

UNITED INSURANCE HOLDINGS CORP.

Form FWP

November 30, 2012

United Insurance Holdings Corp.

Follow-On Roadshow

November 2012

Filed Pursuant to Rule 433

Issuer Free Writing Prospectus dated November 30, 2012

Relating to Preliminary Prospectus dated November 29, 2012
Registration Statement No. 333-184555

2
Cautionary Statements
The
issuer
has
filed
a

registration
statement
(including
a
prospectus)
with
the
SEC
for
the
offering
to
which
this
communication
relates.
Before
you
invest,
you
should
read
the
prospectus
in
that
registration
statement
and
other
documents
the
issuer
has
filed
with
the
SEC
for
more
complete
information
about
the
issuer
and
this
offering.
You
may

get
these
documents
for
free
by
visiting
EDGAR
on
the
SEC
Web
site
at
www.sec.gov.
Alternatively,
the
issuer,
any
underwriter
or
any
dealer
participating
in
the
offering
will
arrange
to
send
you
the
prospectus
if
you
request
it
by
calling
toll-free
1-800-248-8863.
This
prospectus
is
available
at
<http://www.sec.gov/Archives/edgar/data/1401521/000119312512484392/d420389ds1a.htm> .
Statements
in

this
presentation
that
are
not
historical
facts
are
forward-looking
statements
that
are
subject
to
certain
risks
and
uncertainties
that
could
cause
actual
events
and
results
to
differ
materially
from
those
discussed
herein.
Without
limiting
the
generality
of
the
foregoing,
words
such
as
may,
will,
expect,
believe,
anticipate,
intend,
could,
would,

estimate,
or
continue
or
the
other
negative
variations
thereof
or
comparable
terminology
are
intended
to
identify
forward-looking
statements.
The
forward-looking
statements
in
this
presentation
include
statements
regarding
the
completion
of
the
proposed
public
offering,
participation
of
selling
stockholders
in
the
offering,
participation
of
directors
and
employees
in
the
directed
share

program,
listing
of
the
Company's
common
stock
on
NASDAQ
and
other
statements
regarding
Company's
or
management's
plans,
objectives,
goals,
strategies,
expectations,
estimates,
beliefs
or
projections,
or
any
other
statements
concerning
future
performance
or
events.
The
risks
and
uncertainties
that
could
cause
our
actual
results
to
differ
from
those
expressed
or

implied
herein
include,
without
limitation,
the
success
of
the
Company's
marketing
initiatives,
inflation
and
other
changes
in
economic
conditions
(including
changes
in
interest
rates
and
financial
markets);
the
impact
of
new
regulations
adopted
in
the
states
in
which
we
do
business
which
affect
the
property
and
casualty
insurance
market;
the

costs
of
reinsurance
and
the
collectability
of
reinsurance,
assessments
charged
by
various
governmental
agencies;
pricing
competition
and
other
initiatives
by
competitors;
or
ability
to
obtain
regulatory
approval
for
requested
rate
changes,
and
the
timing
thereof;
legislative
and
regulatory
developments;
the
outcome
of
litigation
pending
against
us,
including
the
terms
of

any
settlements;
risks
related
to
the
nature
of
our
business;
dependence
on
investment
income
and
the
composition
of
our
investment
portfolio;
the
adequacy
of
our
liability
for
loss
and
loss
adjustment
expense;
insurance
agents;
claims
experience;
ratings
by
industry
services;
catastrophe
losses;
reliance
on
key
personnel;
weather
conditions
(including
the

severity
and
frequency
of
storms,
hurricanes,
tornadoes
and
hail);
changes
in
loss
trends;
acts
of
war
and
terrorist
activities;
court
decisions
and
trends
in
litigation;
and
other
matters
described
from
time
to
time
by
us
in
our
filings
with
the
SEC,
including,
but
not
limited
to,
the
risks
and
uncertainties

described
under
Risk
Factors
in
the
Company's
Registration
Statement
filed
November
29,
2012.

In
addition,
investors
should
be
aware
that
generally
accepted
accounting
principles
prescribe
when
a
company
may
reserve
for
particular
risks,
including
litigation
exposures.
Accordingly,
results
for
a
given
reporting
period
could
be
significantly
affected
if
and
when

a
reserve
is
established
for
a
major
contingency.
Reported
results
may
therefore,
appear
to
be
volatile
in
certain
accounting
periods.
The
information
contained
in
this
presentation
is
as
of
September
30,
2012
and
the
forward-looking
statements
made
in
this
presentation
are
only
made
as
of
the
date
of
this
presentation.

The
Company
undertakes
no
obligations
to
update,
change
or
revise
any
forward-looking
statement,
whether
as
a
result
of
new
information,
additional
or
subsequent
developments
or
otherwise.

3

Offering Size

5,000,000 primary shares and 300,075 secondary shares

Approximately \$30 million at recent share price

Last Trade

\$5.38

as

of
November
27
th

,

2012

Type

Follow-on public offering of common stock

Over-Allotment

15% (Primary)

Exchange

and

Symbol

Currently traded on OTCBB under UIHC

Concurrent with this offering, United will list on the NASDAQ Capital

Market under UIHC

Use of Proceeds

General corporate purposes including statutory capital in support of
growth

Expected Pricing Date

Week

of

December

10

th

,

2012

(1)

Source: SNL Financial LC

Offering Summary

(1)

4

Directed Share Program

Estimated

Shares

Shares to be

Pro Forma

Participants

Currently Owned

Purchased

Shares Owned

Greg Branch

1,527,530

263,488

1,791,018

Alec Poitevint

355,938

61,397

417,335

Kent Whittemore

221,009

38,123

259,132

Bill Hood

208,542

35,972

244,514

Kern Davis

204,152

35,215

239,367

John Forney

91,629

15,805

107,434

Employees

NA

50,000

NA

Total

2,608,800

500,000

3,058,800

United Directors and Employees expect to purchase the maximum amount, 10%, of primary shares sold in this offering

Certain

United

shareholders

associated

with

the

formation

of

FMG

Acquisition

Corp

in

May 2007 have elected to exercise piggyback registration rights to sell a portion of their shares in this offering

Selling Shareholders

Shares

Shares to be

Pro Forma

Participants

Currently Owned

Sold

Shares Owned

FMG Investors LLC

932,231

233,058

699,173

John Petry

31,339

31,339

-

David Sturgess

17,839

17,839

-

Thomas Sargent

17,839

17,839

-

Total

999,248

300,075

699,173

Directed Share Program and Selling Shareholders

5
Compelling
Market
Opportunity
Strong
Financial
Performance

Superior
Insurance
Capabilities
Exceptional
Management
Team
Attractive
Valuation
UIHC Investment Highlights

6
Gregory C. Branch
Chairman

Chairman of United since inception in 1999

Former Chairman of Summit Holding Southeast, Inc.

Prior Member of Lloyd's of London for over 20 years

President/Owner,
Branch
Properties

Parent
company
of
Seminole
Feed
John L. Forney
CEO

Joined United in June 2012

Former
Managing
Director,
Raymond
James

Advised
state
government
agencies
in
Florida,
California,
Texas and Louisiana on property catastrophe risks

Advised major national industry consortium led by State Farm and
Allstate on issues relating to managing
residential natural catastrophe risk
B. Bradford Martz
CFO

Joined United in September 2012

Former
CFO/CAO,
Bankers
Financial
Corporation

FL-based
P&C
insurance
holding

company
that
insures
across multiple lines and states with approximately \$700 million
in assets and \$350 million of premiums

Former
Managing
Partner,
Lake,
Martz
&
Company,
P.A.

Regional
accounting
firm
Melvin A. Russell, Jr.
President of UPC

Joined United at its inception in 1999

Prior positions: Chief Underwriting Officer, SVP and Secretary

35+ years of experience in the P&C market; 23+ years in the Florida insurance market

Prior experience in both commercial and personal lines underwriting, as well as in management with two
large, national carriers

Jay Williams
VP of Marketing

Joined United in July 2012

Former
Managing
Director,
FAIA
Member
Services

For-profit
subsidiary
of
the
Florida
Association
of
Insurance Agents

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33+ years of insurance experience; served in various new business development and marketing roles for a number of FL-based insurance agencies including Bankers Financial Corporation

John Langowski
VP of Claims

Joined United in October 2012

Former
VP
and
Chief
Claims
Officer,
Cypress
Insurance
Group

FL-based
homeowners
and
business
insurer with over 100,000 policies in-force

Former Regional Director of Claims, Farmers Insurance Group

22+ years of industry-related experience; 10+ years spent at Fortune 100 companies specializing in P&C insurance

Exceptional Management Team

7

An insurance holding company that sources, writes and services residential property and casualty insurance policies using a network of independent agents and a group of wholly-owned insurance subsidiaries.

UIHC is ..

8

Focused strategy

Opportunity
is
homeowners

market
in
wind-exposed
areas
from
Texas
to
Maine

Well established relationships with distribution channels

Total active network includes approximately 2,000 agents

Key strategic relationships: FAIA and Allstate

Strong and careful underwriting

Zip code level analysis of individual policies to optimize premium vs. PML

Avoided sinkhole problems that have plagued Florida companies

Experienced claims management

Adjusters (all in-house) average over 10 years experience

Conservative reinsurance program

Buy to 1-100 years loss and multiple event coverage

Successfully managed catastrophe risk since 1999

Maintained
profitability
through
unprecedented
storm
activity
of
2004
&
2005

Business Overview

9

(1)

Policy numbers exclude flood line of business

Data as of September 30, 2012

Premium In-Force by

Line of Business

Policies In-Force

Total policies in-force: 124,496

(1)

Total premium in-force: \$241,956

UIHC

What and Where We Write

8%

3%

2%

Florida

South Carolina

Massachusetts

Rhode Island

91%

5%

4%

Homeowners

Fire

Flood

88%

10

UIHC Has a Successful Operating History

United has been profitable in all but one of its thirteen years of operations and is well-positioned to grow rapidly in Florida and other markets

1999

2002

2004

2005

2008

2009

2010

2011

PHASE 1: 1999-2007

United begins operations in Florida in 1999 and records profits every year, even in the wake of 8 hurricanes in 2004-2005

PHASE 2: 2008-2011

United becomes a public company; growth slows as regulatory and market changes impact Florida, but underlying operations remain strong and expansion outside Florida commences

PHASE 3: 2012-

Growth and profitability resume upward trajectory with revamped Board and management team leading business expansion in Florida and other states

UPC & UIM

formed

with 12,000

policies

Established

in-house

claims

department

United remains

profitable

throughout

unprecedented

storm activity

Hurricanes

Charley

Frances

Ivan

Jeanne

Dennis

Rita

Katrina

Wilma

Wind mitigation

credits and rising

reinsurance rates

affect industry

UIHC becomes

publicly traded in
FMG acquisition
9/29/2008
Expands into
South Carolina
Expands into
Massachusetts
Approved for
rate increases,
currently
affecting new
and renewal
business
Expands into
Rhode Island
2012

11

Source: Insurance Information Institute

\$2-\$3B

\$3-\$4B

\$4-\$5B

\$5-\$10B

\$10-\$20B

\$20B+

TX

\$13.4

LA

\$7.9

MS

\$4.1

AL

\$4.9

SC

\$3.1

NC

\$4.1

NJ

\$2.1

MA

\$4.4

NY

\$3.7

FL

\$54.6

100 Year Residential

PML By State

Increased perception of risk and resulting dislocation in property insurance markets creates an opportunity to establish a successful and defensible market position for UIHC

FAIR/Beach Plan Earned Premium as

% of Overall Property Market

(Top 5 States) 2002 vs. 2010

Market Opportunity

0%

2%

4%

6%

8%

10%

12%

14%

16%

Texas (TWIA)

Rhode Island

Louisiana

Massachusetts

Florida

2010

2002

12
Source: SNL Financial
UIHC's Percentage of 2011
Homeowner's Market
S. Carolina
Massachusetts
Rhode Island

UIHC can achieve scale with a diverse book spread across various states

2.18%

0.65%

0.01%

NA

Market Opportunity

Florida

2011 Homeowner s Market Direct Premiums Written
(Premiums in \$000 s)

13

UIHC is Growing in the Right Way

Not Dependent on Takeouts

from Citizens

Strong independent agent distribution channels

The Right Rate for the Right Risk

Not competing on price for new business

Conservative Risk Metrics

Stringent portfolio optimization process for each policy added

Robust, Comprehensive Reinsurance Program

Buy to one-in-100 year single event plus multiple event coverage

14
Quality Growth Reflected in Portfolio Metrics
Total Insured Value and
Policies In-Force
Avg. Annual Loss to
Premium In-Force
\$ in thousands,

except policy data

Nine Months Ended

Years Ended December 31,

Sept. 30, 2012

2011

2010

2009

Number of Policies In-Force (PIF)

124,496

101,754

80,514

93,022

Growth of PIF

22.4%

26.4%

-13.4%

15.6%

Total Insured Value (TIV)

\$55,325,100

\$46,032,280

\$36,312,297

\$43,846,415

Growth of TIV

20.2%

26.8%

-17.2%

25.3%

Probable Maximum Loss (PML)

\$497,950

\$472,620

\$500,628

\$618,206

Growth of PML

5.4%

-5.6%

-19.0%

11.1%

Note: AAL and PML are modeled using AIR assuming long-term and no demand surge

0

20

40

60

80

100

120

140

\$-

\$10

\$20

\$30

\$40
\$50
\$60
\$70
2009
2010
2011
2012YTD
26.6%
22.4%
18.5%
17.2%
10.0%
12.0%
14.0%
16.0%
18.0%
20.0%
22.0%
24.0%
26.0%
28.0%
2009
2010
2011
2012YTD

15
2012 Reinsurance Program

\$103 million cost for

Cover includes a
diverse and strong

group of 24 separate
reinsurers

Horizontal and vertical
coverage: one-in-100
year single event plus
multiple event coverage

Total \$552.6M

First Event Coverage
over \$536 million of
coverage

Private

Layer 4

(INCR)

\$38,551,403

x

\$150,666,720

Private Layer 5 (Top and Drop)

\$10,000,000 x \$189,218,123

Private Layer 3

\$87,333,392 x \$63,333,328

Company Retention

\$10,000,000

Private Layer 2

\$38,333,328 x \$25,000,000

Private Layer 1 (Prepaid Reinstatement)

\$10,000,000 x \$15,000,000

Florida Hurricane Catastrophe Fund

Mandatory Layer

90% of \$392,334,274 x \$153,332,209

Captive Layer (Prepaid Reinstatement)

\$5,000,000 x \$10,000,000

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UIHC Financial Highlights

Note: AAL and PML are modeled using AIR assuming long-term and no demand surge
\$ in thousands, except ratios, policy data and per share amounts

YTD

Years Ended December 31,

9/30/2012

2011

2010

2009

Gross Written Premiums

195,385

\$

203,806

\$

158,637

\$

155,840

\$

Net Premiums Earned

87,735

90,080

66,855

78,181

Average Gross Written Premium In-Force per Policy

1,858

1,894

1,878

1,664

Net Income

8,722

\$

8,088

\$

(925)

\$

4,057

\$

Earnings per Share

0.84

0.77

(0.09)

0.38

Dividends per Share

0.05

0.05

0.05

0.15

Total Equity

64,993

\$

54,989

\$

45,293

\$

48,071

\$

Total Statutory Surplus

44,528

48,188

48,495

50,345

Book Value Per Share

6.22

5.31

4.28

4.55

Ratios:

Loss and LAE Ratio (based on GPE)

24.1%

21.5%

27.4%

26.1%

Loss and LAE Ratio (based on NPE)

44.9%

43.1%

63.6%

52.1%

Combined Ratio (based on GPE)

48.4%

45.8%

51.3%

50.5%

Combined Ratio (based on NPE)

90.3%

92.0%

119.1%

101.0%

Other:

Total Insured Value (TIV)

55,325,100

\$

46,032,280

\$

36,312,297

\$

43,846,415

\$

Probable Maximum Loss (PML)

497,950

472,620

500,628

618,206

Number of Policies In-Force (PIF)

124,496

101,800

80,500

93,000

PML to Premium In-Force

2.20x

2.45x

3.31x

3.99x

AAL to Premium In-Force

17.2%

18.5%

22.4%

26.6%

17
Historical Income Statement
Historical Underwriting Ratios
\$ in thousands, except per share data
For the Nine Months Ended
September 30,
For the Years Ended December 31,

2012
2011
2011
2010
2009
2008
2007
Gross premiums written
195,385
\$
160,337
\$
203,806
\$
158,637
\$
155,840
\$
141,556
\$
145,050
\$
Gross premiums earned
163,683

131,752

180,837

155,307

156,393

140,223

151,684

Net premiums earned
87,735

65,267

90,080

66,855

78,181

81,144

85,358

Other revenue

5,604

4,689

6,338

13,136

10,288

19,918

27,243

Total Revenue

93,339

\$

69,956

\$

96,418

\$

79,991

\$

88,469

\$

101,062

\$

112,601

\$

Losses and loss adjustment expenses

39,401

29,399

38,861

42,533

40,755

28,063

25,662

Other operating expenses

39,519

32,024

43,818

36,373

38,210

31,149

31,296

Interest expense

283

453

548

1,767

3,177

2,811

6,078

Total Expenses

79,203

\$

61,876

\$

83,227

\$

80,673

\$

82,142

\$

62,023

\$

63,036

\$

Net Income

8,722

\$

4,863

\$

8,088

\$

(925)

\$
4,057
\$
33,419
\$
39,642
\$
Earnings Per Common Share
0.84
\$
0.46
\$
0.77
\$
(0.09)
\$
0.38
\$
3.08
\$
3.37
\$
0.0%
20.0%
40.0%
60.0%
80.0%
100.0%
120.0%
140.0%
160.0%
1Q10
2Q10
3Q10
4Q10
1Q11
2Q11
3Q11
4Q11
1Q12
2Q12
3Q12
Loss Ratio
Expense Ratio
Combined Ratio

18
Historical Balance Sheet
Growth of Book Value Per Share
LTM growth of 24.4%
\$ in thousands
As of September 30,
As of December 31,

2012

2011

2011

2010

2009

2008

2007

Cash and invested assets

219,391

\$

185,583

\$

165,898

\$

126,242

\$

160,110

\$

155,712

\$

170,634

\$

Reinsurance recoverable on paid and unpaid losses

3,013

6,643

4,458

27,304

25,477

22,604

16,816

Prepaid reinsurance premiums

77,774

63,152

40,968

38,307

40,285

26,518

26,345

Total Assets

336,895

\$

286,133

\$

240,215

\$

213,621

\$

247,758

\$

232,065

\$

242,426

\$

Unpaid losses and loss adjustment expenses

35,801

\$

39,857

\$

33,600

\$

47,414

\$

44,112

\$

40,098

\$

36,005

\$

Unearned premiums

131,832

105,746

100,130

77,161

73,831

74,384

73,051

Reinsurance payable

72,679

55,665

16,571

14,982

28,162

16,694

10,852

Notes payable

16,176

17,353

17,059

18,235

41,428

41,303

43,833

Total Liabilities

271,902

\$

234,345

\$

185,226

\$

168,328

\$

199,687

\$

189,138

\$

196,327

\$

Total Stockholders' Equity

64,993

\$

51,788

\$

54,989

\$

45,293

\$
48,071
\$
42,927
\$
46,099
\$
Statutory Surplus
44,528
\$
47,599
\$
48,188
\$
48,495
\$
50,345
\$
54,675
\$
51,699
\$
\$4.55
\$4.21
\$4.27
\$4.36
\$4.28
\$4.39
\$4.50
\$5.00
\$5.31
\$5.75
\$6.09
\$6.22
\$3.00
\$3.50
\$4.00
\$4.50
\$5.00
\$5.50
\$6.00
\$6.50
\$7.00
\$7.50
4Q09
1Q10
2Q10
3Q10
4Q10
1Q11

2Q11
3Q11
4Q11
1Q12
2Q12
3Q12

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Investment Portfolio

Designed to preserve capital, maximize after-tax investment income, maintain liquidity and minimize risk

As of September 30, 2012, 100% of the Company's fixed maturity portfolio was rated investment grade

Average Duration:

5.1 years

Average S&P Rating:

A

Securities Portfolio

Securities Portfolio

Value

(\$MMs)

%

Cash

90.9

\$

41.4%

Corporate Debt Securities

55.4

25.3%

U.S. Government & Agency Securities

49.6

22.6%

States, Municipalities & Political Subdivisions

19.0

8.7%

Common Stocks

3.5

1.6%

Preferred Stocks

0.7

0.3%

Other Long-Term Investments

0.3

0.1%

219.4

\$

100.0%

Historical Return on Investments

(1)

2008

2009

2010

2011

2012

1 Year

5.99%

5.52%

6.99%

4.21%

5.97%

3 Year

6.17%

5.57%

5.72%

5 Year

5.74%

(1)

Includes investment income and realized and unrealized gains

Data as of September 30, 2012

Cash

\$90.9

41%

Corporates

\$55.4

25%

Gov. &

Agencies

\$49.6

23%

Munis

\$19.0

9%

Stocks

\$3.5

2%

Preferreds

\$0.7

0%

Other

\$0.3

0%

Market

Price /

LTM

Price/

Cap

LTM EPS

ROAE

Book

Ticker

(\$MMs)

(x)

(%)

(%)

Homeowners Choice, Inc.

HCI

208.2

8.1x

28.0

201

Universal Insurance Holdings, Inc.

UVE

173.3

7.8x

15.0

105

Federated National Holding Company

FNHC

42.7

8.6x

8.6

65

United Insurance Holdings Corp.

UIHC

56.2

4.5x

20.2

86

Florida's Publicly-Held Homeowners Insurance Companies

Source:

SNL

Financial

LC;

market

data

as

of

November

27

th

,

2012

21
Compelling
Market
Opportunity
Strong
Financial
Performance

Superior
Insurance
Capabilities
Exceptional
Management
Team
Attractive
Valuation
UIHC Investment Highlights