



HERITAGE[®]
INSURANCE

Investor Presentation

(NYSE: HRTG)

January 2020

SAFE HARBOR

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,” “approximate,” “plan,” “intend,” “could,” “would,” “estimate,” or similar expressions are intended to identify forward-looking statements. Forward looking statements include, but are not limited to, statements about the Company’s expectations with regard to net investment income, underwriting margins and capital to support future premium growth and expansion initiatives. These statements are not guarantees of future performance and involve risks, uncertainties and assumptions that could cause the Company’s actual results to differ materially from those expressed or implied by such forward-looking statements. Such risks and uncertainties include, among other things, risks related to the possibility that actual losses may exceed reserves; the concentration of the Company’s business in coastal states, which could be impacted by hurricane losses or other significant weather-related events such as northeastern winter storms; the Company’s exposure to catastrophic weather events; increased costs of reinsurance, non-availability of reinsurance, and non-collectability of reinsurance; the Company’s failure to effectively manage its growth and integrate acquired companies; increased competition, competitive pressures, and market conditions; the Company’s failure to accurately price the risks it underwrites; the inherent uncertainty of the Company’s models and reliance on such models as a tool to evaluate risk; the failure of the Company’s claims department to effectively manage or remediate claims; low renewal rates and failure of such renewals to meet the Company’s expectations; the Company’s failure to execute its diversification strategy; failure of the Company’s information technology systems and unsuccessful development and implementation of new technologies; a lack of redundancy in the Company’s operations; the Company’s failure to attract and retain qualified employees and independent agents or loss of key personnel; the Company’s inability to generate investment income; the Company’s inability to maintain its financial stability rating; effects of emerging claim and coverage issues relating to legal, judicial, environmental and social conditions; the failure of the Company’s risk mitigation strategies or loss limitation methods; changes in regulations and the Company’s failure to meet increased regulatory requirements; and other matters described from time to time by the Company in its filings with the Securities and Exchange Commission, including, but not limited to, those set forth in its Annual Report on Form 10-K for the year ended December 31, 2017 and subsequent Quarterly Reports on Form 10-Q (or such other reports that may be filed with the SEC). 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, except as required by law.

Non-GAAP Financial Information: This presentation includes financial measures that are not presented in accordance with generally accepted accounting principles in the U.S. (GAAP). A reconciliation of these non-GAAP financial measures to the most directly comparable GAAP financial measure can be found in the Appendix to this presentation on slide 25.

Note: This presentation also contains information regarding securities analyst consensus and other financial professionals’ estimates of certain financial items for Heritage and other industry participants derived from reports of FactSet Research Systems (“FactSet”). These estimates are projections made by securities analysts and other financial professionals who cover Heritage and other industry participants. Any opinions, forecasts, estimates, projections or predictions regarding Heritage’s performance made by such third parties (and, therefore, such estimates) are theirs alone and do not represent the opinions, forecasts, estimates, projections or predictions of Heritage or its management. By providing these estimates, Heritage does not imply its adoption of, endorsement of or concurrence with such information, conclusions or recommendations. Heritage assumes no liability for the accuracy of such estimates and undertakes no liability to update or revise such estimates based on new information or otherwise.



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Note 1: all market data as of the close on 1/17/2020 unless otherwise noted

Note 2: all non-market data as of 9/30/2019 unless otherwise noted





Company overview

Heritage Insurance



COMPANY SNAPSHOT

What we do: Heritage Insurance Holdings, Inc. is a specialty super-regional property and casualty insurance holding company with over \$900 million of gross personal and commercial residential premium across its multi-state footprint.

QUICK FACTS

- Active personal residential insurer in 12 coastal US states & licensed in 4 additional states
 - 6th largest homeowners insurer in FL and 22nd nationwide (as of 12/31/2018)
- Active commercial residential insurer in FL & NJ
 - 2nd largest admitted commercial residential insurer in FL and 7th largest commercial multiple peril (CMP) insurer in the state (as of 12/31/2018)
- Vertically integrated structure with in-house underwriting, actuarial, customer service, claims processing and adjusting functions (3rd parties used as needed)
- 489 employees (481 full-time)
- Founded in 2012, followed by IPO in 2014
- Headquartered in Clearwater, FL

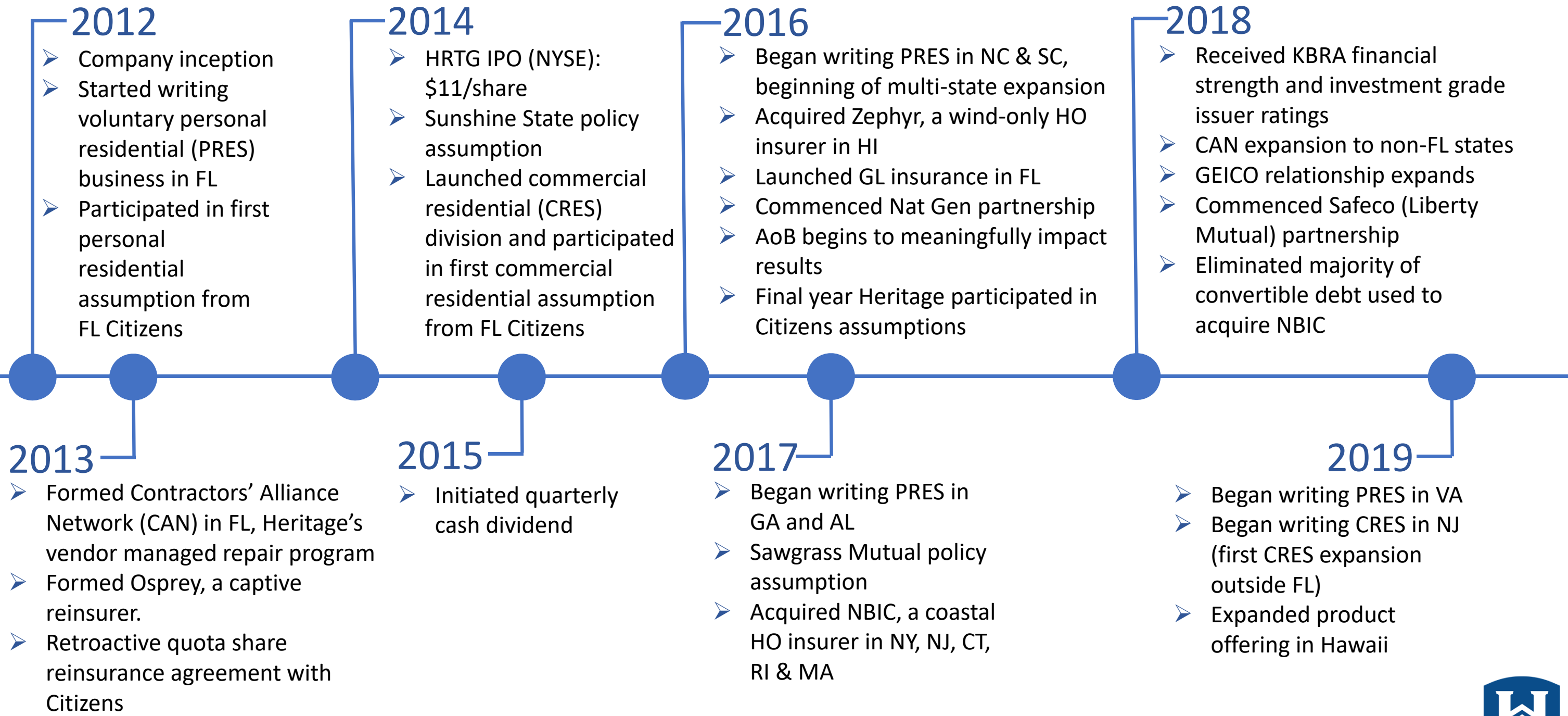
MARKET/FINANCIAL DATA

- NYSE: HRTG
- Market Cap/Stock Price: \$384 million/\$12.99
- Annual Dividend/Yield Per Share: \$0.24/1.8%
- Remaining share repurchase authorization: \$38.1 million
- Total Equity/BVPS: \$445.2 million/\$15.37
- Total Assets: \$1.8 billion
- In-Force Gross Premiums: \$926.8 million
- Financial Strength Ratings:
 - Demotech: HPCIC (A), NBIC (A), ZIC (A Prime)
 - Kroll: HPCIC (BBB+), NBIC (A-), ZIC (BBB+)
- Investment grade issuer rating (Kroll: “BBB-”)



THE HERITAGE STORY

Founded in 2012, Heritage has quickly grown into a leading coastal US P&C insurer.



EXPERIENCED MANAGEMENT TEAM



Bruce Lucas: Chairman & CEO

- Co-founded Heritage in 2012 and has been with the company since inception
- Prior to Heritage, Mr. Lucas was CEO of Infinity Investment Funds, a value-oriented hedge fund
- Before that, Mr. Lucas was an attorney with Weil, Gotshal & Manges where he represented large institutional clients such as Enron and GE



Richard Widdicombe: President

- Co-founded Heritage in 2012 and has been with the company since inception
- Prior to Heritage, Mr. Widdicombe served as Risk Manager of Homeowners Choice Property & Casualty Insurance Company
- Before that, Mr. Widdicombe was President of People's Trust Insurance Company and previously served as president of FedNat, both of which are Florida-based property insurers



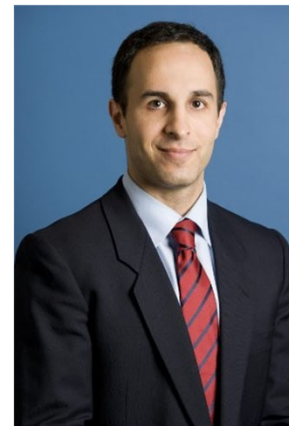
Ernie Garateix: Chief Operating Officer

- Has been in his current role since 2014, prior to which he served as Executive Vice President since the company's 2012 founding
- Prior to Heritage, Mr. Garateix served as Vice President of Operations at American Integrity Insurance Group
- Before that, Mr. Garateix was Associate Vice President of IT at FCCI Insurance Group



Kirk Lusk: Chief Financial Officer

- Has been in his current role since 2018
- Joined Heritage in 2017 via the acquisition of NBIC Holdings, Inc., where Mr. Lusk was also Chief Financial Officer.
- Before that, Mr. Lusk was International Chief Financial Officer of Aetna, Inc., Chief Financial Officer of Alea Group Holdings Bermuda Ltd. and Chief Financial Officer of GE ERC Global Casualty and GE Capital Auto Warranty Services



Arash Soleimani: Executive Vice President

- Has been in his current role since 2018
- Prior to Heritage, Mr. Soleimani was a sell-side equity research analyst covering the P&C insurance sector at Keefe, Bruyette & Woods (KBW) and Stifel Financial
- Before that, Mr. Soleimani worked in Deloitte's Audit & Enterprise Risk Services division
- Mr. Soleimani is a CFA charterholder and a licensed CPA



Randy Jones: President, Commercial Division

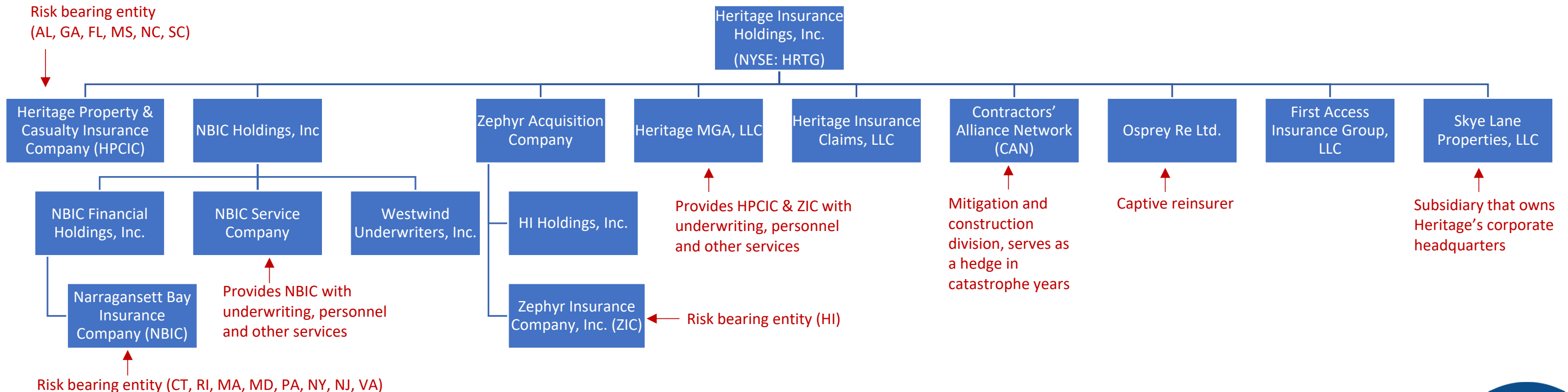
- Has been in his current role since 2014
- Prior to Heritage, Mr. Jones was SVP of American Strategic Insurance's (ASI) commercial division
- Before that, Mr. Jones served in management at other insurance enterprises including Marsh & McLennan Companies
- Mr. Jones holds the American Risk Manager (ARM) and Certified Property Insurance Adviser (CPIA) designations



VERTICALLY INTEGRATED STRUCTURE

- Unique, vertically integrated structure reduces our reliance on third parties, benefiting our loss, LAE and operating expenses, while also serving as a hedge during catastrophe years.
- Vertically integrated structure reduces our earnings volatility, supporting P/E-based valuation for HRTG.
- MGA structure allows us to meet holding company capital needs (e.g., debt servicing, share repurchases, M&A, etc.)

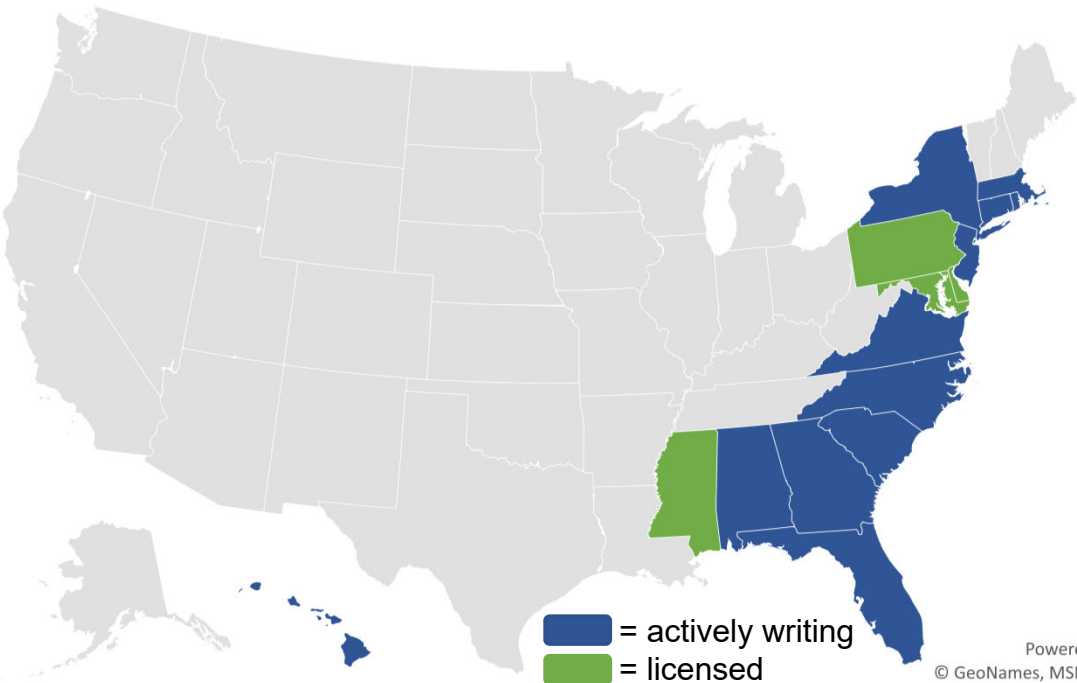
ORGANIZATIONAL STRUCTURE



BOOK OF BUSINESS

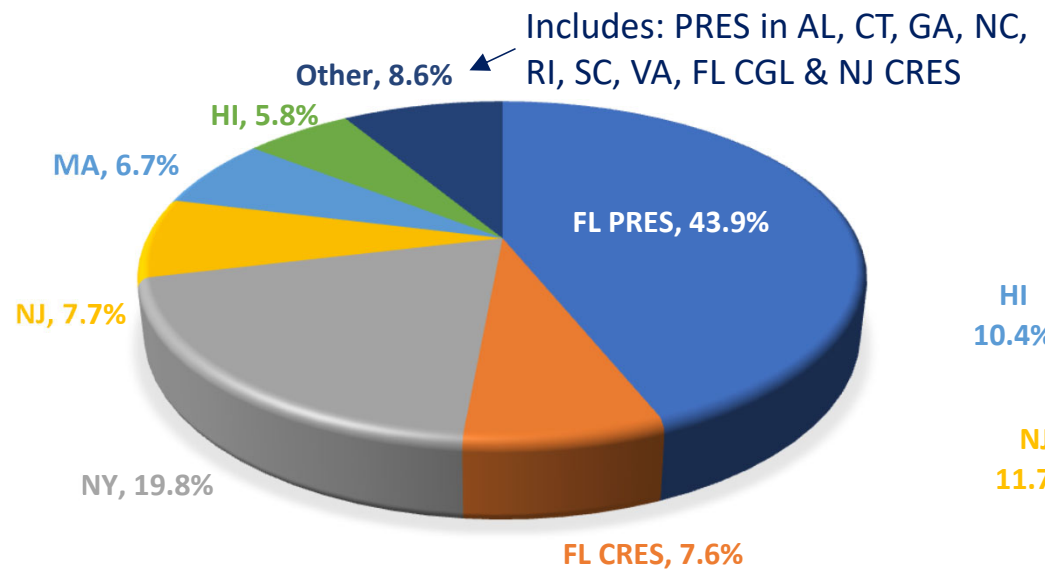
As of 3Q2019, we have \$926.8 million of gross premiums in-force across three statutory insurance entities (Heritage/NBIC/Zephyr) and write two main lines of business, including personal residential (PRES) and commercial residential (CRES). We also write some commercial general liability (CGL) insurance. We're actively writing in twelve states, but have licenses in sixteen.

GEOGRAPHIC FOOTPRINT

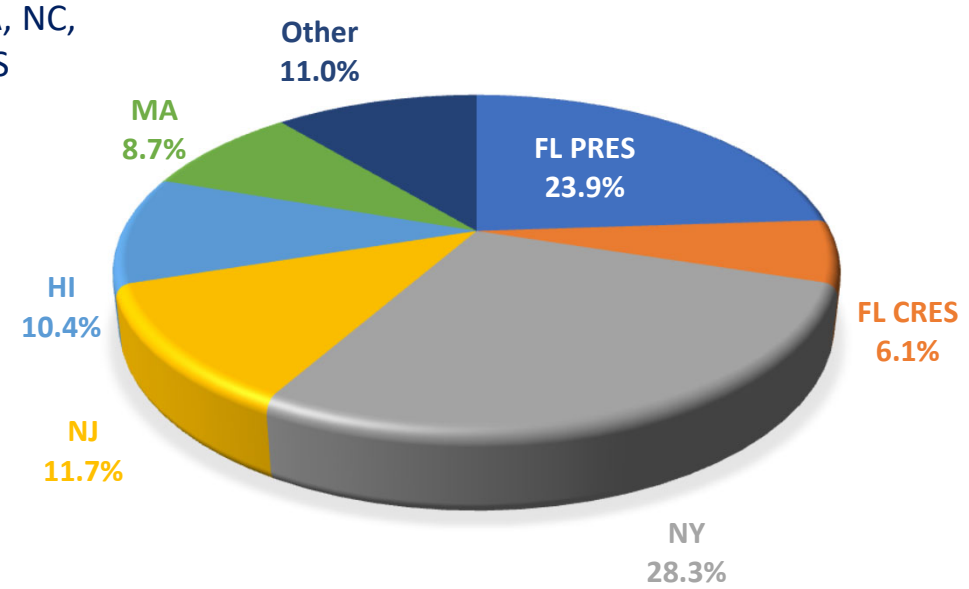


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PREMIUM SPREAD



TIV SPREAD



PRES = personal residential • CRES = commercial residential • CGL = commercial general liability • TIV = total insured value

3 Statutory Insurance Entities:

AL, FL, GA, MS, NC, SC

HERITAGE
INSURANCE

CT, DE, MA, MD, PA, NJ, NY, RI, VA

Narragansett Bay
Insurance

HI

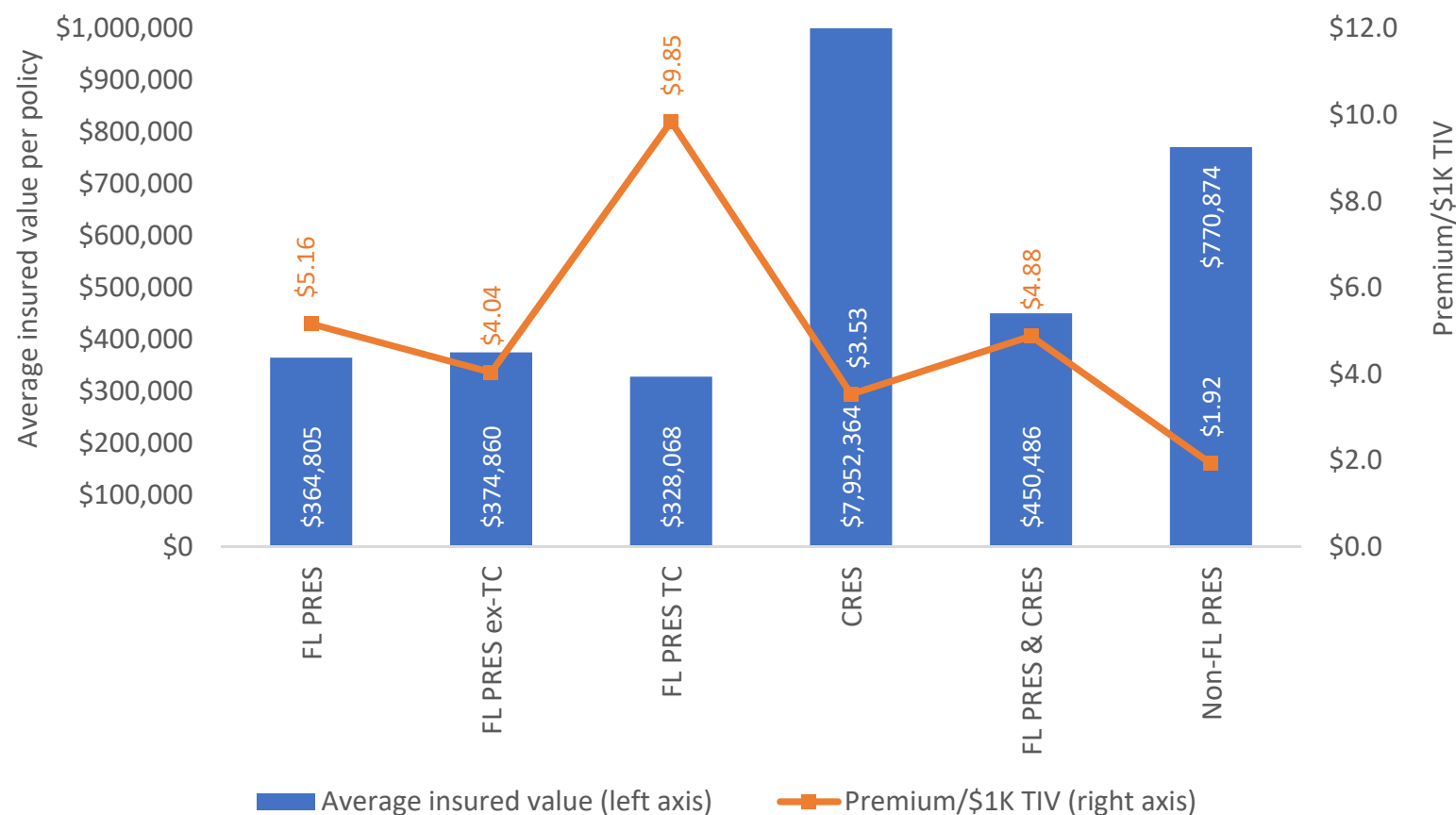
ZEPHYR
INSURANCE COMPANY, INC.



IN-FORCE METRICS

Florida property insurance accounts for 51.5% of Heritage’s consolidated gross premiums in-force, but it only reflects 30.0% of property insurance total insured value (TIV) – the \$5.16 Florida PRES average premium per \$1,000 of TIV is almost triple the \$1.92 non-Florida average (Florida’s more expensive policies reflect its higher hurricane risk), while the \$364,805 Florida PRES average insured value is well below the \$770,874 average for non-Florida states (property values in Florida trail those in Heritage’s northeast US states).

TIV Metrics (Property)



PRES = personal residential
 CRES = commercial residential
 TC = Tri-County (FL)

IN-FORCE METRICS (\$ in millions)

Gross Premiums In-Force					
	YE2015	YE2016	YE2017	YE2018	3Q2019
PRES	\$478	\$516	\$850	\$837	\$851
CRES	\$113	\$119	\$90	\$83	\$70
CGL	\$0	\$1	\$2	\$4	\$6
Total	\$592	\$635	\$942	\$924	\$927

Policies In-Force					
	YE2015	YE2016	YE2017	YE2018	3Q2019
PRES	253,726	318,824	518,957	508,424	515,258
CRES	3,405	3,625	3,100	2,973	2,509
CGL	0	852	2,393	4,289	6,507
Total	257,131	323,301	524,450	515,686	524,274

Total Insured Value (Property)					
	YE2015	YE2016	YE2017	YE2018	3Q2019
PRES	\$72,102	\$109,888	\$289,974	\$296,432	\$309,498
CRES	\$22,764	\$26,367	\$22,832	\$23,038	\$19,952
Total	\$94,866	\$136,256	\$312,806	\$319,470	\$329,451



DISTRIBUTION

Overview

- Over 6,000 appointed producers across our multi-state platform
 - Relationships with multiple auto carriers, whereby the policyholder receives a bundled product discount.
-

HPCIC

- Over 2,300 actively writing independent agents
 - 35% of voluntary premium is written by agents affiliated with eight large agency networks that have master agency agreements with HPCIC
 - CRES policies are written through roughly 400 independent agents in FL
 - Relationships with multiple auto carriers
-

NBIC

- Roughly 175 retail independent agents representing approximately 500 agency locations
 - 8 wholesale relationships that have access to 1,500 retail locations
-

Zephyr

- Relationships with 70 actively writing independent agencies
- 52% of voluntary premium is written by agents affiliated with three large agency networks



CATASTROPHE REINSURANCE PROGRAM

Heritage has a conservative 2019-2020 catastrophe reinsurance program, protecting the Company against hurricanes and severe weather events and reducing earnings volatility.

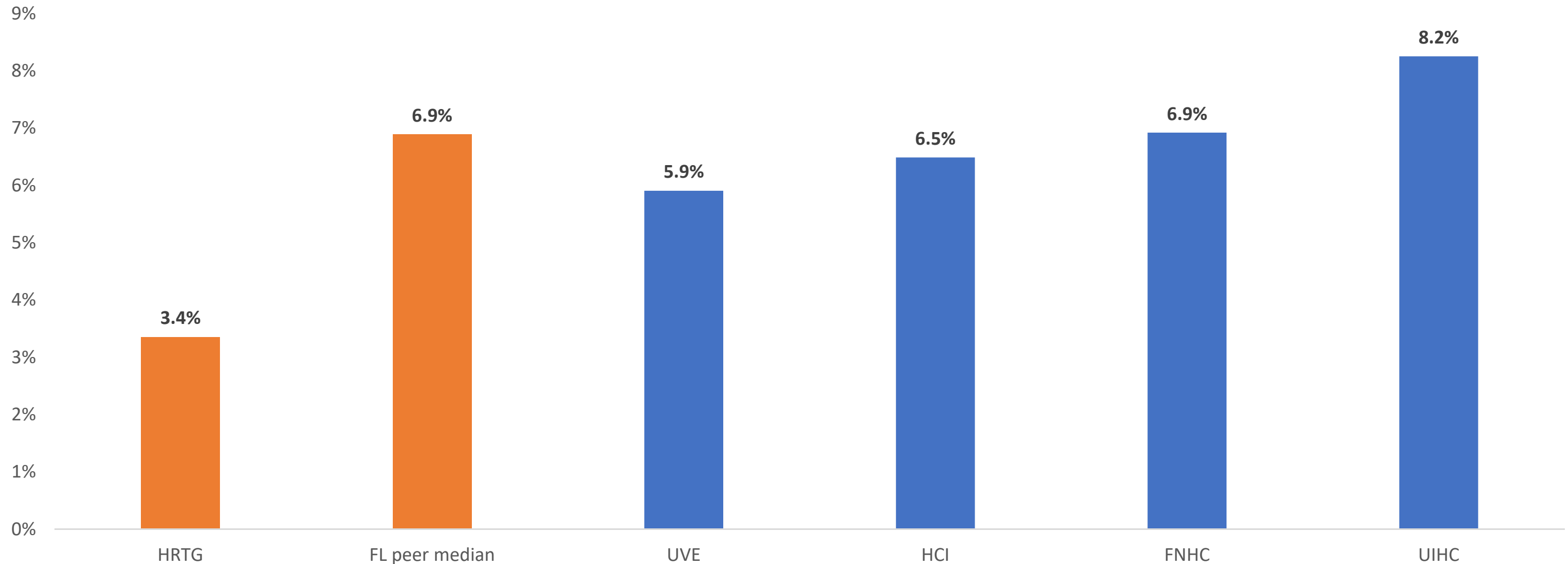
- Substantial severity and frequency protection.
- Significantly increased return period to the highest level in the Company's history.
- \$1.5 billion first event reinsurance exhaustion point in the southeast.
- Heritage's first event retentions in the southeast and Hawaii remain at \$20 million, accounting for 4.6% of second quarter 2019 GAAP equity (pre-tax), down from 5.2% in the prior year. First event retention increases slightly in the northeast to \$13.8 million from \$12.8 million in the prior year, but accounts for just 3.1% of second quarter 2019 GAAP equity (pre-tax), down 20 basis points year-over-year.
- Reduced catastrophe reinsurance spend by \$10 million vs. prior year. Total cost to Heritage of \$249.2 million (27.0% of second quarter 2019 premiums-in-force), down from \$259.5 million (27.9% of second quarter 2018 premiums-in-force) last year.
- Heritage's third-party reinsurers are rated "A-" or higher by A.M. Best or S&P or are fully collateralized.

Note 1: 2019-2020 catastrophe reinsurance program commentary based on 8/31/2019 projections (AIR v6, hurricane only, long term view with demand surge).



CONSERVATIVE REINSURANCE RETENTION

AFTER-TAX FIRST EVENT FLORIDA RETENTION AS % OF 3Q2019 GAAP EQUITY



Note 1: Based on 2019-2020 catastrophe reinsurance programs.

Note 2: Assumes a modeled 1-in-50-year first event for HPCIC based on 8/31/2019 projections (AIR v6, hurricane only, long term view with demand surge).

Note 3: Excludes reinsurance reinstatement premiums and income from vertically integrated operations.

Note 4: UVE retention includes both UPCIC & APPCIC and FNHC retention includes both FNIC and MNIC, but excludes PIH.

Note 5: Calculation based on 21.0% and 5.5% US federal and Florida statutory corporate income tax rates, respectively.

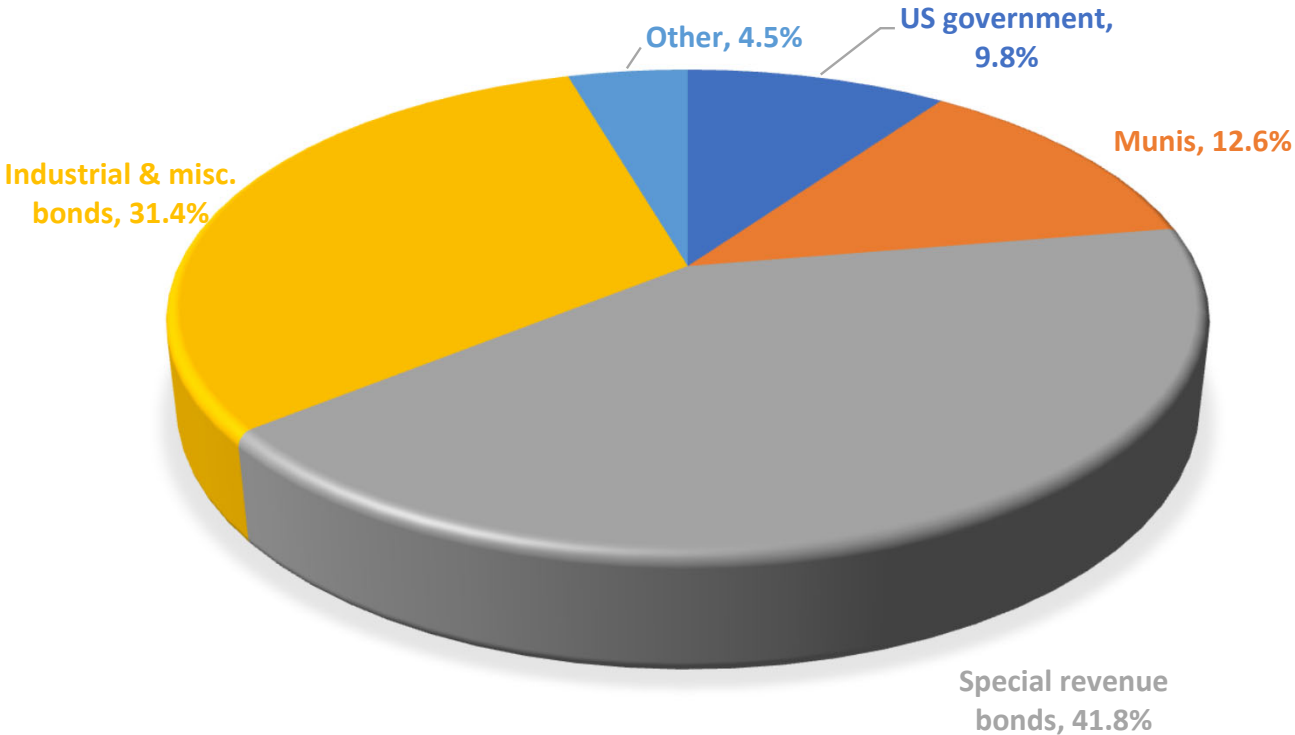
Source: Peer company reports.



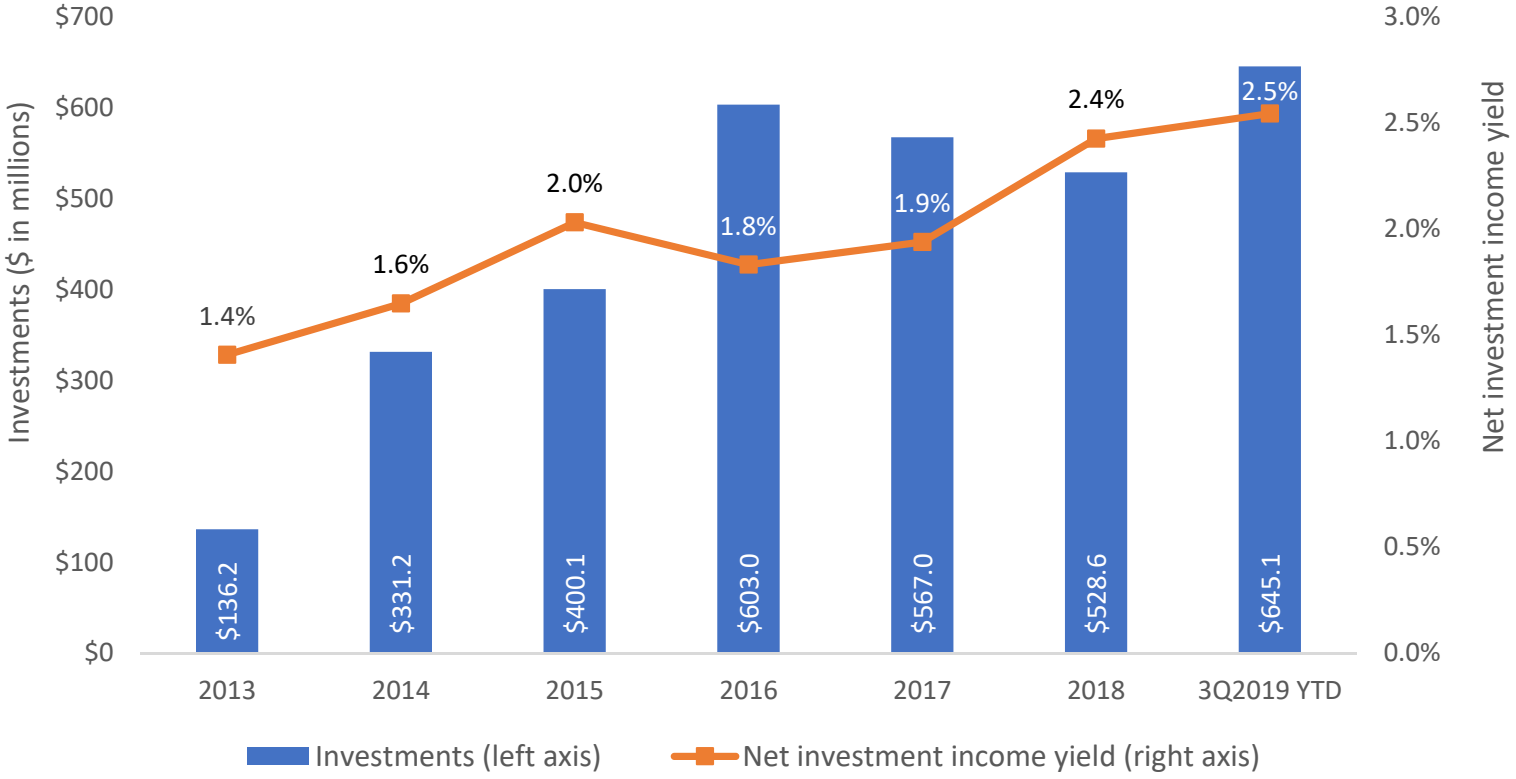
INVESTMENT PORTFOLIO

Heritage has a very conservative investment portfolio, consisting predominantly of low duration, fixed income securities. As of 3Q2019, duration was 3.5 years, 0.2 years above 2Q2019 and 0.1 years below 3Q2018.

INVESTMENT PORTFOLIO BREAKDOWN (3Q2019)



NET INVESTMENT INCOME PERFORMANCE





Investment considerations

Heritage Insurance



VALUE PROPOSITION

Compelling financial metrics

- Currently trading at significant discount to peers, despite attractive relative ROE and income metrics
- Consistent track record of double-digit book value growth

Business model designed to reduce earnings volatility

- Vertically integrated structure provides a hedge in catastrophe years, reducing loss retention and further reducing earnings volatility, supporting use of P/E-based valuation for HRTG
- Solid reinsurance program, including lowest reinsurance retention in FL peer group as a % of equity; protects against hurricanes and other severe events, reducing earnings volatility

Growth & underwriting outlooks improving

- Organic premium growth, fueled by relationships with independent agents and auto carriers
- Diversification initiatives and re-underwriting efforts in Florida's Tri-County – including rate increases, policy form enhancements and conservative policy selection – should benefit underwriting margins
- Commercial residential business serves as an AoB-hedge in Florida and provides us with additional growth opportunities

Prudent capital management

- Investment grade debt rating provides easy access to capital, allowing nimble response to market opportunities as they arise
- Below-peer operating leverage = ample capital to fuel our growth
- Track record of capital return via share repurchases and regular dividend
- Successful M&A execution provides synergies and access to new markets

Management has significant skin in the game

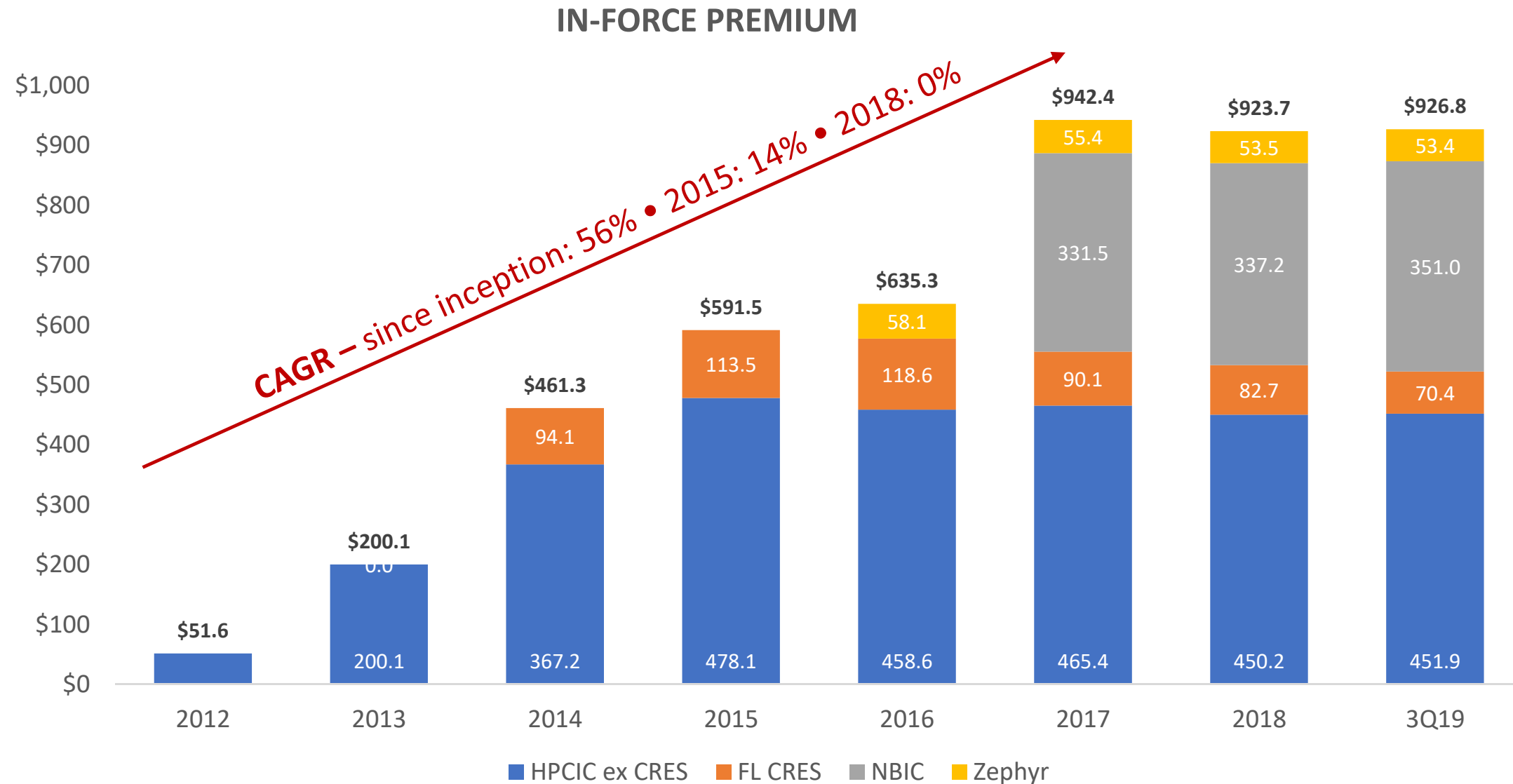
- Significant insider ownership aligns management's interest with shareholders
 - CEO owns 2.7% of outstanding shares
 - President owns 2.3% of outstanding shares
 - Total insider ownership = 12.6% of outstanding shares



UNDERWRITING PERFORMANCE

Heritage has experienced significant premium growth since inception, stemming primarily from Citizens depopulation transactions through 2015 and from M&A and organic growth in subsequent years.

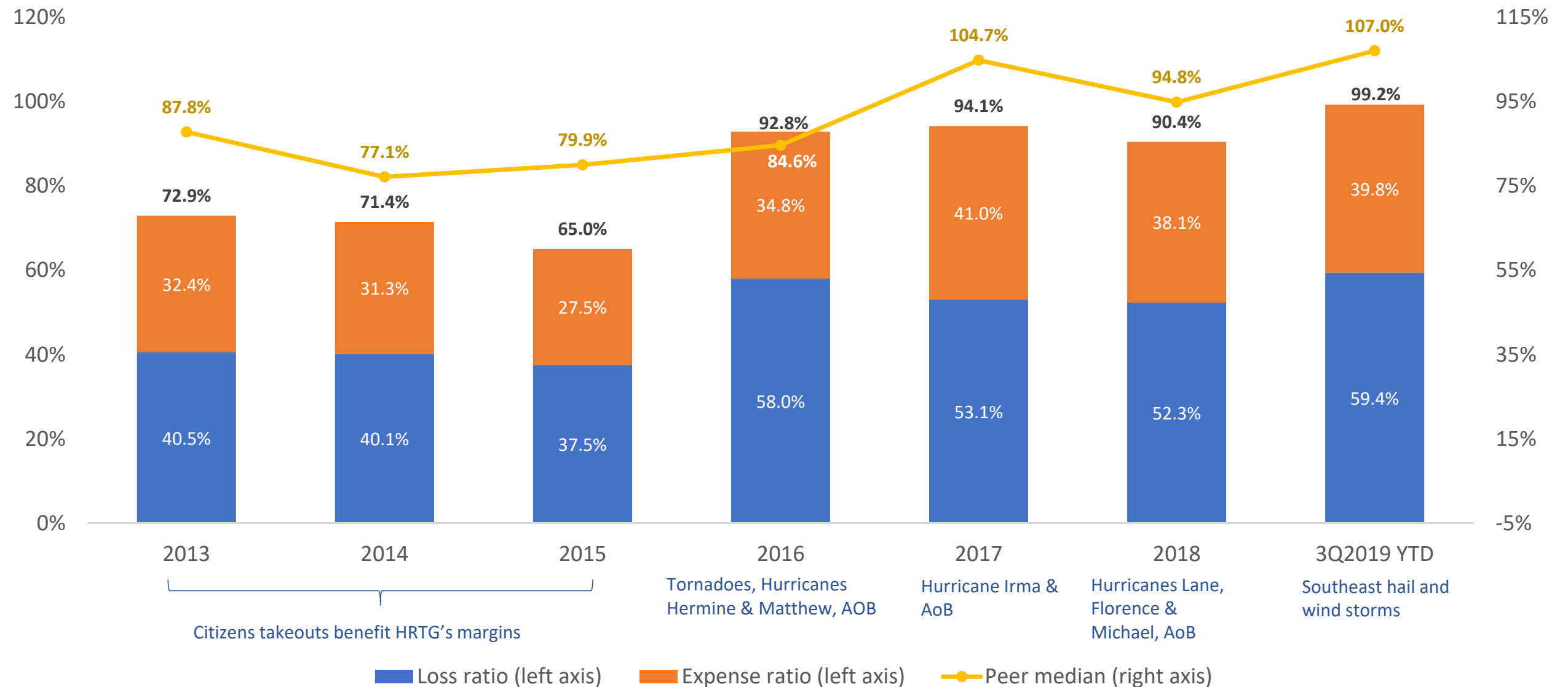
Heritage's premium growth is unprecedented, reaching almost \$1 billion of gross in-force premiums 5 years after the company's founding. The modest premium decline in 2018 stemmed from Tri-County FL exposure reduction efforts in response to litigation abuse and FL CRES de-risking.



UNDERWRITING PERFORMANCE (CONTINUED)

Heritage's underwriting operation has outperformed peers almost every year since inception.

SOLID UNDERWRITING MARGINS



Note 1: Peers include FNHC, HCI, KINS, UIHC & UVE
 Source: FactSet and peer company reports

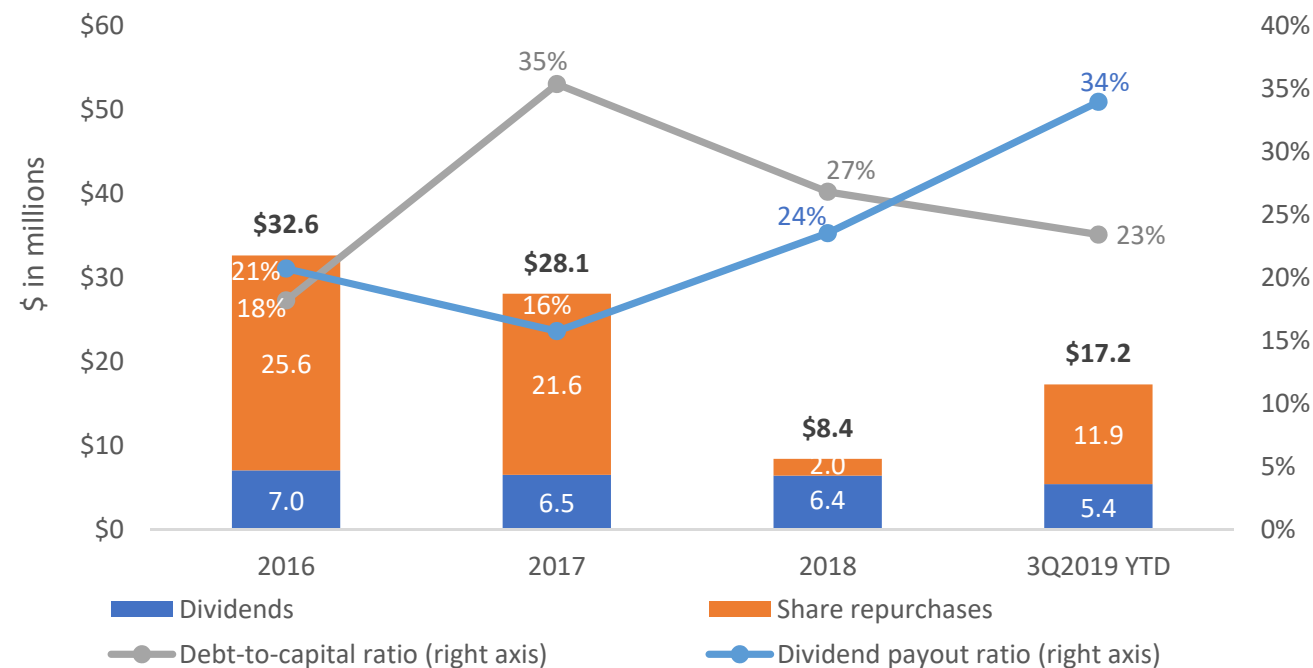


CAPITAL MANAGEMENT & OPERATING LEVERAGE

Heritage has been a responsible steward of shareholder capital and currently has \$38.1 million remaining on its share repurchase authorization. Since 2016, the Company has returned \$80 million to shareholders through common share repurchases and dividends.

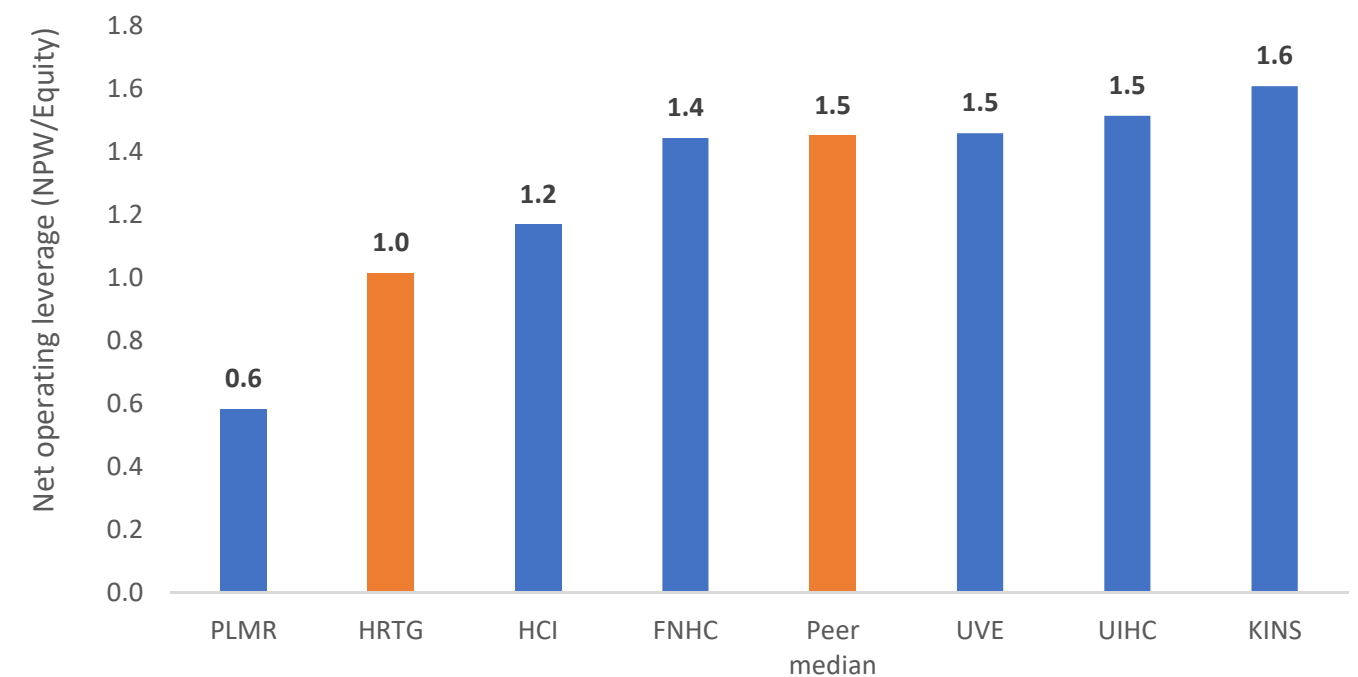
Heritage's ratio of trailing-twelve-month (TTM) net premiums written to 3Q2019 equity is only 1.0x, among the lowest in its peer group, which is indicative of its conservative balance sheet. Looking ahead, Heritage has adequate capital to fuel its premium growth and multi-state expansion initiatives.

DISCIPLINED CAPITAL MANAGEMENT



Note: Debt-to-capital calculated as debt principal divided by the sum of debt principal and stockholders' equity

CONSERVATIVE NET OPERATING LEVERAGE

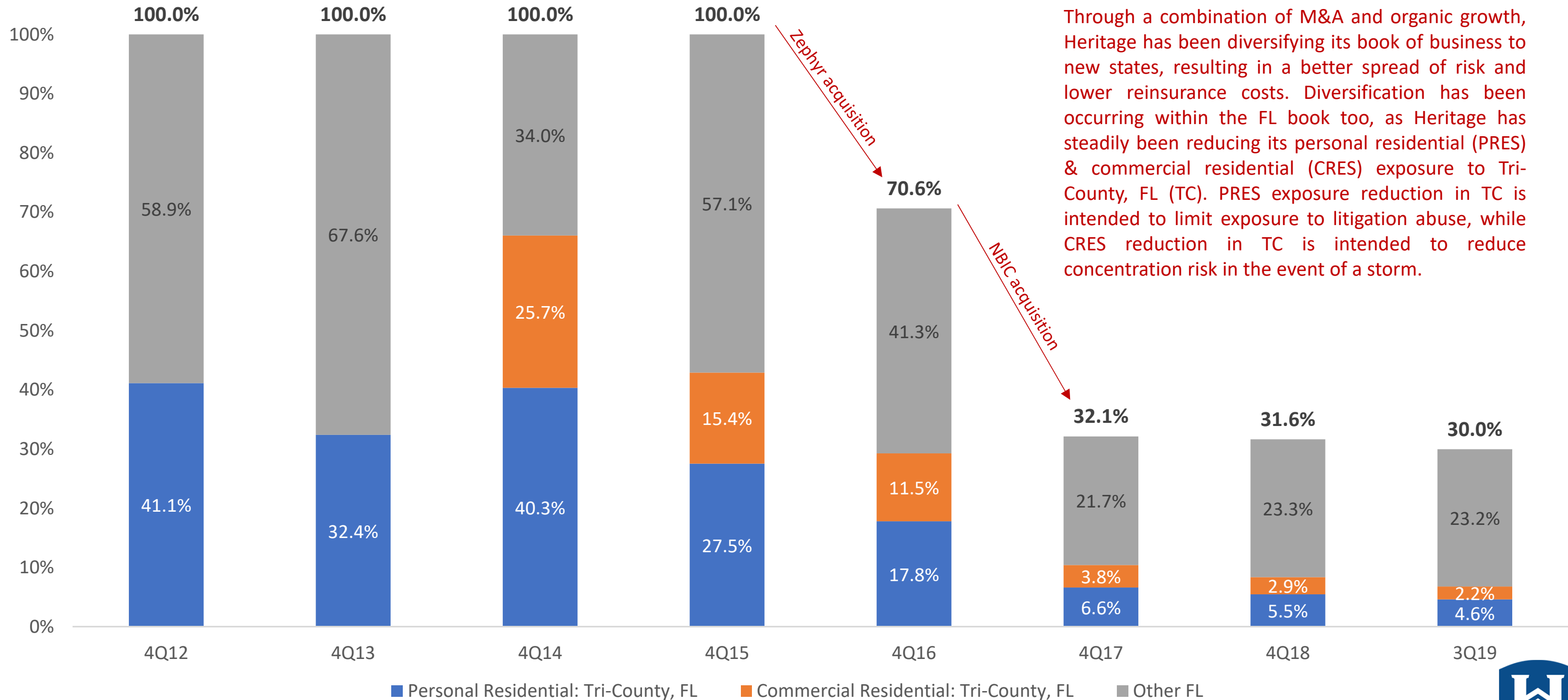


Note 1: Based on trailing-twelve-month (TTM) net premiums written as of 3Q2019
Source: Peer company reports.



DIVERSIFICATION STRATEGY UNDERWAY

% OF CONSOLIDATED PROPERTY TOTAL INSURED VALUE (TIV) IN FLORIDA



Through a combination of M&A and organic growth, Heritage has been diversifying its book of business to new states, resulting in a better spread of risk and lower reinsurance costs. Diversification has been occurring within the FL book too, as Heritage has steadily been reducing its personal residential (PRES) & commercial residential (CRES) exposure to Tri-County, FL (TC). PRES exposure reduction in TC is intended to limit exposure to litigation abuse, while CRES reduction in TC is intended to reduce concentration risk in the event of a storm.



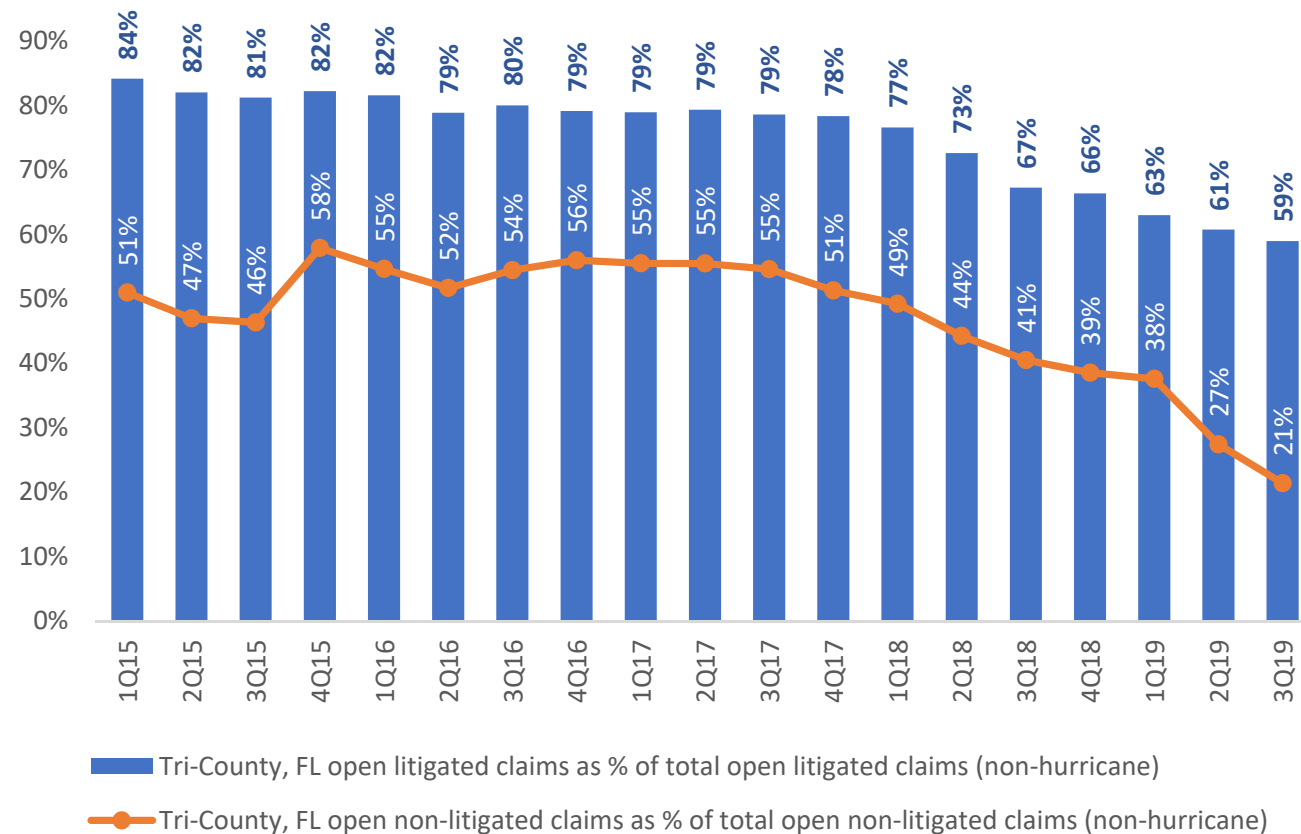
FAVORABLE CLAIMS TRENDS

Heritage's Tri-County, FL (TC) exposure reduction efforts are bearing fruit, as the region's contribution to open non-hurricane claim counts continues to decline for both litigated and non-litigated claims. This is benefiting overall claims trends – beginning with 1Q18, litigated claims have generally been accounting for a smaller percentage of Heritage's non-hurricane open claims inventory.

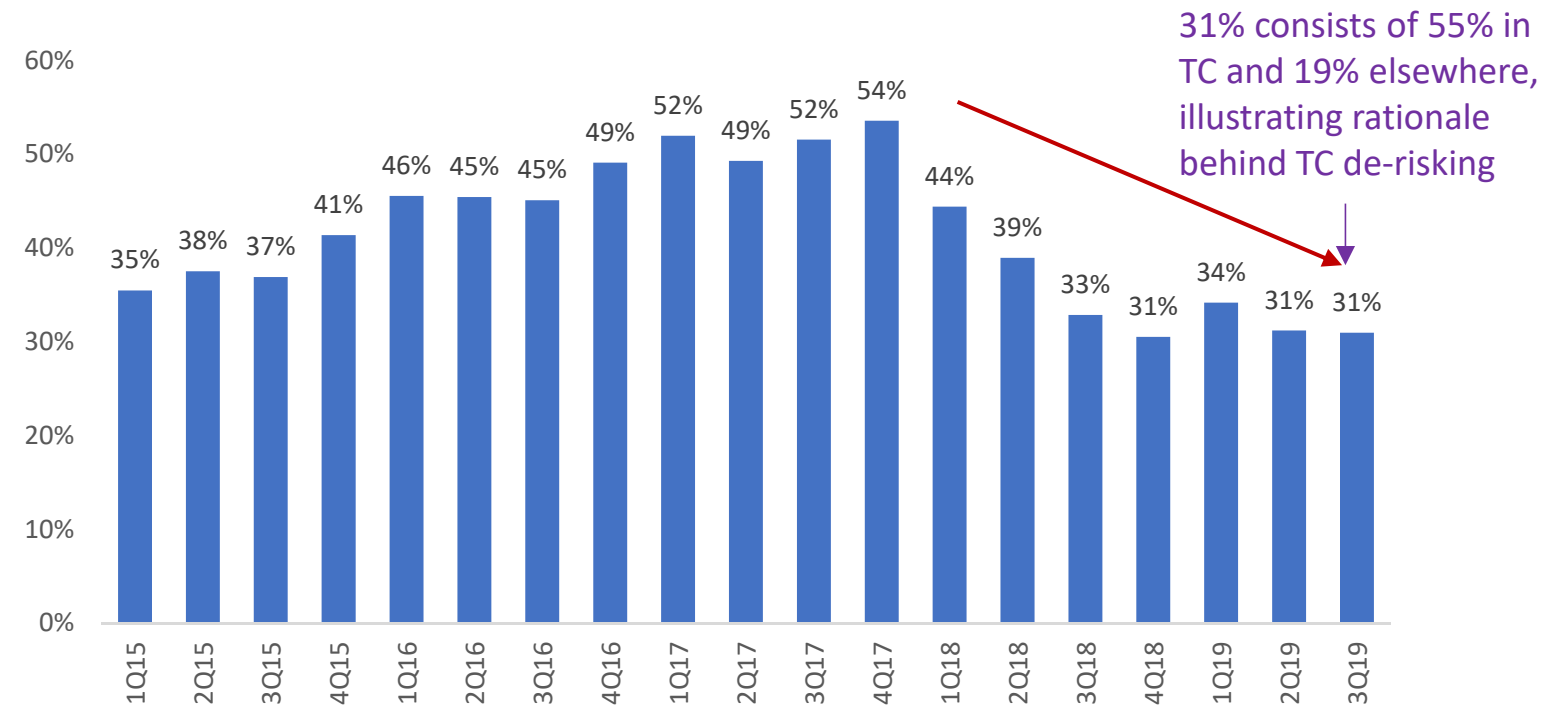
Tri-County, FL (TC) claims are typically more expensive given the prevalence of assignment of benefits and litigation abuse in the region

A decline in litigated claims should benefit underwriting margins, given that litigated claims are typically more expensive to resolve

TRI-COUNTY FL NON-HURRICANE CLAIMS TRENDS



LITIGATED NON-HURRICANE CLAIMS AS % OF TOTAL CLAIMS

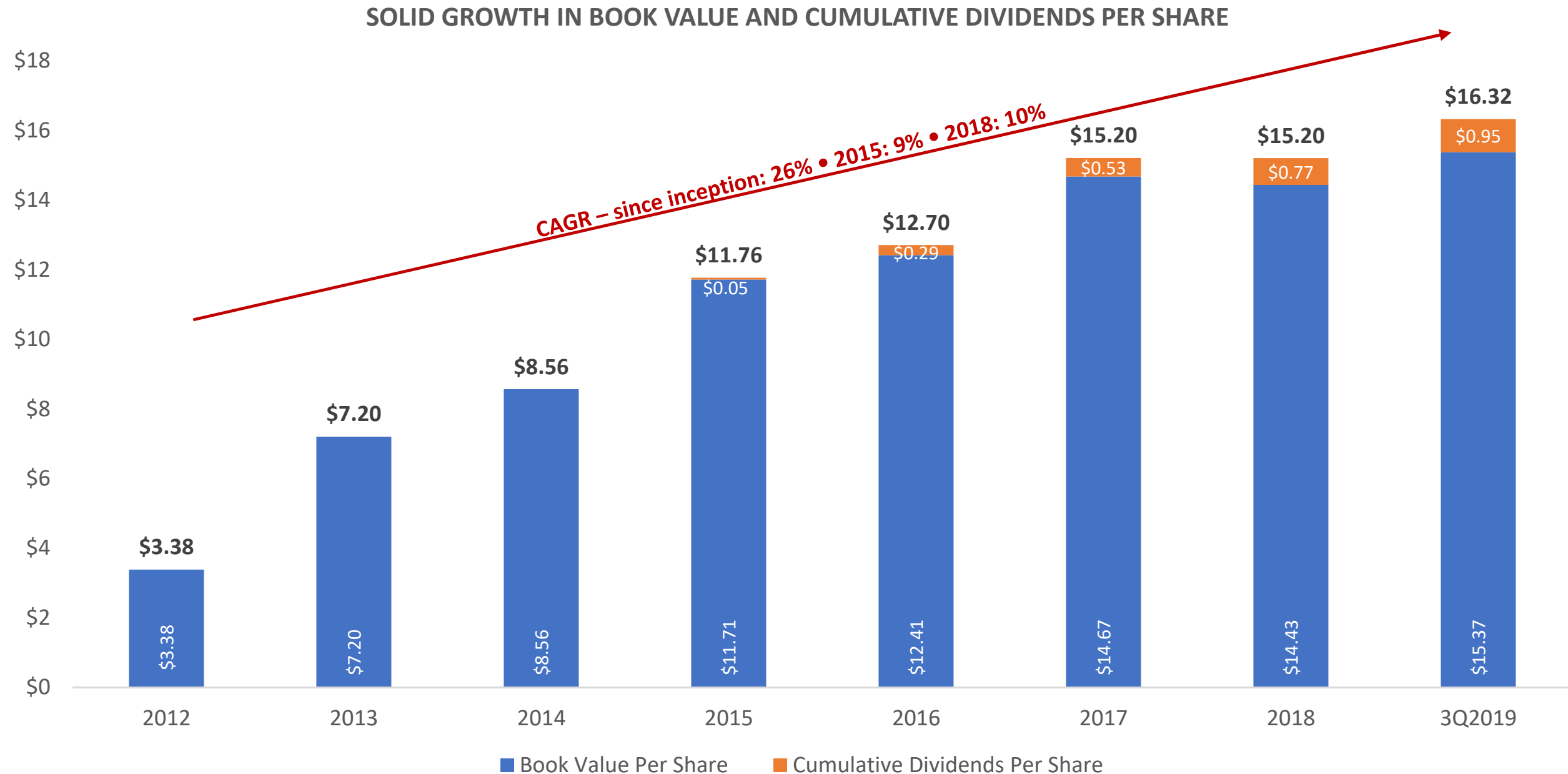


Note: Excludes NBIC.



SOLID BOOK VALUE PER SHARE GROWTH

Since inception, Heritage has provided investors with solid book value per share growth. Including cumulative dividends declared, Heritage's book value per share compound annual growth rate (CAGR) is 26% since the Company's 2012 inception.

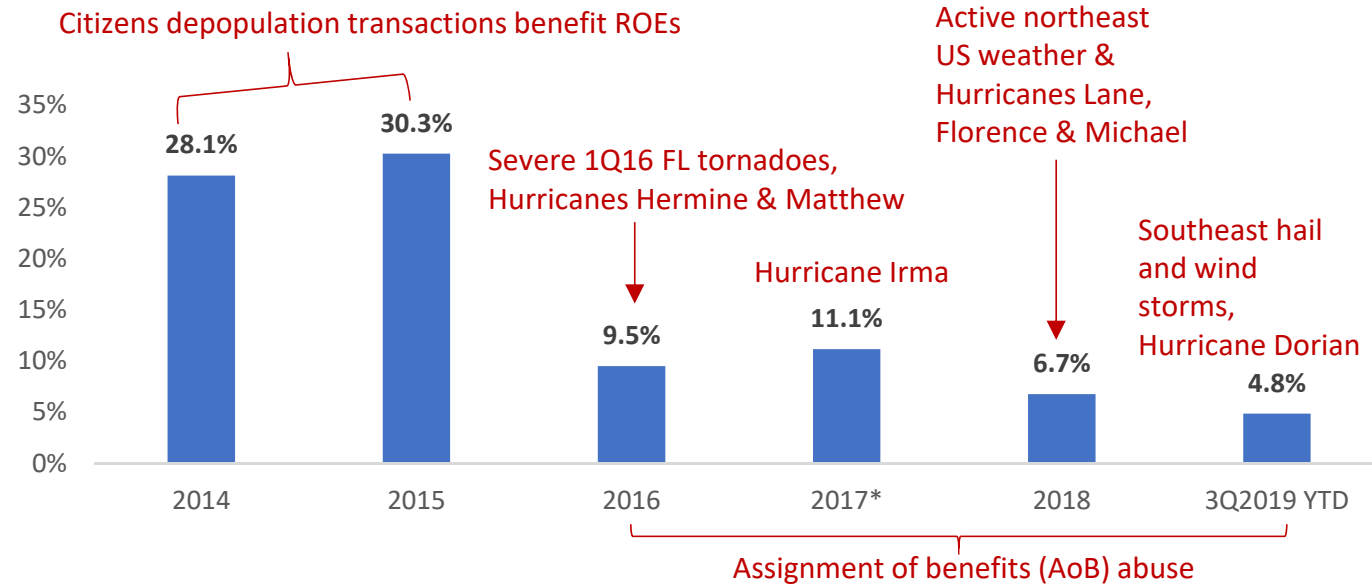


ABOVE-PEER ROE, BUT BELOW-PEER VALUATION

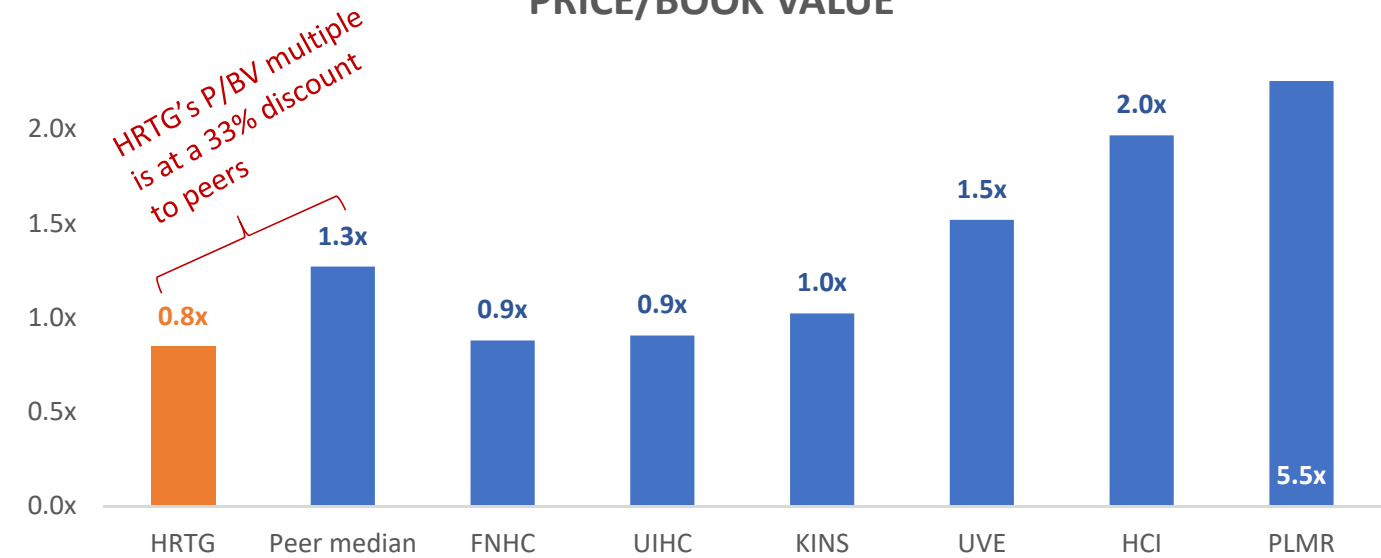
SOLID ROE PERFORMANCE, EVEN IN HURRICANE YEARS

TRADING AT A MEANINGFUL DISCOUNT TO PEERS

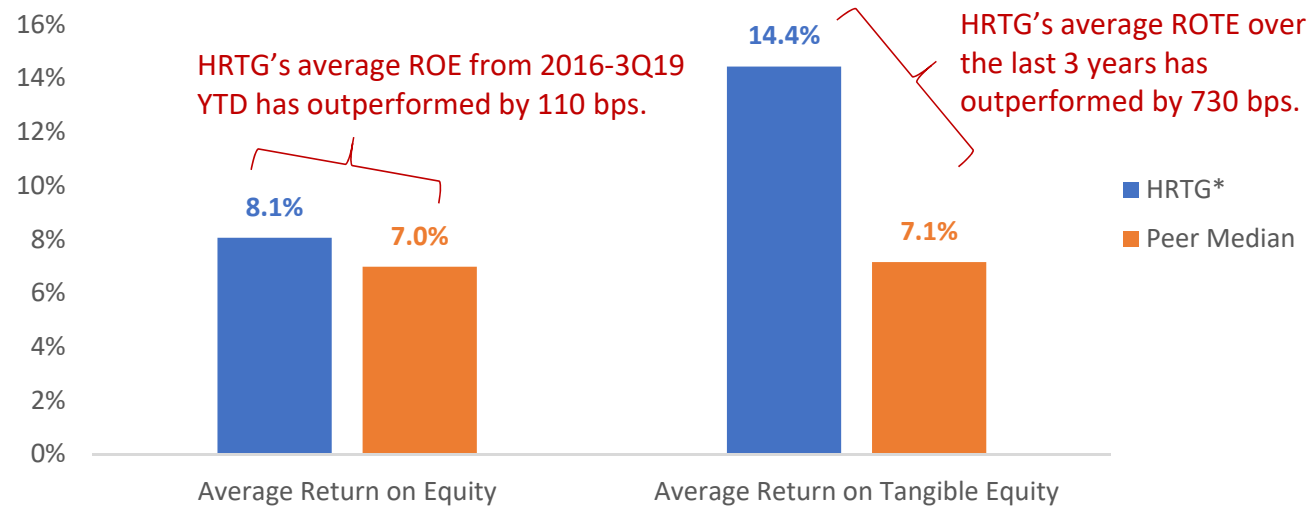
RETURN ON EQUITY (ROE)



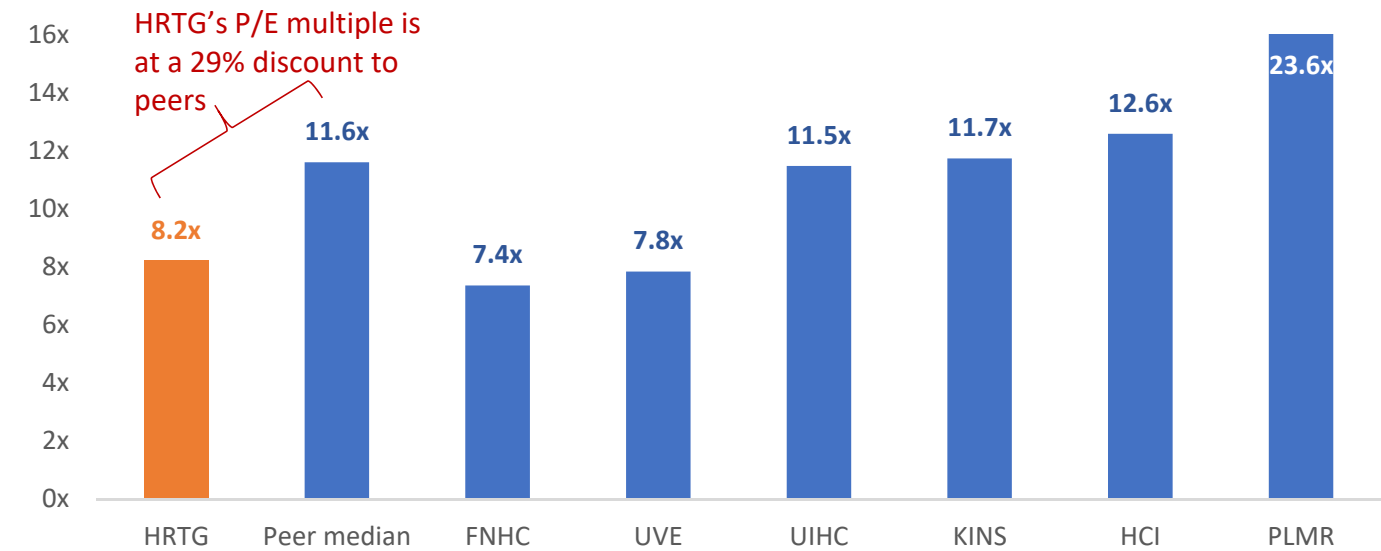
PRICE/BOOK VALUE



2016-2018 AVERAGE RETURN ON EQUITY VS. PEERS



PRICE/2020E EPS



*HRTG's 2017 return on equity (ROE) and return on tangible equity (ROTE) metrics are non-GAAP and adjusted to exclude a \$42.2 million non-cash, non-tax deductible charge related to the mark-to-market of a derivative liability associated with the Company's convertible debt. The derivative liability was reclassified to equity in 4Q17.

Note: ROE represents net income for the period (annualized for 3Q2019 YTD) divided by average stockholders' equity during the period. The ROTE calculation excludes goodwill and other intangible assets from equity.

Source: FactSet and peer company reports

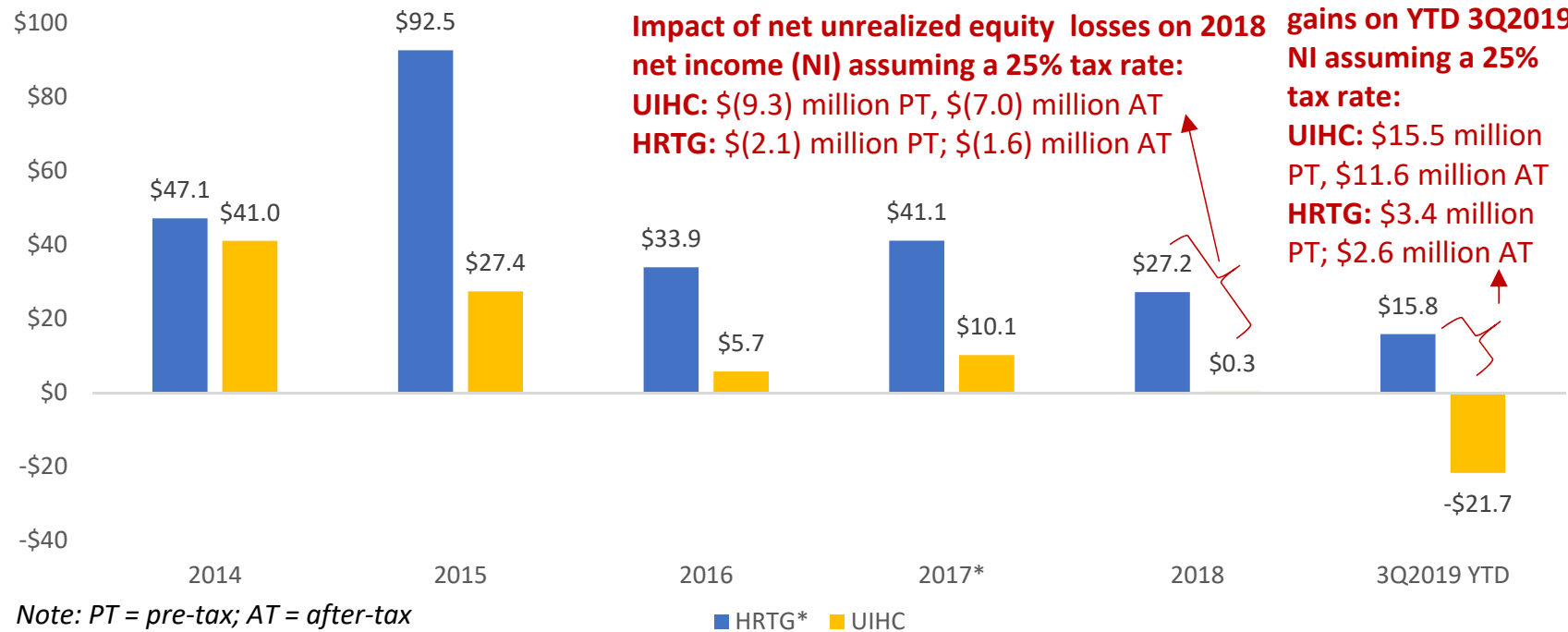


HIGHLY ATTRACTIVE VALUATION RELATIVE TO PEERS

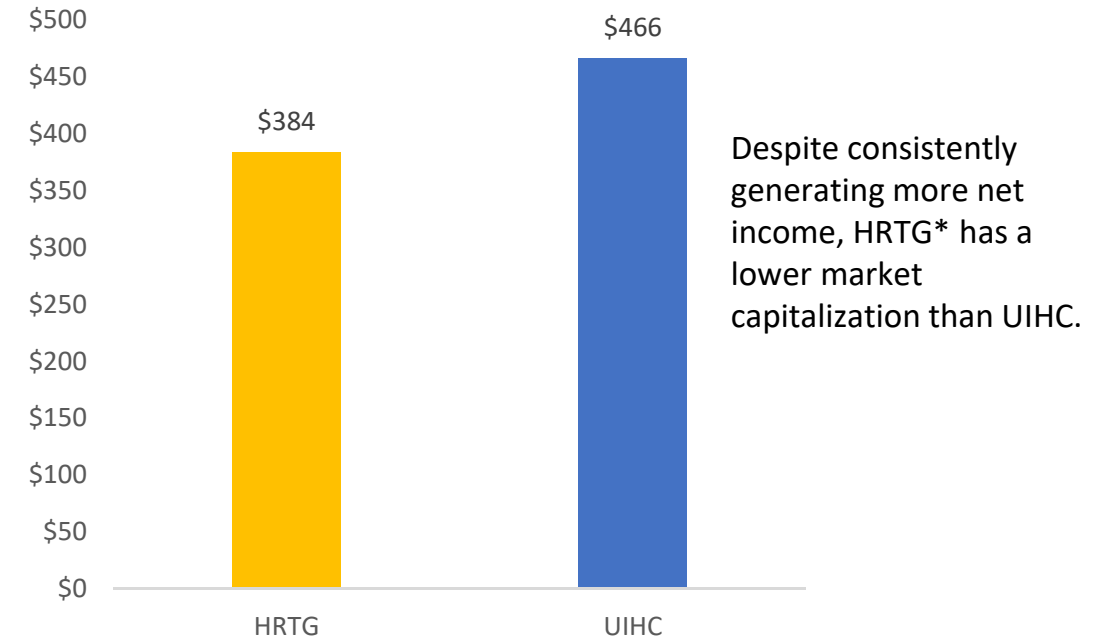
Ticker Company	P/E		P/BV		Return on Equity				Return on Tangible Equity				
	2020E	Current	2019E	2020E	2016	2017*	2018	3Q19 YTD	2020E	2016	2017*	2018	3Q19 YTD
HRTG Heritage Insurance Holdings, Inc.	8.2	0.85	0.84	0.76	9.5%	11.1%	6.7%	4.8%	9.7%	10.7%	20.0%	16.9%	10.1%
FNHC FedNat Holding Company	7.4	0.88	0.87	0.80	0.5%	3.7%	7.0%	4.7%	11.3%	0.5%	3.7%	7.0%	4.7%
HCI HCI Group, Inc.	12.6	1.97	2.04	1.95	12.1%	-3.1%	9.4%	14.7%	15.8%	12.2%	-3.2%	9.7%	15.1%
UIHC United Insurance Holdings Corp.	11.5	0.90	0.89	0.85	2.4%	2.6%	0.1%	-5.6%	7.6%	2.5%	3.2%	0.1%	-7.0%
UVE Universal Insurance Holdings, Inc.	7.8	1.52	1.52	1.58	29.9%	26.4%	24.9%	24.3%	19.8%	30.0%	26.5%	25.0%	24.4%
KINS Kingstone Companies, Inc.	11.7	1.02	1.02	0.98	17.5%	13.2%	3.4%	-11.3%	8.5%	18.0%	13.4%	3.4%	-11.4%
PLMR Palomar Holdings, Inc.	23.6	5.47	5.09	4.11	9.0%	5.0%	20.9%	-0.2%	19.2%	9.1%	5.0%	21.0%	-0.2%

Note: Year-to-date (YTD) return on equity (ROE) and return on tangible equity (ROTE) metrics are annualized.
Source: FactSet and peer company reports

NET INCOME (\$ in millions)



MARKET CAP (\$ in millions)



Source: FactSet and peer company reports

*HRTG's 2017 net income and ROE are non-GAAP and adjusted to exclude a \$42.2 million non-cash, non-deductible charge related to the mark-to-market of a derivative liability associated with the Company's convertible debt. The derivative liability was reclassified to equity in 4Q17. Please see slide 24 for a reconciliation of HRTG's non-GAAP measures to their comparable GAAP measures.



APPENDIX: NON-GAAP RECONCILIATIONS

RECONCILIATION OF GAAP AND NON-GAAP MEASURES

\$ in millions

	2017
GAAP Net income (loss)	\$ (1.1)
Conversion option liability fair value	42.2
Non-recurring business acquisition related expenses	-
Tax impact	-
Adjusted net income	\$ 41.1
<hr/>	
	2017
GAAP ROE	-0.3%
Conversion option liability fair value	11.4%
Non-recurring business acquisition related expenses	0.0%
Tax impact	0.0%
Adjusted ROE (non-GAAP)	11.1%



ADDITIONAL INFORMATION

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