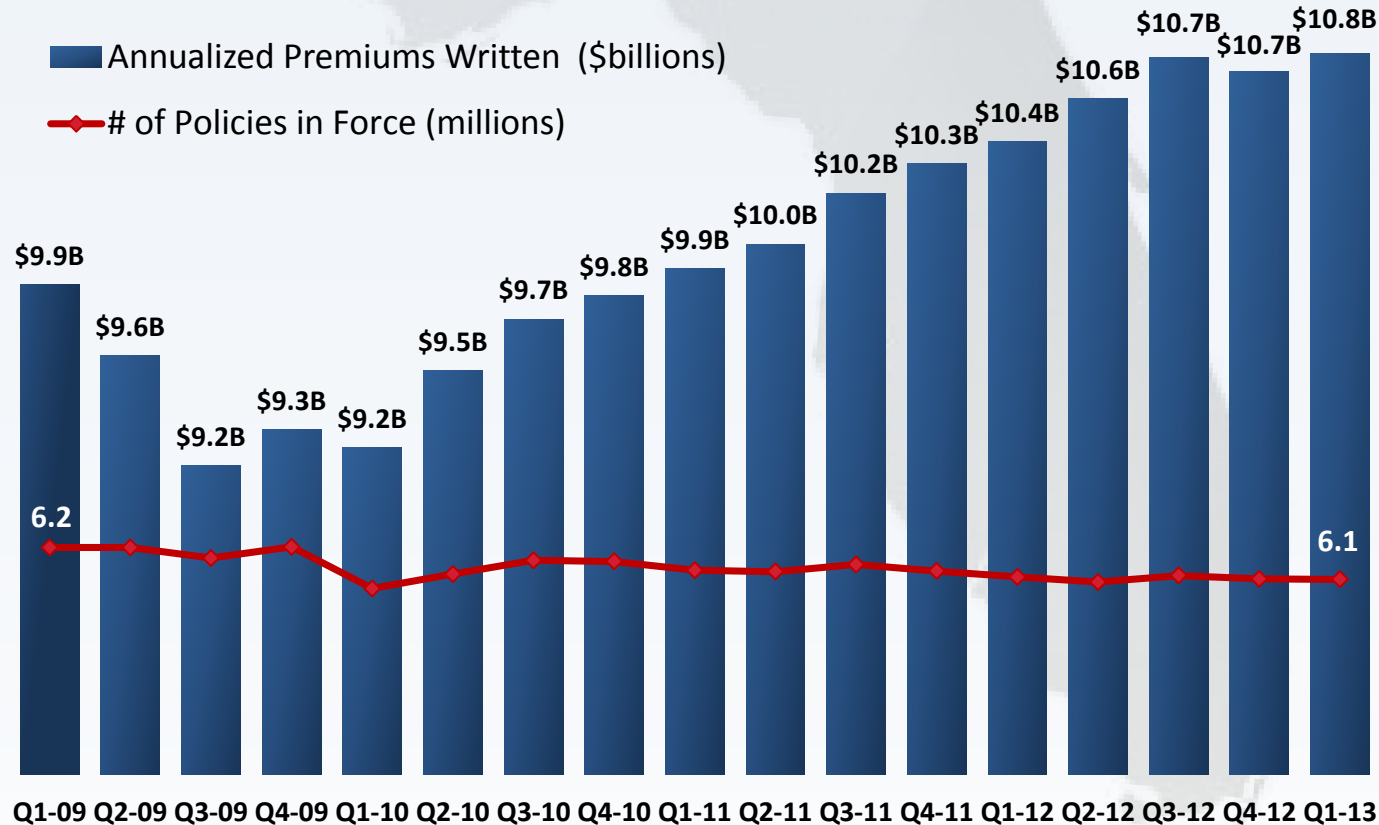
Renters: Insures policyholder property in a home that is rented, rather than owned, like an apartment.

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

Property Insurance in Florida: a \$10.8 Billion Growth Market

Florida Property Insurance Industry¹

Total Annualized Premium Value vs. Policies in Force



- Total value of premiums has risen to more than **\$10.8 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



- 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 situation has presented and 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 and number of policies, demonstrating strong leverage in its operating model

HomeWise™



Homeowners Choice's 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	2,651.7	24.7%
2	Universal Property & Casualty Insurance	772.8	7.2%
3	State Farm Florida Insurance Company	730.3	6.8%
4	Homeowners Choice	337.1	3.1%
5	Florida Peninsula Insurance Company	299.2	2.8%
6	United Services Automobile Association	275.1	2.6%
7	American Coastal Insurance Company	273.5	2.5%
8	St. Johns Insurance Company, Inc.	264.8	2.5%
9	United Property & Casualty Insurance	256.2	2.4%
10	Security First Insurance Company	299.9	2.1%
11	Tower Hill Prime Insurance Company	187.1	1.7%
12	American Integrity Insurance Company	171.1	1.6%
13	Federal Insurance Company	159.8	1.5%
14	USAA Casualty Insurance Company	146.1	1.4%
15	Castle Key Insurance Company	138.9	1.3%
16	Tower Hill Signature Insurance Company	134.0	1.3%
17	Tower Hill Preferred Insurance Company	128.2	1.2%
18	Chartis Property Casualty Company	123.1	1.2%
19	ASI Preferred Insurance Corp.	120.5	1.1%
20	ASI Assurance Corp.	119.6	1.1%
Total for Top 20 Companies		7,589.0	70.6%
Total for All Companies in FL		10,750.7	100.0%

- Homeowners Choice approved in **Aug 2013¹** to assume **+50,000** policies from Citizens
- Acquisition of **+60,000** policies from Citizens in **Nov 2012** propelled Homeowners Choice to a **top 5 carrier** in the State of Florida.
 - The takeout targeted homeowners, rather than renters policies, resulting in a **higher average premium** compared to the book of business at the time.
 - These policies had an average premium per policy of **~\$2,500**, while the company's prior average was **~\$2,000** per policy.
- Takeouts move the company closer to its stated goal of **5% market share in Florida.**

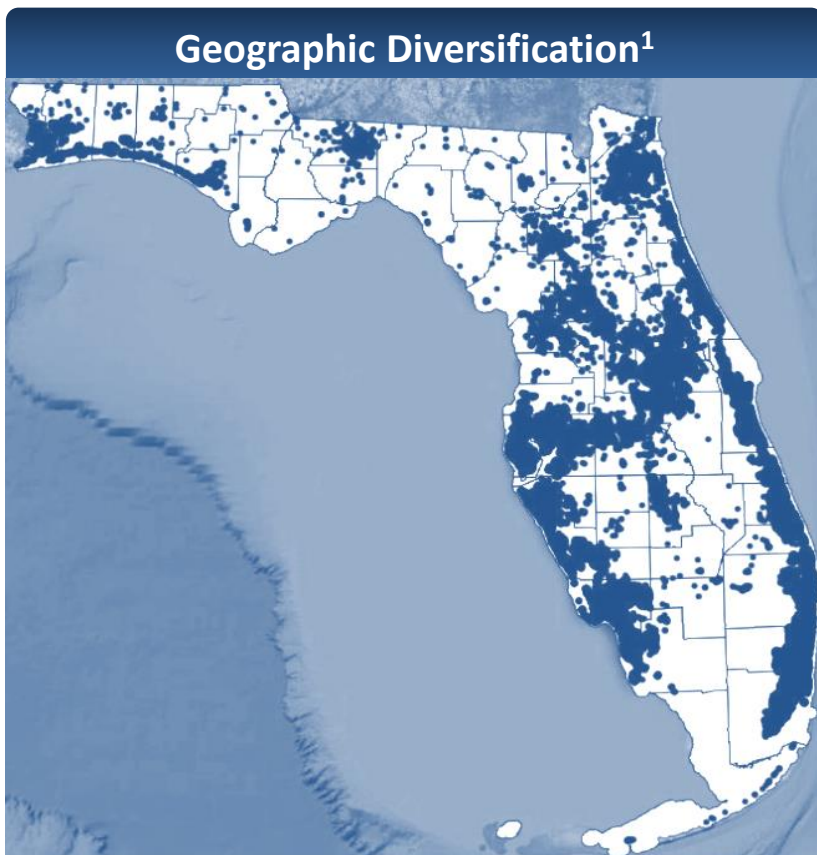
*Source: [Florida Office of Insurance regulation](#) as of 3/31/13 and does not reflect the ~50,000 new policies to be assumed from Citizens.

¹ Assumption expected to close in November 2013

Geographically Diversified in Florida

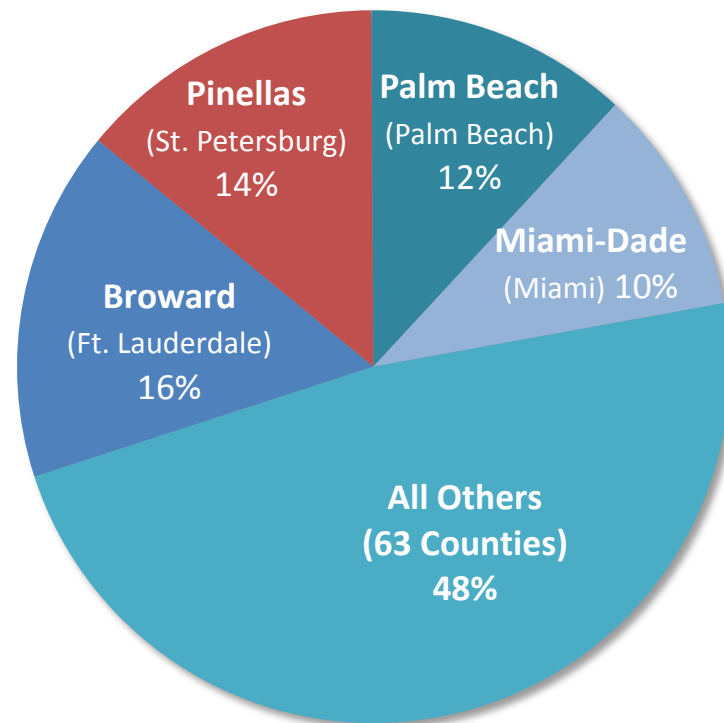


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Homeowners Choice's recent portfolio acquisitions have increased its geographic diversification

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



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

Reinsurance – Transferring Risk

- Homeowners Choice’s reinsurance program transfers catastrophic risk to 27 highly-rated or fully collateralized reinsurance partners
- The 2013-2014 program provides approximately \$850 million of catastrophic coverage with net reinsurance premiums of approximately \$113 million and first event retention of \$11 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

CLADDAUGH



- **Continued Expansion in Florida Homeowners Insurance Market**
 - **Organic:** Originate new policies through internal marketing department and 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
- **Launch Scalable B2B Proprietary Technology Platform**
 - Exzeo develops cloud-based innovative products and services that optimize human capital



Exzeo – Monetizing Our Intellectual Capital

- Exzeo is a social [Enterprise 2.0](#) web platform
- Originally developed to manage homeowners insurance claims processes
- Exzeo optimizes human capital to maximize results from business resources
- Facilitates a collaborative, real-time work environment that enables seamless integration between organizations, co-workers, business partners and vendors



Web-based Platform with Dynamic Features


Create Projects

COLLAPSE Workkard#: CL67432

DRAMON, STEVE DAILY Loss Date: 05/11/2013


909 MISTY LANE Reported Date: 05/11/2013

POMPANO BEACH, FL 33062...




Build Relationships

All Pending Ignored Excluded 0-9 A B C D E F G



Insurance Co A
ORLANDO, FL 32802 ORANGE



Elite Builders
TAMPA, FL 33607 HILLSBOROUGH




Assign Activities

ADJUSTMENT FOR DRAMON INPROGRESS


DRAMON, STEVE DAILY Workkard#: CL67...

POMPANO BEACH, FL 33062... Due on: 05/27/2013

General Contractor



→

Elite Builders

Manage Clients



John Larson — Elite Builders Community

05/13/2013 at 3:28 PM

Thank you for the assignment

Receive Updates

ACTIVITY UPDATES ON





John Larson
Elite Builders

NOTIFICATION

Secure the Premises in #CL77667 has been Completed
05/13/2013 at 3:44 PM

Manage Tasks

<input type="checkbox"/> Need to work with adjuster adjuster		due today
<input checked="" type="checkbox"/> Collect the documents estimation		05/01/2013



Interactive, Real-time Optimization Platform



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- Freemium business model
- Premium features and functionality accessible through subscription
- Potential to generate revenue from local, relevant and highly targeted advertising
- Device Agnostic: optimized for PC and Mac OS, as well as tablets (iOS & Android)
- Currently under limited launch

The screenshot displays the EXZEO™ software interface for 'Reliable Property Adjusters'. The interface is organized into a grid of workcards, each representing a different property adjustment task. The workcards are categorized by status: REJECTED, COMPLETED, INPROGRESS, and ASSIGNED. Each card includes the following information:

- Task Title:** e.g., RECONSTRUCTION ESTIMAT..., ROOF TARPING, SECURE THE PREMISES, ADJUSTMENT FOR DRAMON, SMOKE DAMAGE ESTIMATE, SPELLING - ADJUSTMENT AC..., CONTENTS STORAGE ASSIST..., WATER ESTIMATE FOR LITTLE.
- Adjuster Name:** e.g., LANTIER, MARK; MOORE, KAREN; SPELLING, MARK; DRAMON, STEVE; KARTER, LARRY; SPELLING, MARK; SPELLING, MARK; LITTLE, SUSAN.
- Frequency:** DAILY.
- Workcard ID:** e.g., CL90..., CL48..., CL77..., CL67..., CL80..., CL77..., CL77..., CL22...
- Due Date:** e.g., 05/22/2013, 05/12/2013, 05/11/2013, 05/27/2013, 05/24/2013, 05/24/2013, 05/20/2013, 05/18/2013.
- Role:** e.g., General Contractor, Roofer, Fire/Smoke Remediation, Adjuster - Property, General Contractor.
- Company/Client:** e.g., Elite Builders, Insurance Co A.
- Adjuster:** Amy Adjuster.

The interface also features a navigation bar with tabs for 'My Open Activities', 'My Closed Activities', 'Unassigned', and 'Watching'. The top navigation bar includes 'Workkards', 'Activities', and 'To-do'.

Managing Our Real Estate Investment Portfolio



Greenleaf Capital, an HCI division, holds and manages our real estate investment portfolio currently comprised of...

- **Two Class A office buildings** with more than 130,000 square feet of space
- **19 acres of waterfront property** in Tierra Verde & Treasure Island on Florida's Gulf coast
- Recently appointed HCI director, Anthony Saravanos, as president of Greenleaf Capital
- Plans to grow Greenleaf's holdings to more than **\$100M**
- Investment philosophy seeks **capital appreciation** through opportunistic transactions

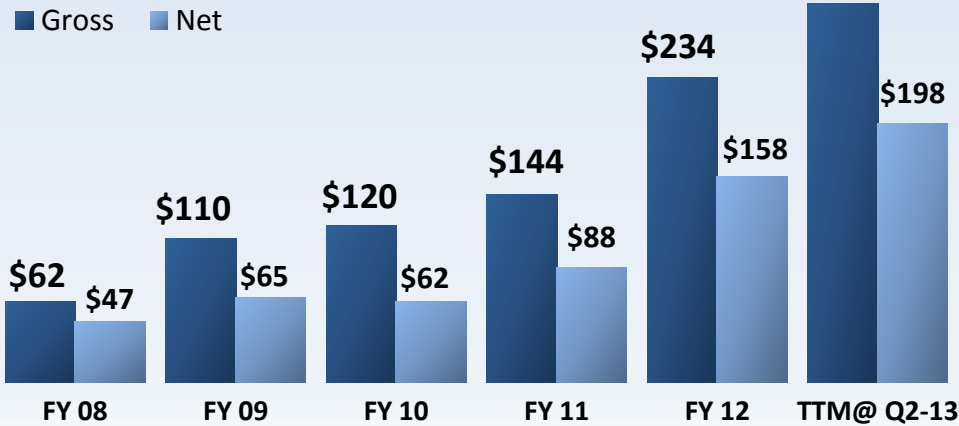


Financial Performance

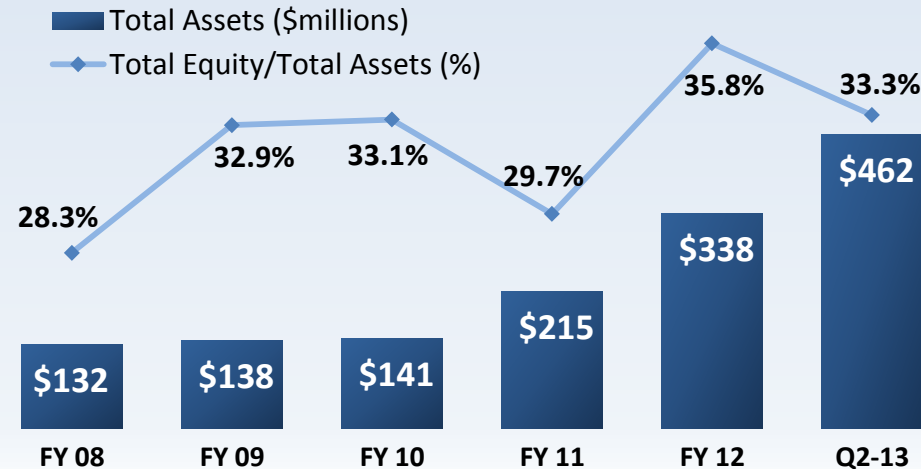


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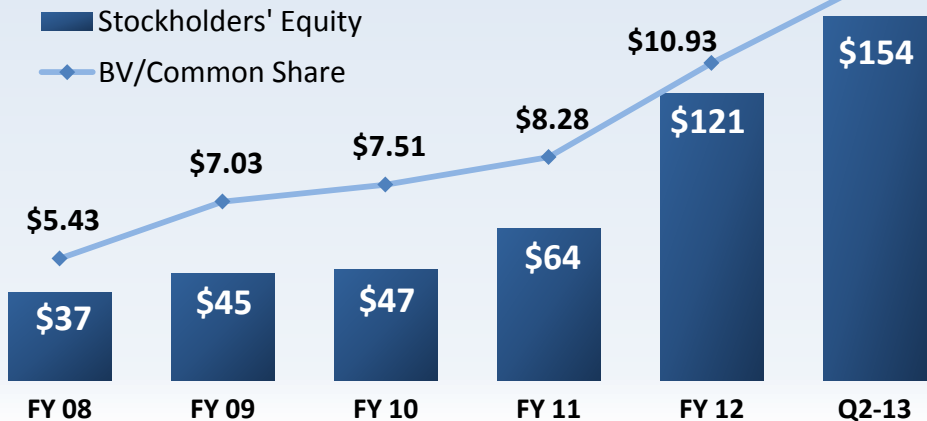
Annual Gross & Net Premiums Earned (\$millions)



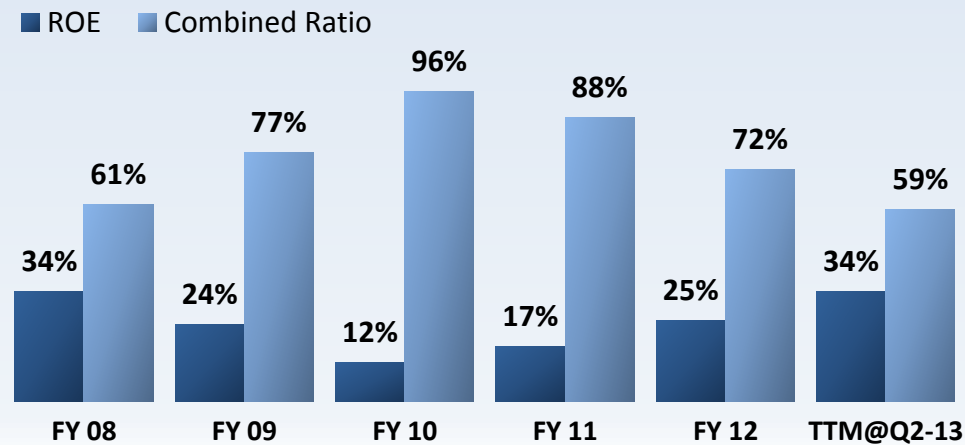
Total Assets



Total Stockholders' Equity & Book Value/Common Share



ROE & Combined Ratio

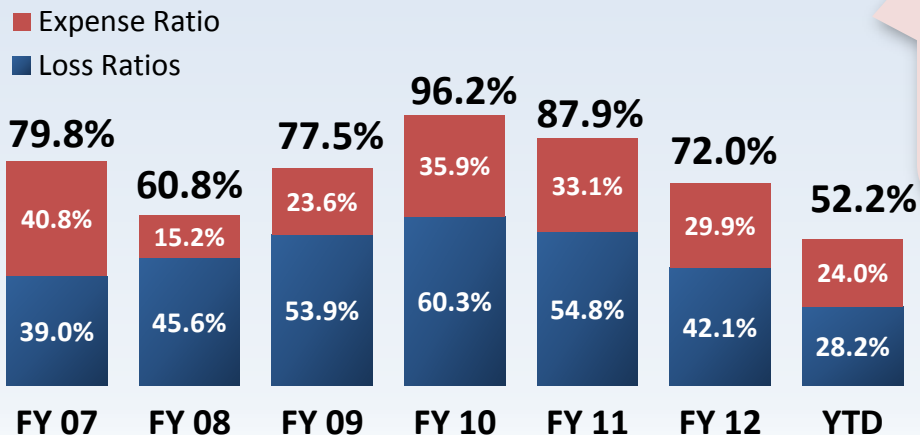


Focused on Underwriting & Profitability



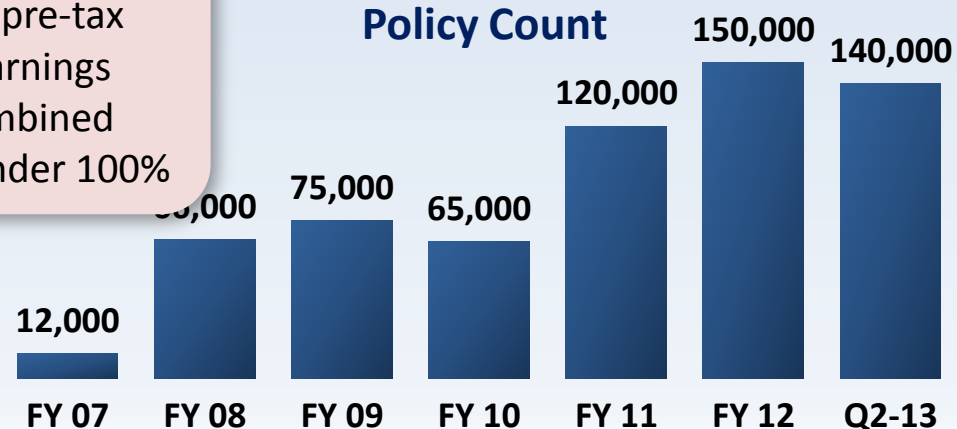
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Combined GAAP Underwriting Ratios



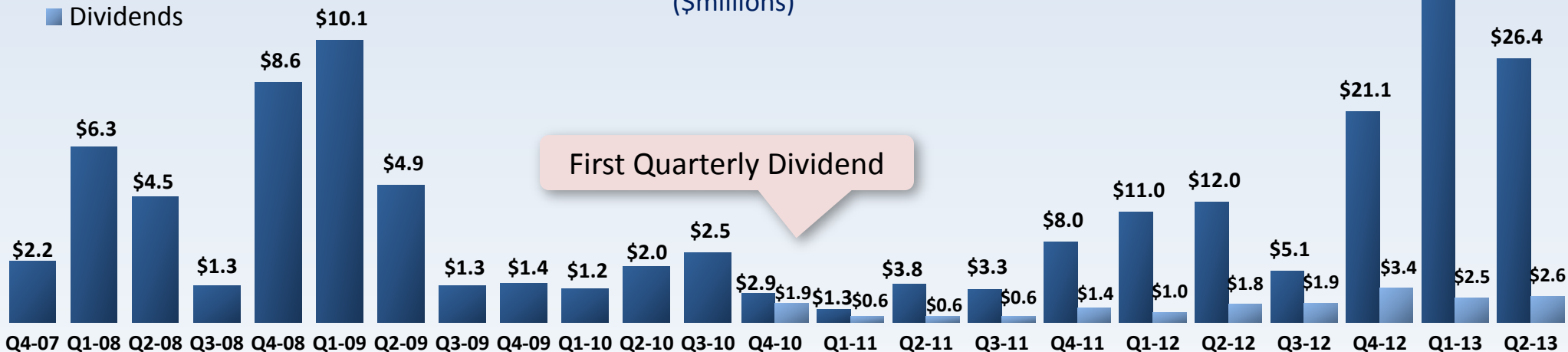
Since Q4-07, positive pre-tax GAAP earnings with combined ratios under 100%

Homeowners Choice Policy Count



■ Pre-Tax Earnings
■ Dividends

Pre-Tax Earnings & Dividends¹ (\$millions)



First Quarterly Dividend

1) Dividends to common shares; includes special dividends.

Conservative Investment Strategy



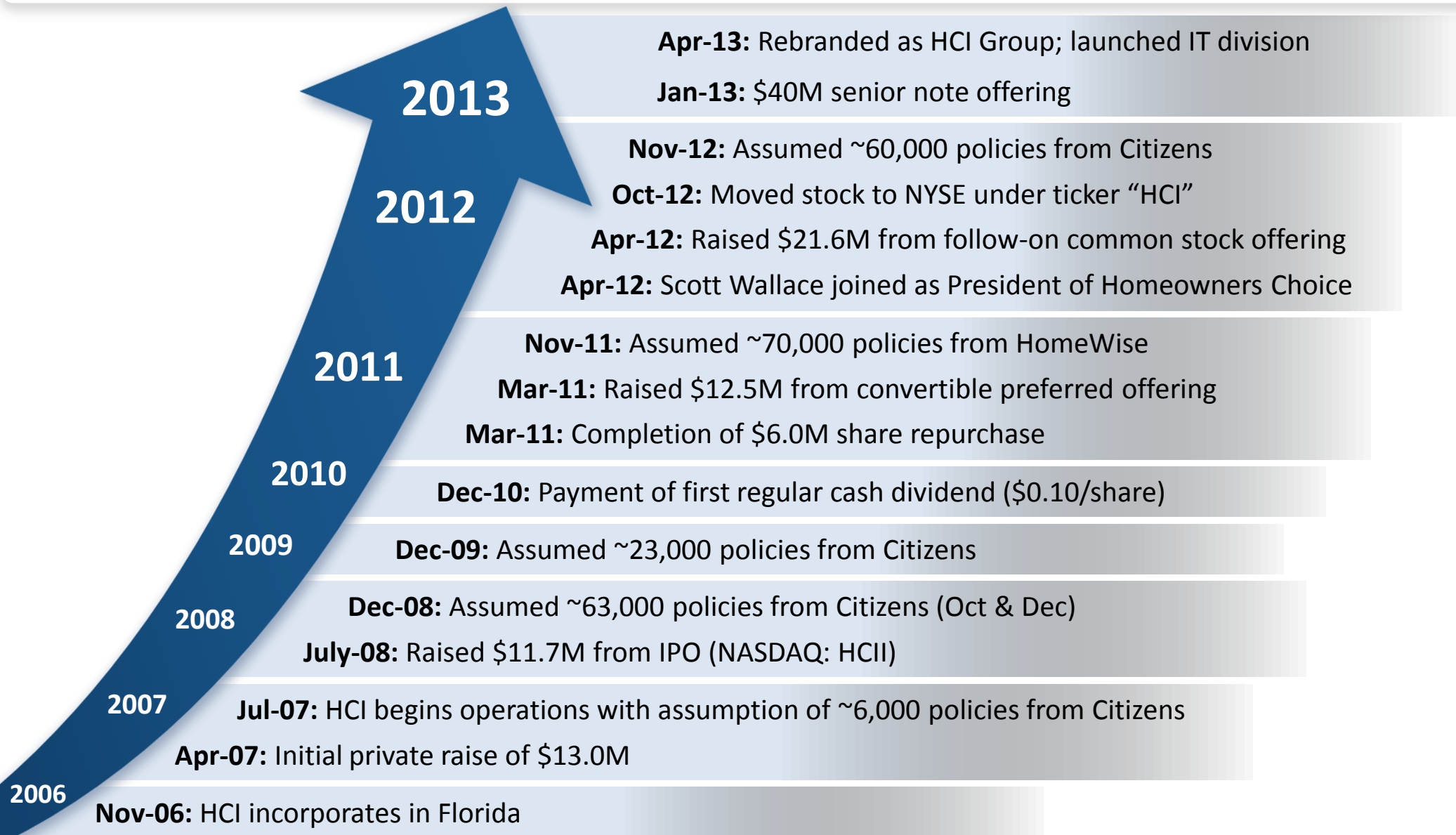
Disciplined Investment Process:

- Investment decisions reviewed by investment committee comprised of experienced HCI board members
- Conservative portfolio prepared for 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		Q2-13	
Equity	-	-	-	-	-	-	\$0.9	1%	\$4.1	3%	\$8.9	3%	\$10.3	3%
Real Estate	-	-	-	-	-	-	-	-	6.5	4	16.1	6	16.0	4%
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	40.1	11%
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	296.8	82%
Total	\$32.8	100%	\$108.7	100%	\$91.8	100%	\$98.3	100%	\$159.1	100%	\$291.1	100%	\$363.2	100%

Operational & Financial Milestones



HCI Group Senior Management Team



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

Paresh Patel Chairman & CEO	Scott Wallace President of Homeowners Choice	Anthony Saravanos President of Greenleaf Capital	Richard Allen CFO	Andrew Graham General Counsel & Secretary
<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • HCI Group director since 2007 • Former VP of full-service real estate firm in Palm Harbor, Florida since 2005 • Served as a managing partner of 13 commercial property entities in Florida and New York starting in 2001 • Licensed real estate broker and Certified Commercial Investment Member (CCIM) 	<ul style="list-style-type: none"> • 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 	<ul style="list-style-type: none"> • 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

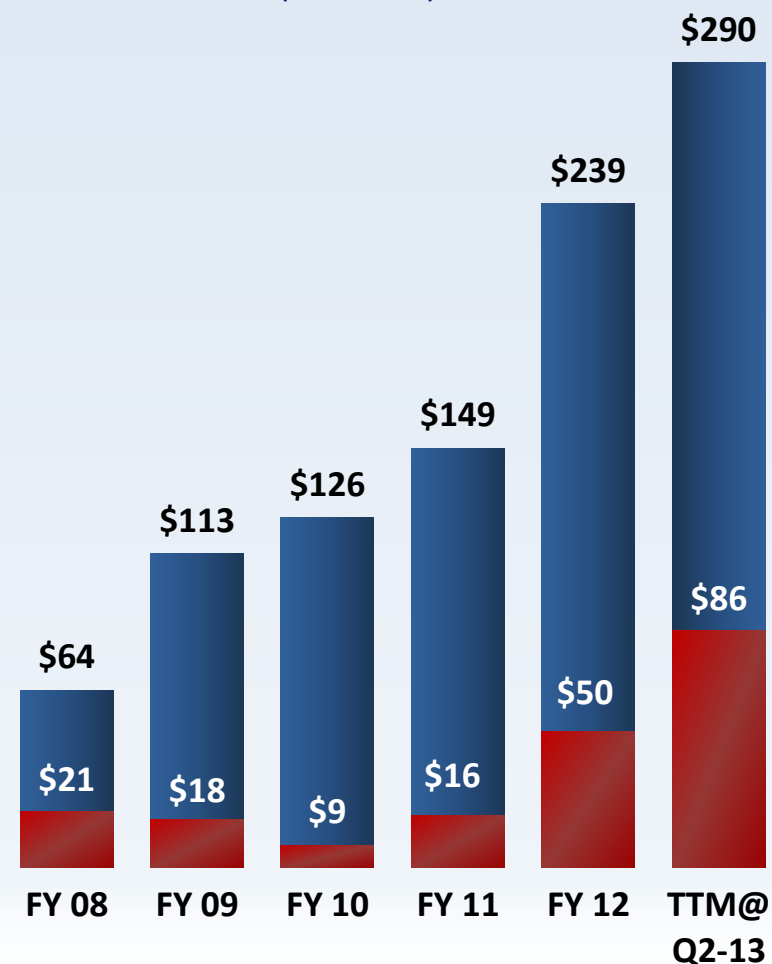
HCI Key Takeaways



NYSE:HCI

- Homeowners Choice is a leading provider of property and casualty insurance in Florida and among the fastest growing in the state
- ~\$330 million in annualized gross premiums and ~140,000 policies in force
- 23 consecutive quarters of profitability and 12 consecutive quarters of shareholder dividends
- Executives with entrepreneurial track record and deep industry expertise
- Exzeo and Greenleaf Capital present attractive growth opportunities

**Annual Total Gross Revenue¹
and Pre-tax Earnings**
(\$millions)



Source: Capital IQ

ttm = trailing twelve months as of quarter ended 6/30/13

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

Contact us



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