



INSPIRE to be the Best

Heritage Insurance Holdings, Inc.
(NYSE: HRTG)

First Quarter 2024
Investor Presentation

May 2024

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. This release includes forward-looking statements relating to the expected positive impact of our strategic initiatives on our future financial results, including focus on profitability through rating action, selective underwriting and selective growth, capital allocation, exposure management and strategic reduction of policy count in certain geographies; impact of rate increases; impact of policy count reduction; impact of our focus on long-term relationships with reinsurers; expected future policy rate increases; impact of legislative changes; and future dividend payments and stock repurchases. 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 underwriting and profitability initiatives; inflation and other changes in economic conditions (including changes in interest rates and financial and real estate markets), including changes that may impact demand for our products and our operations; lack of effectiveness of exclusions and loss limitation methods in the insurance policies we assume or write; inherent uncertainty of our models and our reliance on such models as a tool to evaluate risk; the impact of macroeconomic and geopolitical conditions, including the impact of supply chain constraints, inflationary pressures, labor availability and conflicts between Russia and Ukraine and in the Middle East; the impact of new federal and state regulations that affect the property and casualty insurance market and our failure to meet increased regulatory requirements, including minimum capital and surplus requirements; continued and increased impact of abusive and unwarranted claims; the cost of reinsurance, the collectability of reinsurance and our ability to obtain reinsurance coverage on terms and at a cost acceptable to us; assessments charged by various governmental agencies; pricing competition and other initiatives by competitors; our 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 losses and loss adjustment expense; our ability to build and maintain relationships with 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 Securities and Exchange Commission, including, but not limited to, the Company’s Annual Report on Form 10-K for the year ended December 31, 2023 filed with the Securities and Exchange Commission on March 13, 2024, and subsequent filings.

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.

Mission, Vision & Values

Mission

- **Mission** – To deliver insurance products and services that offer the greatest value in the most challenging markets.
- **Claims Mission** – Provide customers with prompt, proactive and compassionate claims service in their time of need , while paying what we owe under the policy.

Vision

- **Vision** – To build a company our customer, employees, agents and investors love. To create innovating, caring and helpful insurance solutions. And to provide an experience that always fulfills our promise.

Values

Integrity



Doing the right thing even when no one else is around.

Social Good



We positively impact the communities in which we live and work

Perseverance



We have an indomitable spirit and a Will-to-Win through difficult times

Innovation



We are on constant quest to find better ways to do things

Relationships



We establish relationships and build partnerships with open and honest communications

Employee Centric



We are on constant quest to find better ways to do things

Philanthropy

- **Volunteer Time:**

4 paid days for employee volunteering annually.

- **Salvation Army:**

Annual holiday angels support—345 children and 90 bicycles.

- **Make-A-Wish:**

Employee donations matched, raising \$12,000 for a family trip to Hawaii.

- **Special Olympics:**

Ongoing partnership with Special Olympics Florida.

- **Local Foundation:**

Financial and volunteer contributions to Florida Bullard Foundation.

- **Scholarships:**

Support for Step Up for Students, aiding low-income Florida students.

Diversity

- **Board Diversity:**

Multi-ethnic, multi-generational, and gender-balanced board.

- **Employee Base:**

61% white with ethnic diversity in Board of Directors.

- **Gender Stats:**

57% female employees, 44% female leaders.

- **Age Inclusion:**

Committed to a workforce of varied age groups.

- **Affinity Groups:**

Support for employee-led affinity groups for underrepresented communities.

- **Local Outreach:**

Partnerships with local organizations to improve diversity recruitment.

Employee-Centric

- **Benefits Package:**

Comprehensive, including a strong 401k matching program.

- **Wellness Plans:**

Initiatives focused on mental and physical health.

- **Education Offer:**

Access to 'The Institutes' for professional development.

- **DEI&B Training:**

Scheduled leadership training in September/October.

- **Feedback Loop:**

Regular employee surveys to tailor benefits and programs.

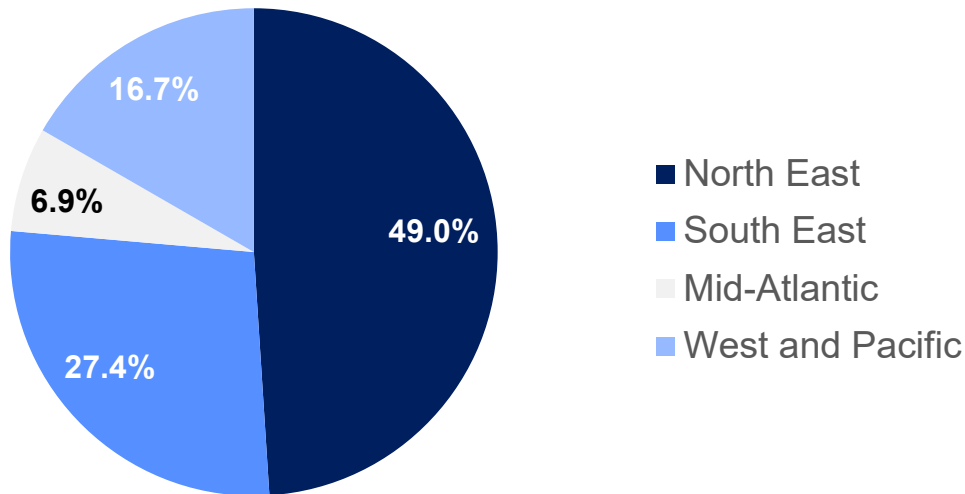
- **Work-Life Balance:**

Flexible work arrangements to fit diverse life needs.

Heritage Overview

- Super-regional U.S. property and casualty insurance holding company
- \$1.39 billion of premiums in force, primarily for personal residential insurance (PRES), as well as commercial residential insurance (CRES) and commercial general liability (CGL) insurance
- Vertically integrated structure with in-house underwriting, actuarial, customer service, claims processing and adjusting functions (3rd parties used as needed)

Total Insurable Value as at 3/31/2024



Financial and exposure data as of 3/31/24, HRTG market data as of 6/12/24 market close, and financial strength ratings most recent available

NYSE: HRTG

Market Cap: \$245mm

Total Assets: \$2.1bn

Total Equity: \$234.9mm

Premiums-In-Force: \$1.39bn

Book Value/Share: \$7.67

Total Employees: 566

Founded/IPO: 2012/2014

Headquarters: Tampa, FL

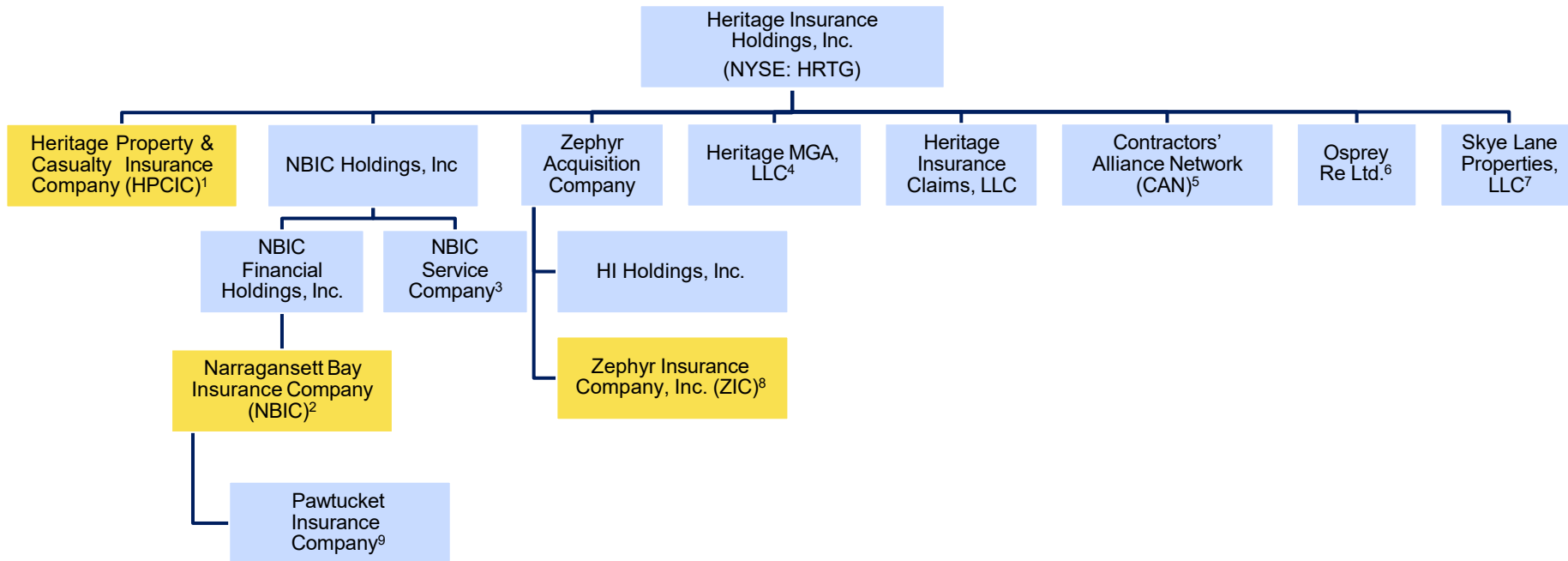
Financial Strength Ratings	HPCIC	NBIC	ZIC
Demotech	A	A	A'
Kroll	BBB+	A-	BBB+

- Kroll Investment grade BBB- for Heritage Insurance Holdings Inc., the holding company

Vertically Integrated Structure

- Vertically integrated structure includes a preferred provider network, minimizing third-party reliance, reducing costs, and providing a strategic hedge during catastrophe years.
- Vertically integrated structure reduces our earnings volatility, supporting P/E-based valuation for HRTG
- Managing general agent structure allows us to meet holding company capital needs (e.g., debt servicing, M&A, etc.)

Organizational Structure



1: Risk bearing entity (AL, CA, GA, FL, MS, NC, SC)

2: Risk bearing entity (CA, CT, DE, MA, MD, NY, NJ, RI, VA)

3: Provides NBIC with underwriting, personnel and other services

4: Provides HPCIC & ZIC with underwriting, personnel and other services

5: Mitigation and construction division, serves as a hedge in catastrophe years

6: Captive reinsurer

7: Affiliate that holds real estate

8: Risk bearing entity (HI)

9: Inactive insurance company

= risk bearing entity

Experienced Management Team



Ernie Garateix

Chief Executive Officer

- CEO since 2020
- Previously COO since 2014 and EVP since company's 2012 founding
- Prior to Heritage, Mr. Garateix served as Vice President of Operations at American Integrity Insurance Group and Associate Vice President of IT at FCCI Insurance Group



Kirk Lusk

Chief Financial Officer

- CFO since 2018
- Joined Heritage in 2017 via the acquisition of NBIC, where he served as CFO
- Prior to Heritage, was International CFO of Aetna, Inc., CFO of Alea Group Holdings Bermuda Ltd. and CFO of GE ERC Global Casualty and GE Capital Auto Warranty Services



Tim Moura

President, NBIC

- NBIC President since 2017
- Previously SVP of Marketing, Agency, and Client Services since 2014
- Prior to NBIC, served as VP of Business Development and Commercial Lines for Tower Group Companies, and VP, Underwriting and Product Management, Personal Lines at OneBeacon Insurance Group



Tim Johns

President, Zephyr

- Zephyr President since 2018.
- Prior to Zephyr, was Chief Consumer Officer at the Hawaii Medical Service Association, the largest health insurer in Hawaii, as well as multiple executive leadership roles within private, public and non-profit enterprises in Hawaii.

Strategic Profitability Initiatives

Generate underwriting profit

- Focus on rate adequacy and selective underwriting
- Profit oriented underwriting criteria while restricting new business in over-concentrated markets or products
- Inflation guard to insure appropriate insurance to value

Optimize capital allocation

- Disciplined underwriting, diversification, and rate adequacy are key to improving portfolio profitability
- Selective underwriting and rate actions have resulted in a decline in policy count for admitted personal lines while achieving higher average premiums per policy
- Allocation of capital to most profitable segments for example CRES in 2023
- A robust reinsurance program provides balance sheet protection particularly given coastal exposure to hurricanes and other severe weather events

Improve portfolio diversity

- Diversification efforts have been fruitful with managed TIV growth, especially in the smallest five states by 24.5%, and no single state accounting for more than 26.7%.
- Complementing admitted business with Excess & Surplus lines ("E&S") across several states to exercise rate and filing flexibility
- Florida exhibited a 0.9% TIV decrease due to intentional reductions in policy count which was partially offset by increases in premiums in force, highlighting the company's strategic advancement and sound financial management

Achieve consistent long-term quarterly earnings and drive shareholder value

Heritage focuses on being a data-driven company with solid traditional insurance operations that are augmented with Technology that includes Artificial Intelligence capabilities

Data warehouse: a robust mature and rich Enterprise Analytics platform

Policy Admin, Claims, Billing

Contains key performance indicators' & dashboards via a cloud-based visualization platform



Provides alerts, notifications & feedback on thresholds & various metrics



Utilized across the enterprise: Product management, Sales, Underwriting, Customer Service, Claims, Actuarial, Risk Management and Finance



Aids in the evaluation of business and product performance



Implementing a new policy admin, claims, and billing system (Guidewire)



Expected streamlining rate and policy change process



Expected to enhance both claims and policy analytics



Has artificial intelligence capabilities to further augment analytics



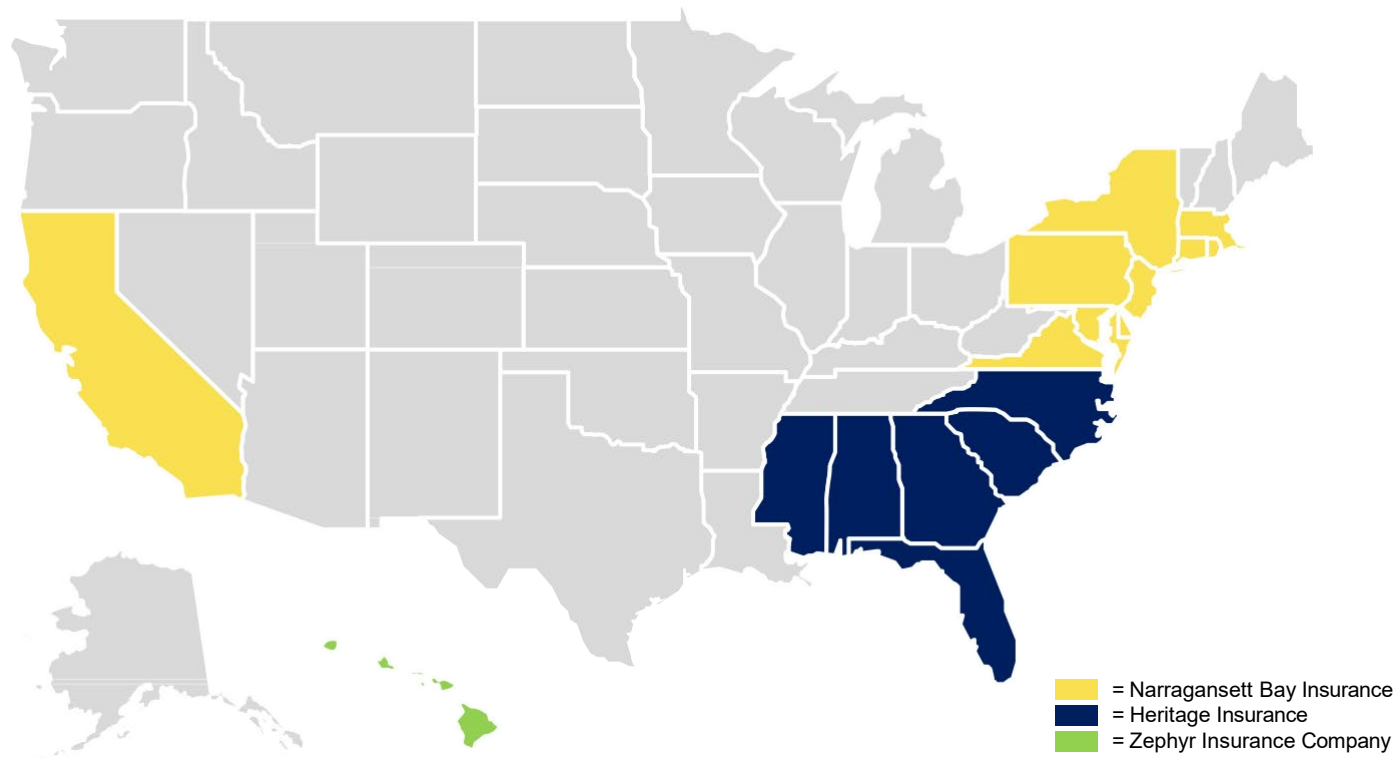
Q1 2024 Operating Performance Summary

- **Improved YoY financial results:** Earnings before taxes of \$19.9 million an improvement of 15.5% compared to the previous year's earning before taxes of \$17.2 million. This progress was mainly driven by an increase in net premiums earned and improved net investment income
- **Dynamic premium growth:** Premiums-in-force on March 31st increased by 6.2% to \$1.39 billion, driven by proactive underwriting, rate hikes, and growth in commercial lines business. A policy count reduction of about 72,000 while in-force premium increased by \$80.7 million due to CRES growth and higher rates
- **Steady premium expansion:** Gross premiums written were \$356.7 million, a 14.9% increase from the prior year's \$310.3 million.
- **Healthy gross premiums earned:** Gross premiums earned increased by 7.7% to \$341.4 million from the previous year, driven by higher premiums written
- **Improved profitability:** Net loss ratio decreased by 1.8 points to 56.9%, attributed to increased net premiums earned which more than offset higher weather losses
- **Enhanced overall performance:** Net combined ratio improved to 94.0%, a 0.5-point decline due to a lower net loss expense ratio but was partially offset by a higher net expense ratio

<i>In thousands, except per share amounts</i>	1Q24	Change	1Q23
Policies in force (PIF) count at period end	437.0	(14.2)%	509.1
Premiums in force at period end	\$1,387.1	6.2%	\$1,306.3
Total insured value, property, at period end	\$388,459,000	(4.7)%	\$407,437,000
Gross premiums written	\$356,684	14.9%	\$310,309
Gross premiums earned	\$341,389	7.7%	\$317,022
Net premiums earned	\$179,426	8.1%	\$166,029
Net income	\$14,225	1.5%	\$14,008
EPS	\$0.47	(14.5)%	\$0.55
Net combined ratio	94%	(0.5 pts)	94.5%
Net loss ratio	56.9%	(1.8 pts)	58.7%
Net expense ratio	37.1%	1.3 pts	35.8%

Strategic Diversification and Intelligent Growth

- Strategically diversified our portfolio to achieve better risk distribution, claims trends, and lower reinsurance costs
- As of Q1 2024, 73.3% of total insured value (TIV) is positioned outside of Florida. Moreover, 72.6% is outside the Southeast region, showcasing unique diversification with exposures spanning the Northeast, Mid-Atlantic, West, and Pacific regions

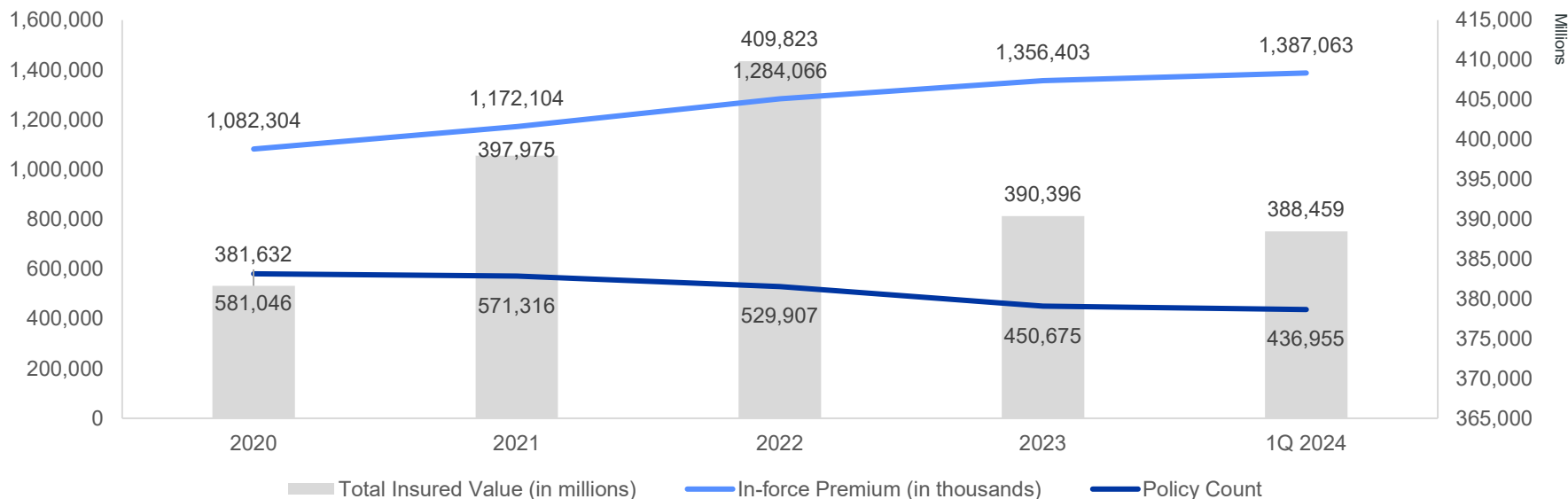


In-Force Metrics

- **Total Premiums-in-force:** in Q1 2024, premiums-in-force was \$1.39 billion, reflecting a 6.2% increase from Q1 2023's \$1.31 billion. This growth was observed against a backdrop of a 14.2% reduction in policy count, indicative of a shift towards a selective underwriting approach
- **Commercial Residential Segment:** Year-over-year, CRES premiums-in-force increased by 44.4%. Concurrently, the segment's Total Insured Value (TIV) grew by 11.8%, accompanied by a marginal 0.9% decrease in policies in-force
- **TIV Overview:** PRES segment's TIV decreased by 6.2% from Q1 2023. However, the cumulative TIV for the company decreased by only 4.7% over the same period, illustrating a maintained insured value
- **Policy Count:** A 14.2% decrease in total policies in-force compared to Q1 2023 underscores Heritage's strategy of consistent underwriting and risk management practices

IN-FORCE METRICS (\$ in millions)

Premiums In-Force					
	YE2020	YE2021	YE2022	YE2023	1Q24
Pres	\$969	\$1,052	\$1,118	\$1,092	\$1,100
Cres	\$104	\$110	\$155	\$253	\$277
CGL	\$9	\$11	\$11	\$11	\$11
Total	\$1,082	\$1,172	\$1,283	\$1,356	\$1,387
Policies In-Force					
	YE2020	YE2021	YE2022	YE2023	1Q24
Pres	568,069	556,507	514,924	436,656	423,047
Cres	3,074	2,745	2,756	2,838	2,882
CGL	9,904	12,064	12,227	11,181	11,026
Total	581,047	571,316	529,907	450,675	436,955
Total Insured Value (Property)					
	YE2020	YE2021	YE2022	YE2023	1Q24
Pres	\$353,780	\$371,734	\$377,799	\$351,733	\$348,282
Cres	\$27,851	\$26,241	\$32,023	\$38,663	\$40,177
Total	\$381,632	\$397,975	\$409,823	\$390,396	\$388,459



TIV = total insured value • PIF = policies in-force

Fully placed 2024-2025 catastrophe excess-of-loss reinsurance program for statutory insurance subsidiaries in May 2023

Program Overview

- Total consolidated cost ~\$422.3M, accounting for 30% of 3/31/2024, premiums-in-force
 - Just 2 pts lower than year prior cost, which accounted for 32% 3/31/2023 premium-in-force
- First event reinsurance tower exhaustion points of:
 - \$1.1B in the Northeast
 - \$1.3B in the Southeast
 - \$750M in Hawaii
- No co-participations in the syndicated program
- Program and costs this year include a limit of \$100M from catastrophe bonds issued by Heritage special purpose vehicle, Citrus Re Ltd
- First event consolidated loss retention in the Southeast/midAtlantic and Hawaii of \$40M, and \$32M in the Northeast
 - Individual Insurance company's retention will be less given the use of captive Osprey Re
- Entire program is indemnity based
- Florida Hurricane Catastrophe Fund participation of 90%
 - Consistent with the prior year program

Capital Management & Operating Leverage



Ongoing evaluation of dividend distribution and stock repurchases on a quarterly basis



No repurchases of common stock were conducted during the quarter



Responsible steward of shareholder capital

- \$10.0M of share authority expired on December 31, 2023
- New Share Repurchase Plan authorized \$10.0M, through December 31, 2024



Net premiums written (TTM1) indicative of conservative balance sheet: \$700.4M

- Net Written Premiums represents 317% of statutory surplus
- \$254.3M in combined statutory surplus at Q1 2024

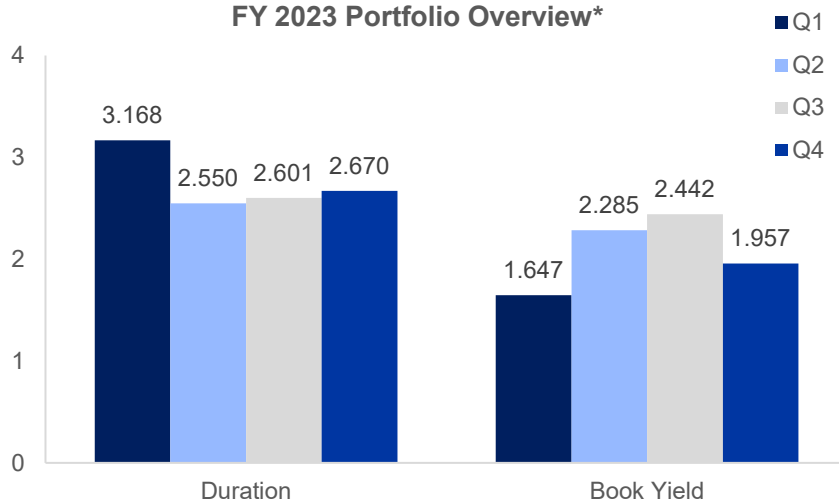
Investment Portfolio

In Q1 2024, Heritage achieved substantial growth in net investment income, rising to \$8.6M from \$5.6M in the prior-year quarter, through strategic investments aligned with the current yield curve. The investment is short duration, high credit quality, fixed income securities and the average credit rating is A+.

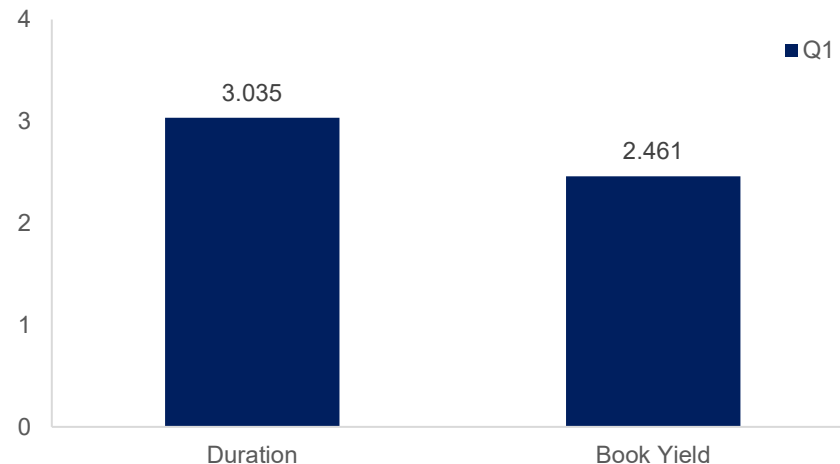
NAIC General Category	Sum of Book Value (\$ in MM\$)	Sum of Unrealized Gain(\$ in MM\$)	Sum of Unrealized Loss(\$ in MM\$)	Sum of Market Value(\$ in MM\$)	% of Invest Portfolio	Note
U.S. government and agency securities (1)	114.3	0.2	(1.3)	113.3	18%	Gov't
States, municipalities and political subdivisions	319.6	-	(30.8)	288.8	45%	State, Political
Corporate bonds	230.1	0.6	(12.0)	218.7	34%	Spec Rev
Mortgage-backed securities	19.3	-	(2.9)	16.4	3%	Spec Rev
Asset-backed securities (1)	3.0	-	(0.2)	2.8	0%	Spec Rev
Other	4.1	-	-	4.1	1%	Misc.
Grand Total	690.3	0.8	(47.1)	644.1	100%	Total %

(1) Includes securities at March 31, 2024 with a carrying amount of \$23.6 million and \$19.8 million that were pledged as collateral for the advance agreements entered into with a financial institution in 2018 and 2024, respectively. The Company is permitted to withdraw or exchange any portion of the pledged collateral over the minimum requirement at any time.

FY 2023 Portfolio Overview*



2024 Portfolio Overview*



* Average Ratings are A+

Additional Information

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