

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the  
Securities Exchange Act of 1934

Date of Report: March 19, 2018  
(Date of earliest event reported)

FEDERATED NATIONAL HOLDING COMPANY  
(Exact name of registrant as specified in its charter)

<u>Florida</u> (State or other jurisdiction of incorporation)	<u>000-25001</u> (Commission File Number)	<u>65-0248866</u> (I.R.S. Employer Identification No.)
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<u>14050 N.W. 14<sup>th</sup> Street, Suite 180</u> Sunrise, FL (Address of principal executive offices)	<u>33323</u> (Zip Code)
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Registrant's telephone number, including area code: (800) 293-2532

NOT APPLICABLE  
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

## **Item 7.01. Regulation FD Disclosure.**

Officers of Federated National Holding Company (the “Company”) will present to members of the investment community as part of a non-deal road show beginning on March 19, 2018. A copy of the investor presentation to be used during these presentations is attached as Exhibit 99.1 to this Current Report on Form 8-K and is also available in the "Investor" section of the Company’s website at [www.fednat.com](http://www.fednat.com). The Company disclaims any obligation to correct or update these materials in the future.

In accordance with General Instruction B.2 to Form 8-K, the information set forth in this Item 7.01 and the investor presentation attached to this report as Exhibit 99.1 is "furnished" and shall not be deemed to be "filed" for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the “Exchange Act”), or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference in any filing under the Exchange Act or the Securities Act of 1933, as amended (the “Securities Act”).

The investor presentation attached hereto as Exhibit 99.1 contains statements that may be deemed forward-looking statements within the meaning of Section 27A of the Securities Act and Section 21E of the Exchange Act. These statements are therefore entitled to the protection of the safe harbor provisions of these laws. These statements may be identified by the use of forward-looking terminology such as “anticipate,” “believe,” “budget,” “contemplate,” “continue,” “could,” “envision,” “estimate,” “expect,” “forecast,” “guidance,” “indicate,” “intend,” “may,” “might,” “outlook,” “plan,” “possibly,” “potential,” “predict,” “probably,” “pro-forma,” “project,” “seek,” “should,” “target,” “will,” “would,” “will be,” “will continue” or the negative thereof or other variations thereon or comparable terminology. The Company has based these forward-looking statements on its current expectations, assumptions, estimates and projections. While the Company believes these expectations, assumptions, estimates and projections are reasonable, such forward-looking statements are only predictions and involve a number of risks and uncertainties, many of which are beyond the Company’s control. These and other important factors may cause our actual results, performance or achievements to differ materially from any future results, performance or achievements expressed or implied by these forward-looking statements. Management cautions that any such forward-looking statements are not guarantees of future performance, and readers cannot assume that such statements will be realized or the forward-looking events and circumstances will occur. Factors that might cause such a difference include, without limitation, the risks and uncertainties discussed under “Risk Factors” in the Company’s Annual Report on Form 10-K, and discussed from time to time in the Company’s reports filed with the Securities and Exchange Commission.

## **Item 9.01 Financial Statements and Exhibits.**

(d) Exhibits.

99.1 Federated National Holding Company Investor Presentation Representing Fourth Quarter 2017.

## **SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

### **FEDERATED NATIONAL HOLDING COMPANY**

Date: March 19, 2018

By: /s/ Ronald A. Jordan

Name: Ronald A. Jordan

Title: Chief Financial Officer  
(Principal Executive Officer)

## **EXHIBIT INDEX**

<b><u>Exhibit No.</u></b>	<b><u>Exhibit Title</u></b>
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99.1	Federated National Holding Company Investor Presentation Representing Fourth Quarter 2017.
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# FEDERATED NATIONAL

(NASDAQ: FNHC)

22ND ANNUAL CFANY INSURANCE INDUSTRY CONFERENCE

March 19, 2018



# SAFE HARBOR STATEMENT

Safe harbor statement under the Private Securities Litigation Reform Act of 1995:

Statements that are not historical fact 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.

The risks and uncertainties include, without limitation, risks and uncertainties related to estimates, assumptions and projections generally; the nature of the Company's business; the adequacy of its reserves for losses and loss adjustment expense; claims experience; weather conditions (including the severity and frequency of storms, hurricanes, tornadoes and hail) and other catastrophic losses; reinsurance costs and the ability of reinsurers to indemnify the Company; raising additional capital and our potential failure to meet minimum capital and surplus requirements; potential assessments that support property and casualty insurance pools and associations; the effectiveness of internal financial controls; the effectiveness of our underwriting, pricing and related loss limitation methods; changes in loss trends, including as a result of insureds' assignment of benefits; court decisions and trends in litigation; our potential failure to pay claims accurately; ability to obtain regulatory approval applications for requested rate increases, or to underwrite in additional jurisdictions, and the timing thereof; inflation and other changes in economic conditions (including changes in interest rates and financial markets); pricing competition and other initiatives by competitors; legislative and regulatory developments; the outcome of litigation pending against the Company, and any settlement thereof; dependence on investment income and the composition of the Company's investment portfolio; insurance agents; ratings by industry services; the reliability and security of our information technology systems; reliance on key personnel; acts of war and terrorist activities; and other matters described from time to time by the Company in releases and publications, and in periodic reports and other documents filed with the United States Securities and Exchange Commission

In addition, investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including claims and litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when a reserve is established for a contingency. Reported results may therefore appear to be volatile in certain accounting periods.

Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date on which they are made. We do not undertake any obligation to update publicly or revise any forward-looking statements to reflect circumstances or events that occur after the date the forward-looking statements are made.



# FNHC CORPORATE PROFILE

## Overview:

- Leader in coastal Florida homeowners market
- High quality book of business with proven underwriting excellence
- Strong, large partner agent network and brand recognition
- Experienced leadership team

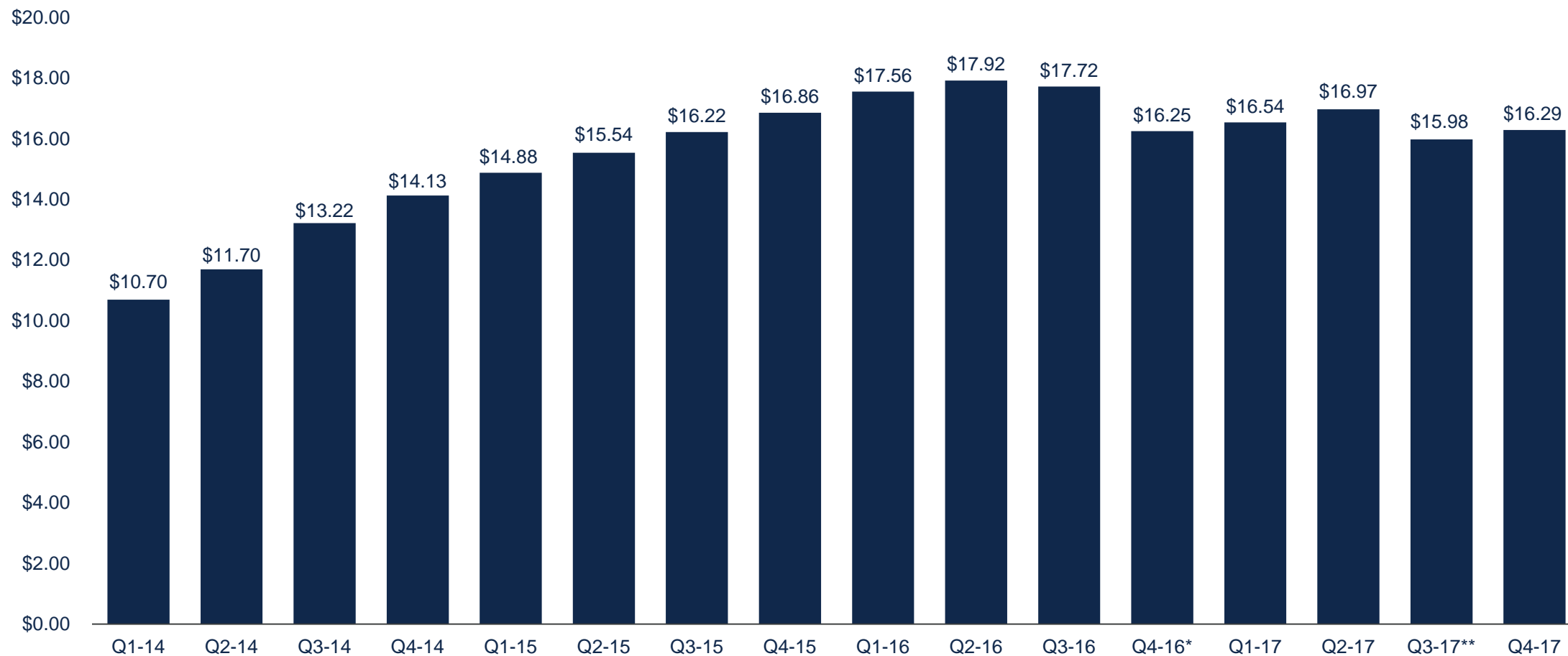
## Key Metrics:

- Cash and Investments: \$530.2M
- Book Value Per Common Share: \$16.29, excluding non-controlling interest
- Agency Partnerships: 2,500+
- Gross Written Premiums for Q417: \$133.9M
- Florida OIR Market Share\*: 5.1%
- Demotech Financial Stability Rating: A

Federated National Insurance Company (FNIC) is predominantly a homeowners' insurer in Florida with controlled expansion in AL, LA, SC and TX.

\* Market data as of September 30, 2017 (Source: Florida OIR)

# LONG-TERM TRACK RECORD OF BOOK VALUE GROWTH



\* Impacted by Hurricane Matthew

\*\* Impacted by Hurricane Irma

Source: Company Filings and SNL Financial

Note: Based on GAAP financial information



# INVESTMENT CONSIDERATIONS

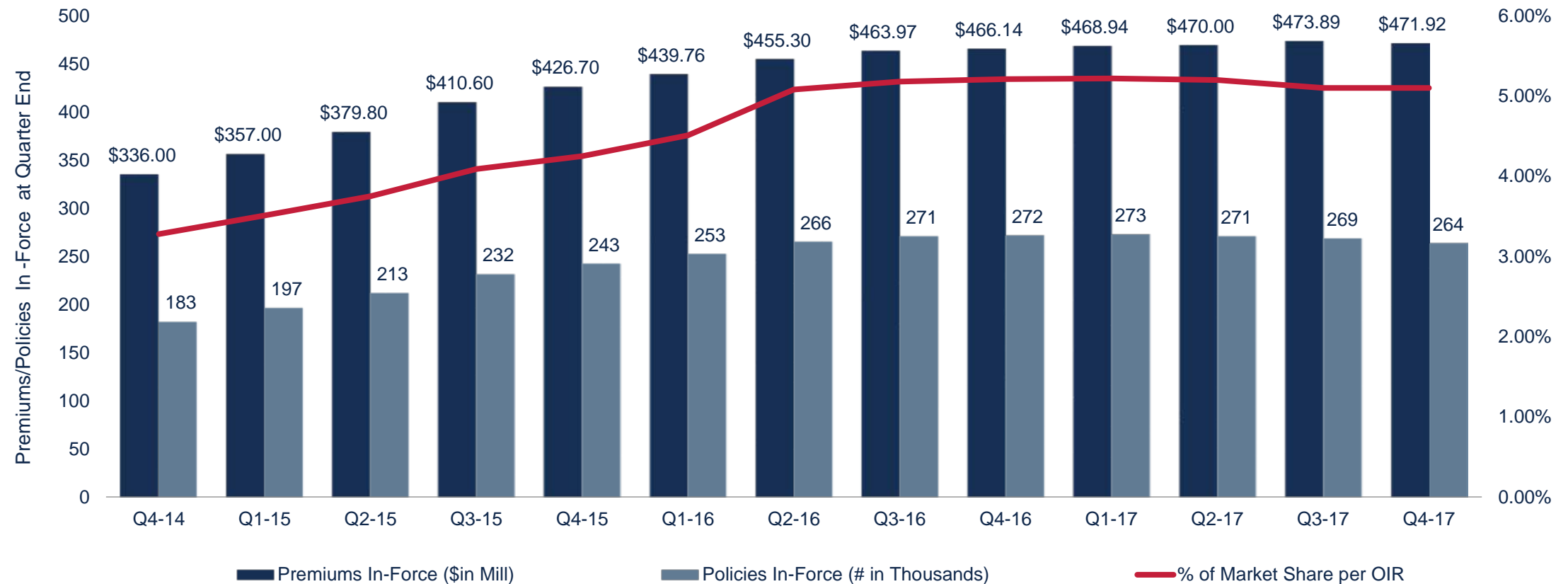
- Top five position in attractive Florida market
- Favorable track record of GWP
- Significant opportunity to expand market share and diversify book
- Recent refocus on homeowners market
- Industry experience and market savvy executive team



# GROWING FLORIDA MARKET SHARE

## FNIC Homeowners Florida Market Share

Premiums in Force and % Market Share



OIR = Office of Insurance Regulation  
% Market share per OIR for Q1 and Q2-17 unavailable as of 8/17/2017.

# FLORIDA HOMEOWNERS MARKET OVERVIEW

**Large, fragmented market dominated by “specialists”, with limited presence of national P&C carriers**

Rank	Insurer	2017 Q3 FL HO DWP (\$ mm)	FL HO Mkt Share (%)
1	Universal Insurance	907	9.9
2	Citizens Property Ins	772	8.5
<b>3</b>	<b>Federated National</b>	<b>465</b>	<b>5.1</b>
4	Heritage Insurance	439	4.8
5	Security First Insurance	375	4.1
6	Homeowner's Choice Insurance	340	3.7
7	First Protective Insurance	296	3.2
8	United Property & Casualty	296	3.2
9	American Integrity	283	3.1
10	St. John's Insurance	256	2.8
11	People's Trust Insurance	245	2.7
12	Florida Peninsula	244	2.7
13	United Services Auto	243	2.7
14	Tower Hill Prime	226	2.7
15	Federal Insurance	161	2.5
16	AIG Property	154	1.8
17	ASI Preferred	147	1.7
18	Safepoint Insurance	140	1.6
19	Olympus Insurance	134	1.5
20	Tower Hill Signature	127	1.5
21	USAA Casualty	116	1.4
22	Tower Hill Preferred	104	1.3
23	Gulfstream P&C Insurance	102	1.1
24	Auto Club Insurance	90	1.1
25	Progressive Property	98	1.1
	Others	2,354	25.8
	<b>Total</b>	<b>\$9,122<sup>(1)</sup></b>	<b>100.0</b>

- Nation's third largest state
- Population growing by 1,000 every day
- \$9.2 billion HO insurance market
- Highly fragmented market with national players comprising less than 20%, none with higher market share than Federated National
- Federated National's focus is on high quality, well-mitigated homes (build after 1994) – we have ~20% of homes in this class statewide
- With Citizens down to ~450k policies, from 1.5mm in 2011, the days of depopulation growth are over with most companies now looking to grow through geographic expansion and new products

Source: Florida OIR

# DISTRIBUTION NETWORK & STRATEGY

**Federated National is a partner of choice in the upper segment of the Florida homeowners market.**

- All policies are generated on a voluntary basis
- Partnership with 2,500+ partner agents
  - One of a few selected Florida homeowners' insurance companies appointed to write voluntary business through Allstate & GEICO Florida partner agents
- Focus on higher value, better mitigated properties
  - Emphasize properties which typically have more advanced wind / hurricane mitigation features and lower All Other Peril (non-catastrophe) losses, all of which mitigate expected losses
  - Underwrite every risk to maintain our quality book of business
- Trust-based model
  - FNIC has achieved its growth by winning the business at the point of sale, not on price, but because our partner insurance agents trust us with their clients based on past experience



# DISCIPLINED UNDERWRITING APPROACH

**Federated National's meticulous underwriting approach allows the Company to manage its current exposures while profitably underwriting new risks.**

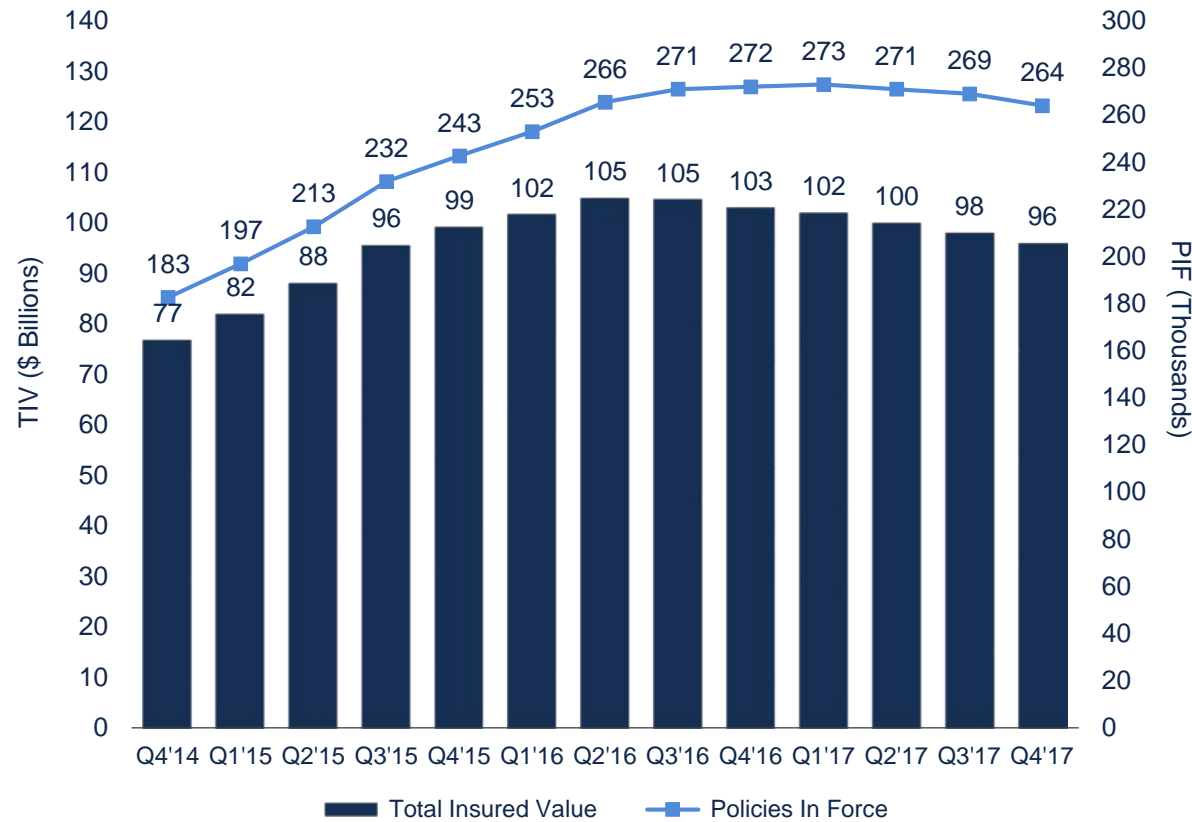
## **Underwriting Process Overview**

- Focus on higher value properties with an emphasis on more advanced wind / hurricane mitigation features and lower All Other Peril (non-catastrophe) losses
- Utilize a front-end Generalized Linear Model (“GLM”) to calculate each risk’s associated expenses, CAT and non-CAT exposure, cost of capital and risk concentration in order to determine a pass/fail position on all new business quoting
  - Manual reviews of every bound risk to ensure accuracy of information
  - Regulatory approved use of our GLM-based analytics to provide a layer of pre-binding portfolio optimization management
- Rates on every policy a function of FNIC’s historical loss experience, concentration of risk, expenses and current market conditions
  - All risks are subject to an annual review to ensure low performing risks are not offered a renewal
- Business written by MNIC utilizes a similar disciplined approach as its policies are also underwritten by FedNat Underwriters (“FNU”), the Company’s wholly owned MGA

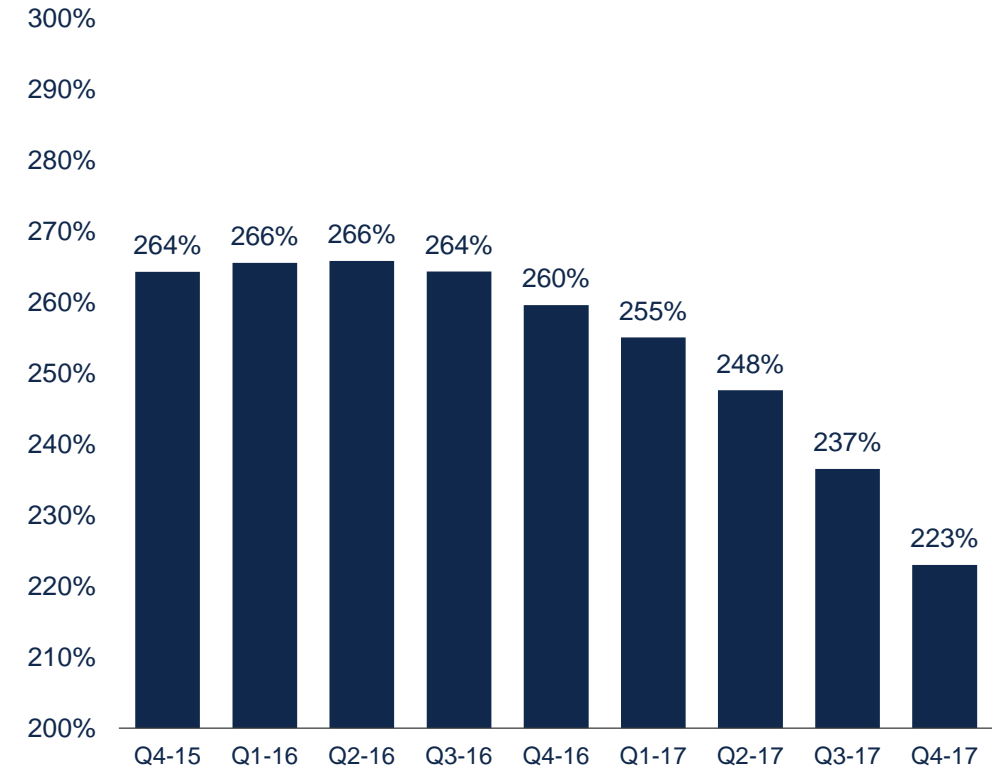


# QUALITY FLORIDA HOMEOWNERS' PORTFOLIO

**FNIC Total Insured Value and Policies In-Force**



**1-in-100 Year Probable Maximum Loss / In-Force Premium ("PML Premium")**



Note: Probable Maximum Loss modeled using average of RMS and AIR combined and assuming LT, NoSS and NoLA

**Gross written premiums flat due to rate increases**



# SUCCESSFULLY MITIGATING AOB HEADWIND

**AOB has been a significant drag on FL HO providers, but Federated National's multi-pronged strategy has positioned the company for improved underwriting profitability.**

## **The Assignment of Benefits (“AOB”) Challenge**

- Florida HO specialist results have come under pressure from increased storm activity and the AOB crisis
- Incurred loss ratios for FL homeowners increased by more than 5 points in 2016, primarily driven by the adverse AOB trends\*
- AOB unlikely to see legislative solution near-term but significant rate increases are being approved by the OIR
- Combined with the 2 storms in 2016 and attritional loss pressure, the FL HO industry reported an aggregate combined ratio of 107% in 2016 vs. 90% in 2015
- 2016 upward trend has leveled off with higher frequency and lower severity

## **Federated National's AOB Strategy**

- Pricing
  - Achieved aggregate 16+% compounded homeowners rate increase over 2016-17 to combat AOB impact; expect additional future increases
- Proactive management, training and engagement
  - Implemented processes, employee training and rate increases to manage AOB claims
- Contact policyholders to educate them on claims reporting to FNHC upon occurrence
- Analyze expected costs and works directly with AOB contractors and preferred FNHC vendors to arrive at a fair payment or else invokes the policy's appraisal clause
- Reducing litigation and mitigation expense risk
  - Company aggressively pushes Alternative Dispute Resolution practices to avoid or reduce AOB related litigation expenses
  - FNHC instituted FL OIR approved policy language changes that restrict emergency mitigation expenses

\* Source: Dowling & Partners

# 2017-2018 REINSURANCE STRUCTURE

**Federated National has full indemnity reinsurance with highly rated reinsurers, and has maintained a business relationship with many of them for numerous years**



NEON

PartnerRe



**FIDELIS**



## Program Highlights

~\$2.2 billion  
of aggregate coverage with  
maximum single event coverage  
of approximately  
\$1.5 billion

Per occurrence  
pretax  
retention of  
\$18 million

80+  
reinsurance partners, all of which  
are rated "A-" or higher  
by A.M. Best  
or fully collateralized



# ROBUST CLAIMS CAPABILITIES AND TENURED STAFF

## In-House Claims Adjusters

- 40+ field adjusters covering the state of Florida as well as Louisiana
- 80+ onsite (desk) adjusters
- Claims management team of over 40 Directors, Managers, Supervisors and Team Leads
- In-house Litigation Management Team, which includes 3 in-house attorneys, supported by 15-person staff
- Claims personnel average 10+ years experience and are fully licensed
- Many on our team have tenure dating to storms of 2004 and 2005
- Training and knowledge is promoted and enhanced through on- and off-site education

## Strategic Alliance with Catastrophe Adjuster

- Owns 1/3 of Southeast Catastrophe Consulting Company, an independent catastrophe claims adjuster
- Dedicated catastrophe adjusters available to FNIC & MNIC
- All data and systems functionality are integrated and backed-up through a remote cloud-based computing system

## Efficient Claims Response

- 24/7 new claims reporting capacity with immediate emergency response available when warranted
- Long-standing relationships with water remediation companies, emergency services providers and loss causation analysts that provide rapid mitigation of damages and exceptional customer service



# 2018 & BEYOND: BUILDING FOUNDATION FOR LONG-TERM VALUE CREATION

- Re-focusing on FNHC's core strengths
- Maintain market share in high end Florida market
- Expand into larger, second tier pricing market through newly acquired full control of Monarch (\$4.6B market opportunity)
- Selectively expand in adjacent coastal markets
- Continued investment in our people and processes to improve underwriting and claims performance through technology



# KEY RECENT EVENTS CHART OUR FUTURE PATH

**Near-term focus on driving improved underwriting performance, while setting the stage longer-term profitable growth in HO**

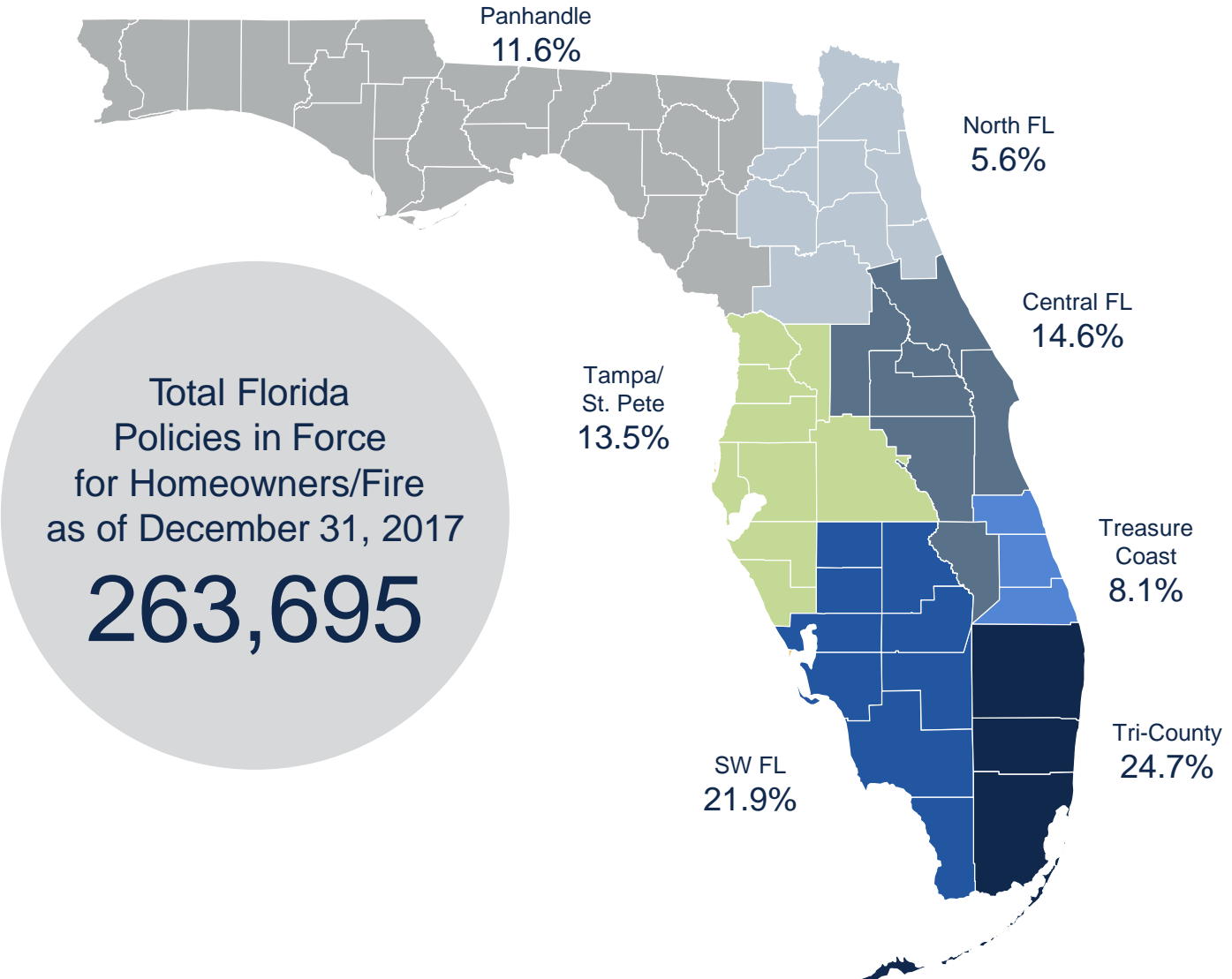
- Harvey & Irma update
  - \$24.7 million pre-tax loss retained, net of reinsurance and other recoveries
  - Company retention offset by claims adjusting fees and other related income resulting in \$10 million net after-tax impact
- Q4 HO revenue grew 21% and earnings of \$7.4 million, marking our strongest performance in 8 quarters
- FL rate increases taking effect, offsetting AOB and driving expected improvement in underwriting performance beginning in 2018
- Exiting unprofitable non-core businesses
  - Auto – Minimal headwind beginning 2018
  - Commercial GL – Small business proved a distraction to our HO focus
  - Combined reduction in GWP of ~\$75M annualized
- Completed purchase of Monarch venture from partners, paving path to FL book diversification strategy



# DIVERSIFYING FLORIDA BOOK – REGIONAL PENETRATION



## Federated National Insurance Company – Florida Market for Homeowners



Total Florida Policies in Force for Homeowners/Fire as of December 31, 2017  
**263,695**

- Statewide offering of HO3, HO6, HO4 and DP-3 Forms
- Risk Management through utilization of both analytics and geographic exposure management
- Distribute through independent retail partner agents and national carrier affinities
- Managed catastrophe exposure by ceding risk through reinsurance treaties



# DIVERSIFYING FLORIDA BOOK – MONARCH

## **Full Ownership of Monarch creates strategic flexibility and a path to diversification and growth**

### **Monarch National Insurance Overview**

- Established in 2015 as joint venture with Crosswinds and TransRe
- Strategy: Leverage Federated National's partner agent network to gain access to risk-adjusted class of FL HO market
- Closed acquisition in February for \$16.7 million in cash and retired \$5 million note
- Improved capital-efficiency with Monarch National stacked under Federated National

### **Ownership Benefits**

- Full control in executing on the Monarch opportunity
- Provides second prong to FL diversification strategy, expanding access to 50% of the FL HO market of which we are underweight
- Strengthens our partner agent relationships by expanding our appetite to risk-adjusted market
- Continuing to enhance our underwriting process by deploying sophisticated scoring and leveraging our strong reinsurance partnerships to manage risk



# MIDDLE MARKET OPPORTUNITY

**Vast middle-market growth opportunity**  
 ~50% of total HO Insurance Market

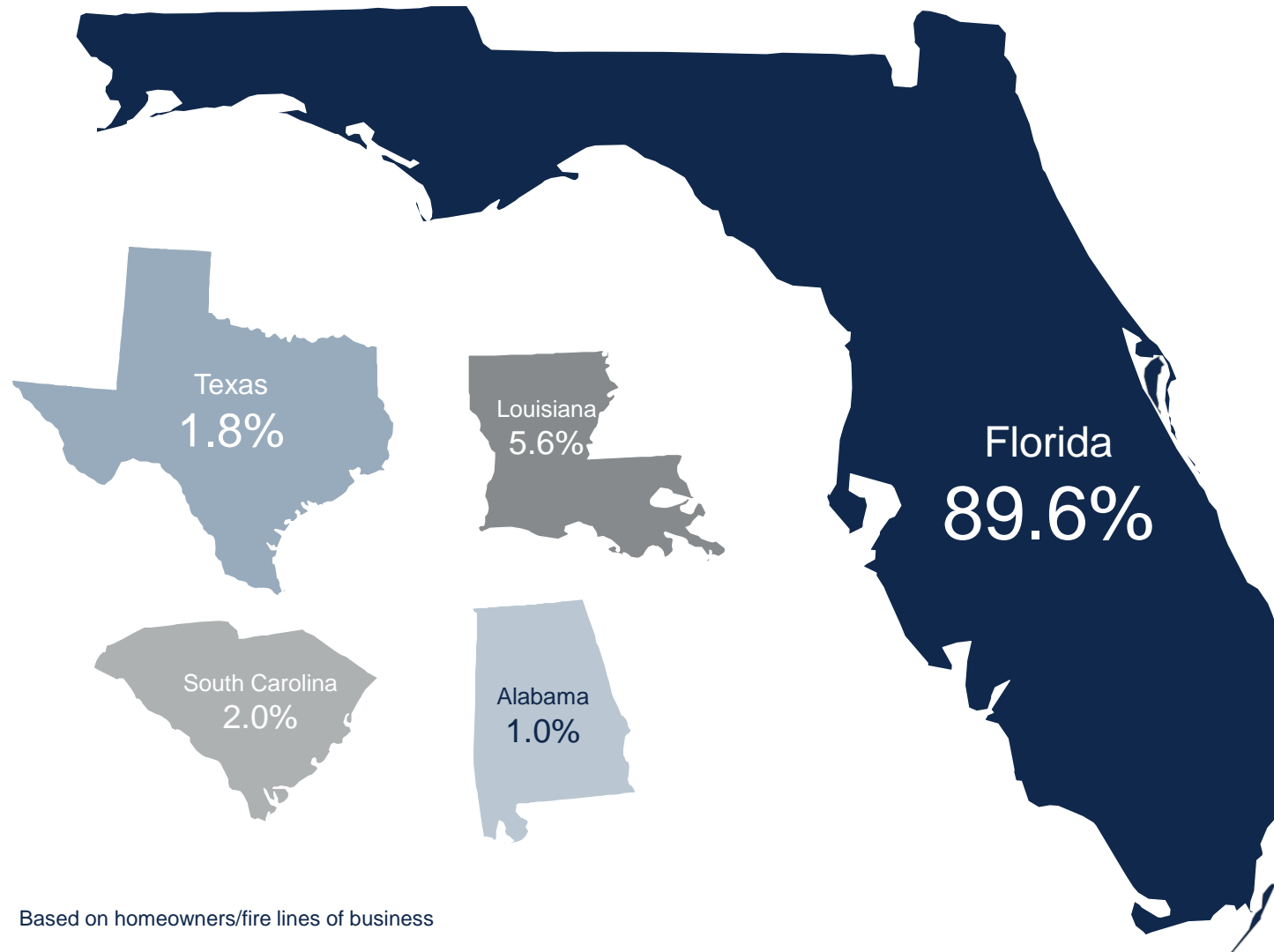
## HO Insurance Market Segments

## Federated National Current Share of Market Segment

<p><b>High-end Segment</b>  <b>High Quality</b>  <b>Well Mitigated Risk</b></p>	<p><b>Our Focus</b></p>
<p><b>Middle Market Segment</b>  <b>Risk Adjusted Houses</b></p>	<p><b>Underweight</b></p>
<p><b>Low-end Segment</b>  <b>Poorly/Un-Mitigated Risk</b></p>	<p><b>Not our Focus</b></p>

# COASTAL STATE DIVERSIFICATION

## Federated National Insurance Company In-Force Policy Counts – Regionally



- Limited to Gulf and Atlantic coastal states offering Property & Casualty policies
- Focus on hurricane zones 1 and 2 where consumer need is the greatest
- Leveraging best practices developed over our 2 plus decades of experience in Florida
- Distributed through general partner agents and national carrier affinities

Based on homeowners/fire lines of business

# WHY WE ARE WELL POSITIONED TO SUCCEED

- Strong mindshare, partner agent network in Florida supports diversified regional penetration
- Ownership of Monarch gives us control in tailoring product for new Florida insurance classes
- Continued expansion as we take our model to neighboring states
- Multiple opportunities to leverage technology to improve performance
- Deep domain expertise across the FNHC organization





# EXPERIENCED MANAGEMENT TEAM

**An experienced management team that has extensive tenure in the homeowners' insurance market in Florida**

**Michael Braun**  
*Chief Executive Officer & President*

Appointed Chief Executive Officer in July 2008  
Elected to Board in 2005

**Ronald Jordan**  
*Chief Financial Officer*

Worked for multiple Fortune 200 insurance and Big 4  
25+ years of Accounting, Finance, Risk & Governance

**Christopher Clouse**  
*Vice President of  
Personal Lines Underwriting*

25+ years of  
industry experience

**Erick Fernandez**  
*Chief Accounting  
Officer*

15+ years of  
Accounting and Finance

**Scott Fest**  
*Vice President of  
Reinsurance*

20+ years of  
Reinsurance experience

**Gordon Jennings**  
*Vice President of  
Risk Management*

23+ years of  
industry experience

**Larry Hufschmid**  
*Vice President of  
Information Technology*

28+ years of  
industry experience and  
38 years of IT experience

**Neil Novellas**  
*Vice President of  
Internal Audit*

20+ years of  
auditing experience

**Anthony Prete**  
*Vice President of  
Strategy*

15+ years of  
industry experience

**C. Brian Turnau**  
*Vice President of  
Claims*

18+ years of  
industry experience

**Tracy Wiggan**  
*Vice President of  
Human Resources*

20 + years experience  
in human resources

**Stephen Young**  
*Vice President of  
Operations*

20+ years of  
industry experience

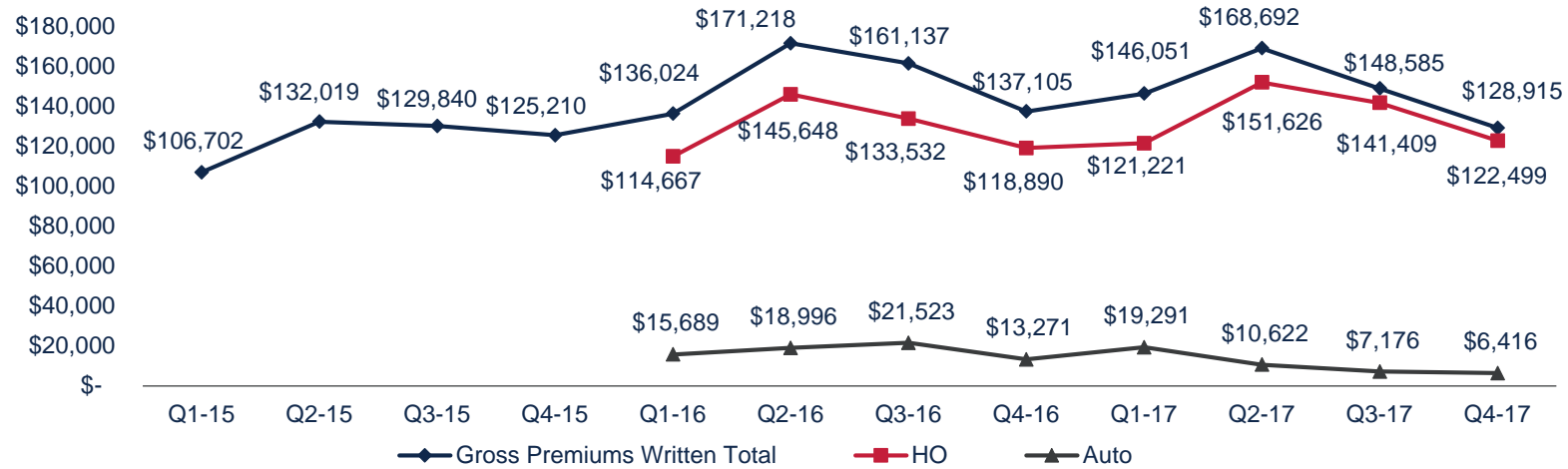


# FINANCIAL OVERVIEW

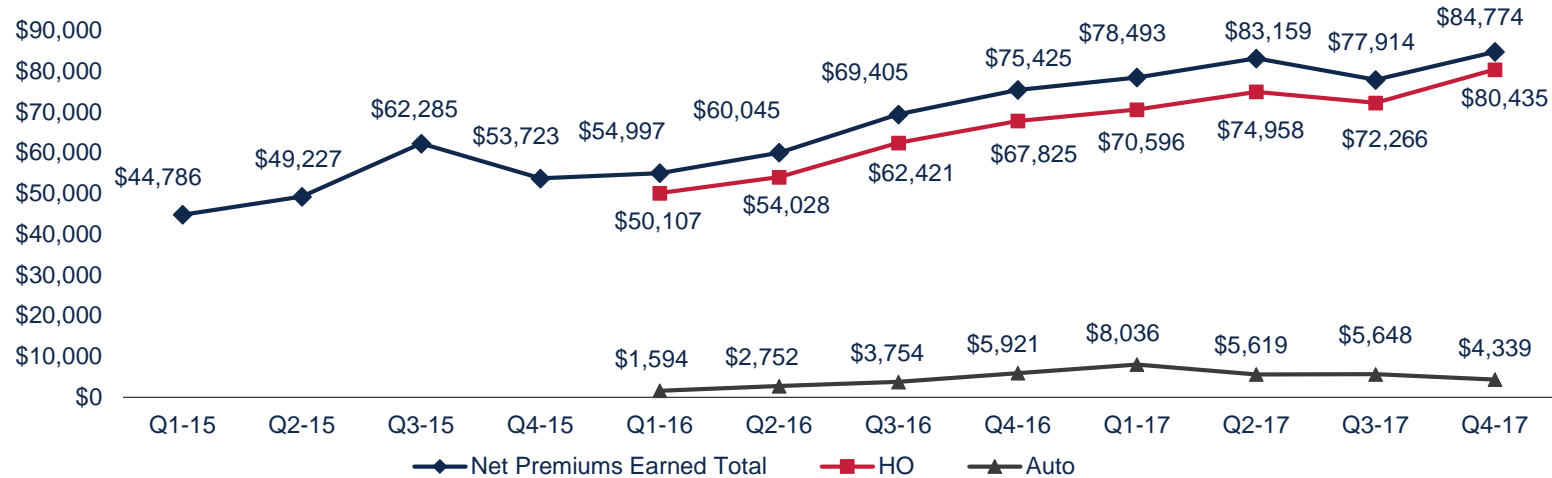


# PREMIUMS

**Gross Written Premiums** (in thousands)



**Net Premiums Earned** (in thousands)

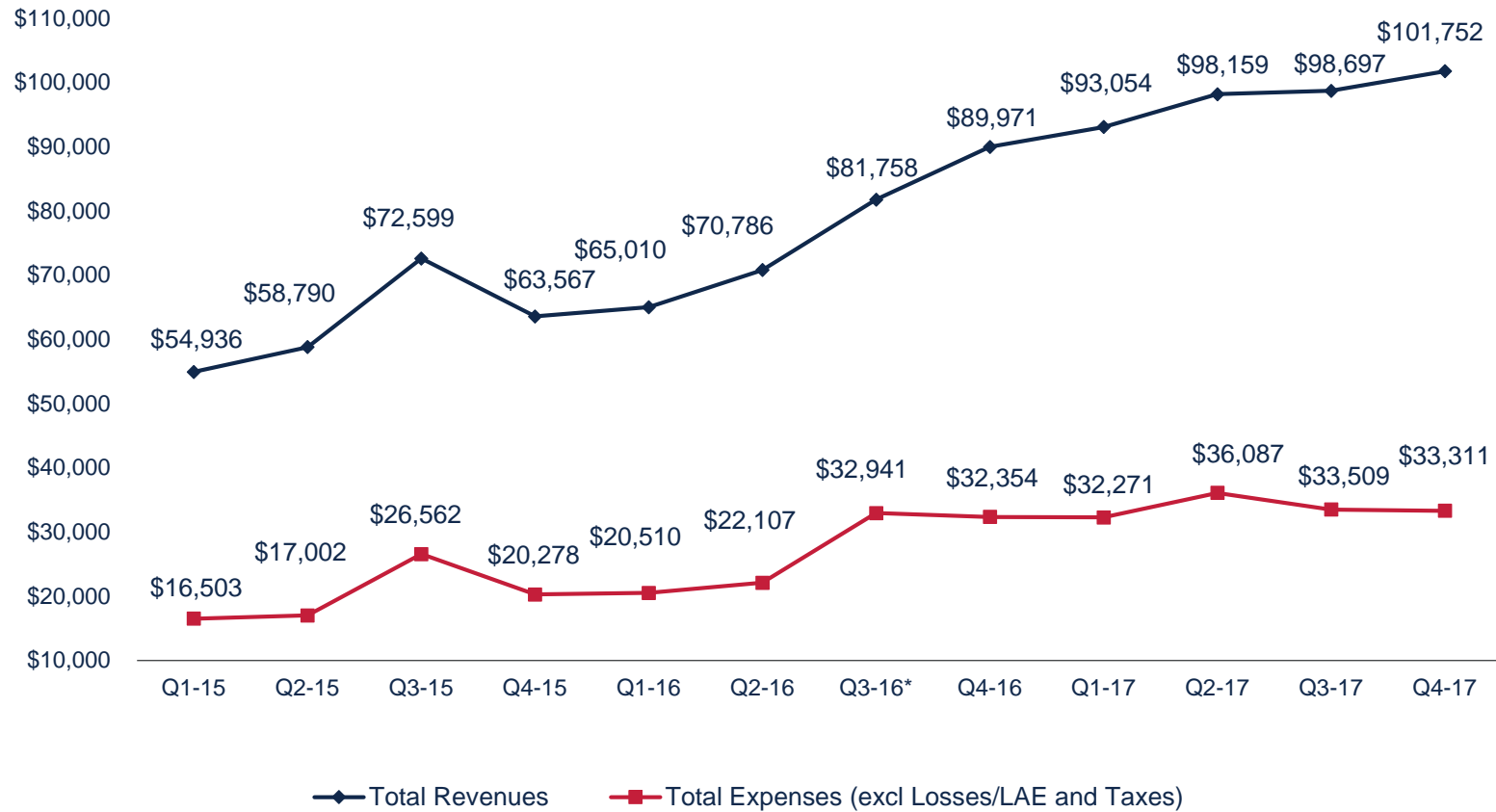


Note: Breakouts for Homeowners and Automobile are provided from 1Q16 forward

Note: Excludes CGL

# REVENUE AND EXPENSES

**Total Revenues and Expenses (excluding Losses, LAE and Taxes)** (in thousands)



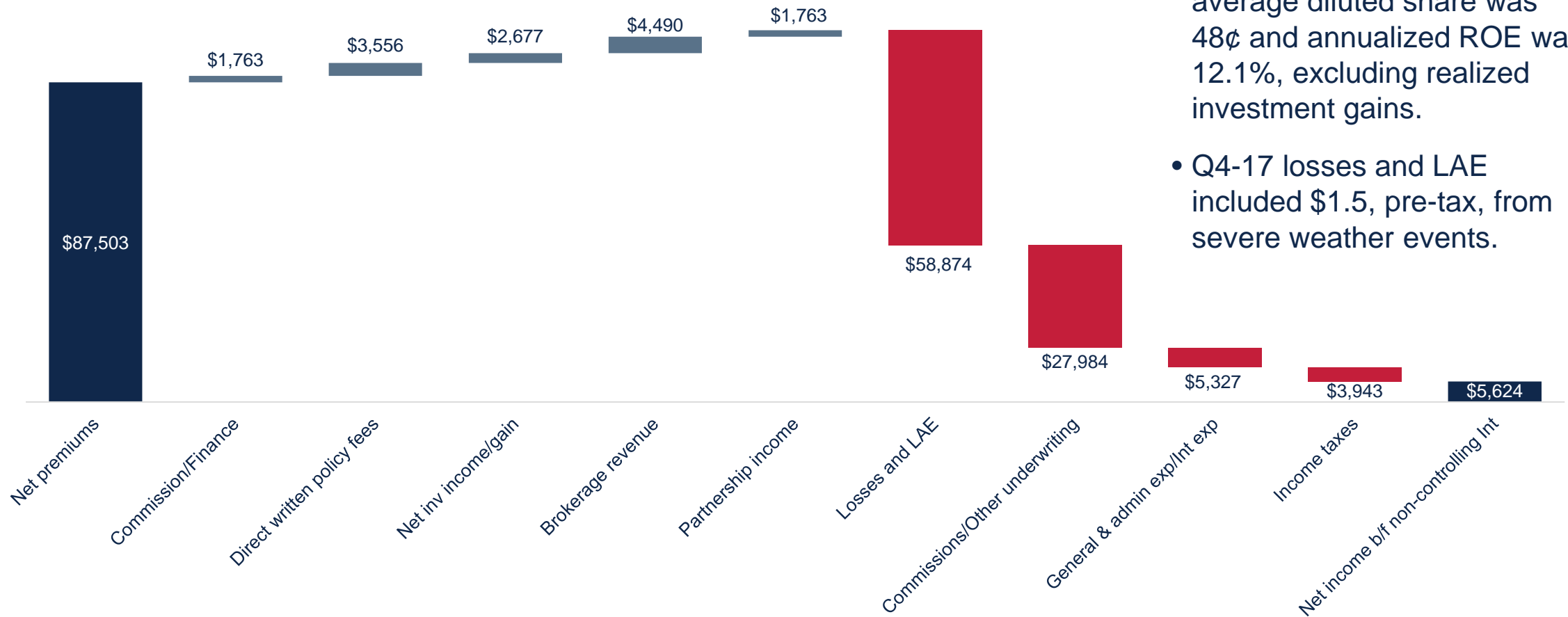
\*Unwinding of Florida homeowners' 30% quota share reinsurance treaty.

# 4Q17 RESULTS BY LINE OF BUSINESS

	HO	Other	Consolidated
<b>Total Revenue</b>	\$87,606	\$14,146	\$101,752
<b>Costs and expenses:</b>			
Losses and loss adjustment expenses	47,345	11,529	58,874
All other expenses	29,254	4,057	33,311
<b>Total costs and expenses</b>	76,599	15,586	92,185
<b>Income before income taxes</b>	11,007	(1,440)	9,567
Income taxes	4,246	(303)	3,943
<b>Net income</b>	6,761	(1,137)	5,624
Net loss attributable to noncontrolling interest	(672)	–	(672)
<b>Net income attributable to FNHC shareholders</b>	\$ 7,433	\$ (1,137)	\$ 6,296

Note: Homeowners is presented on an underwriting results basis. Non-strategic lines, investing activities and corporate/support expenses are presented in Other.

# NET INCOME BRIDGE

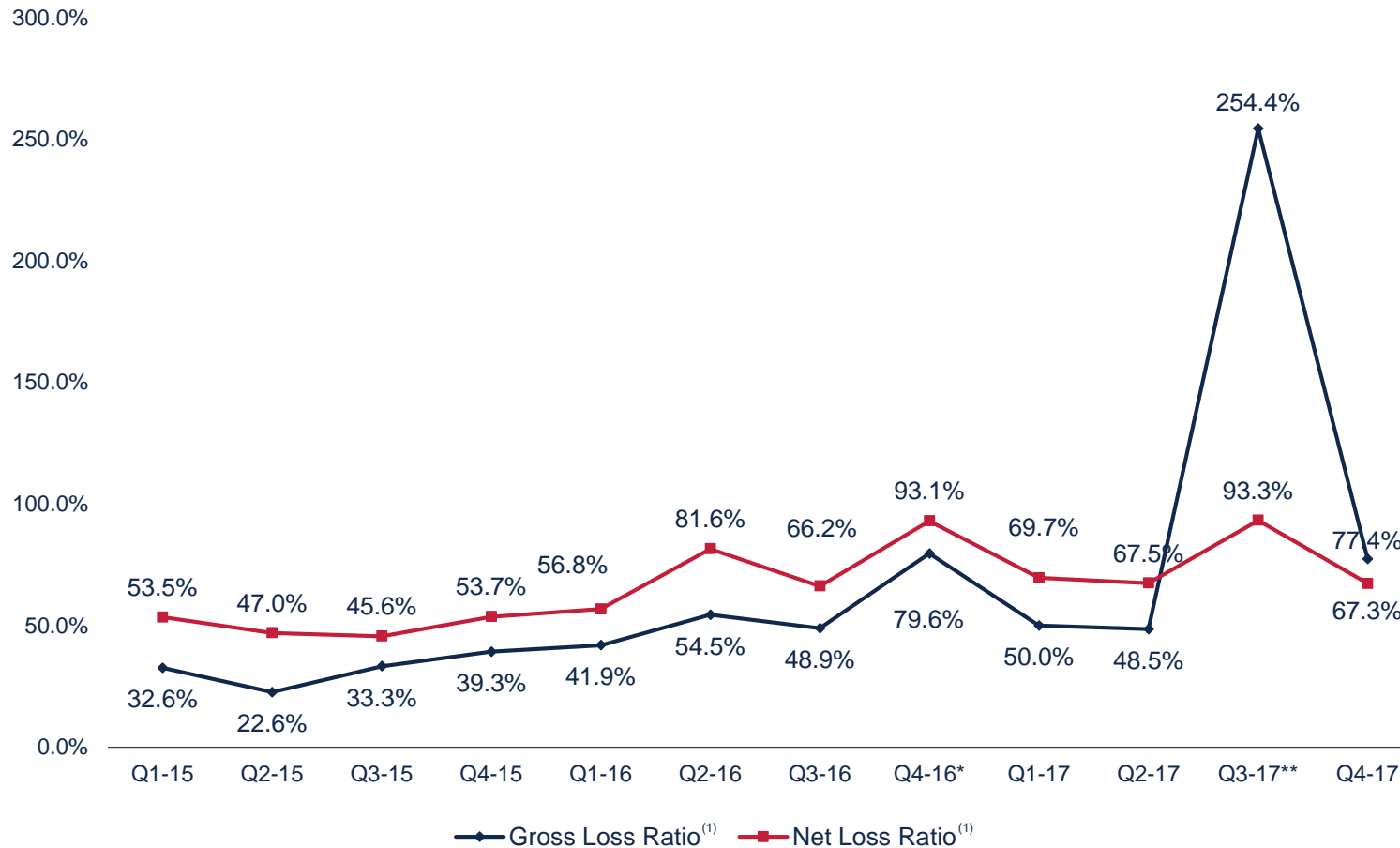


- Q4-17 net income per average diluted share was 48¢ and annualized ROE was 12.1%, excluding realized investment gains.
- Q4-17 losses and LAE included \$1.5, pre-tax, from severe weather events.



# LOSSES AND LAE

## Gross and Net Loss Ratios<sup>(1)</sup>



Beginning Q4-15, we have experienced increased loss and LAE costs associated with claims in our Florida homeowners book of business due to Assignment of Benefits (“AOB”)

AOB has resulted in a rate increase effective August 2016, with an additional 10% Florida statewide-average increase taking effect August 2017

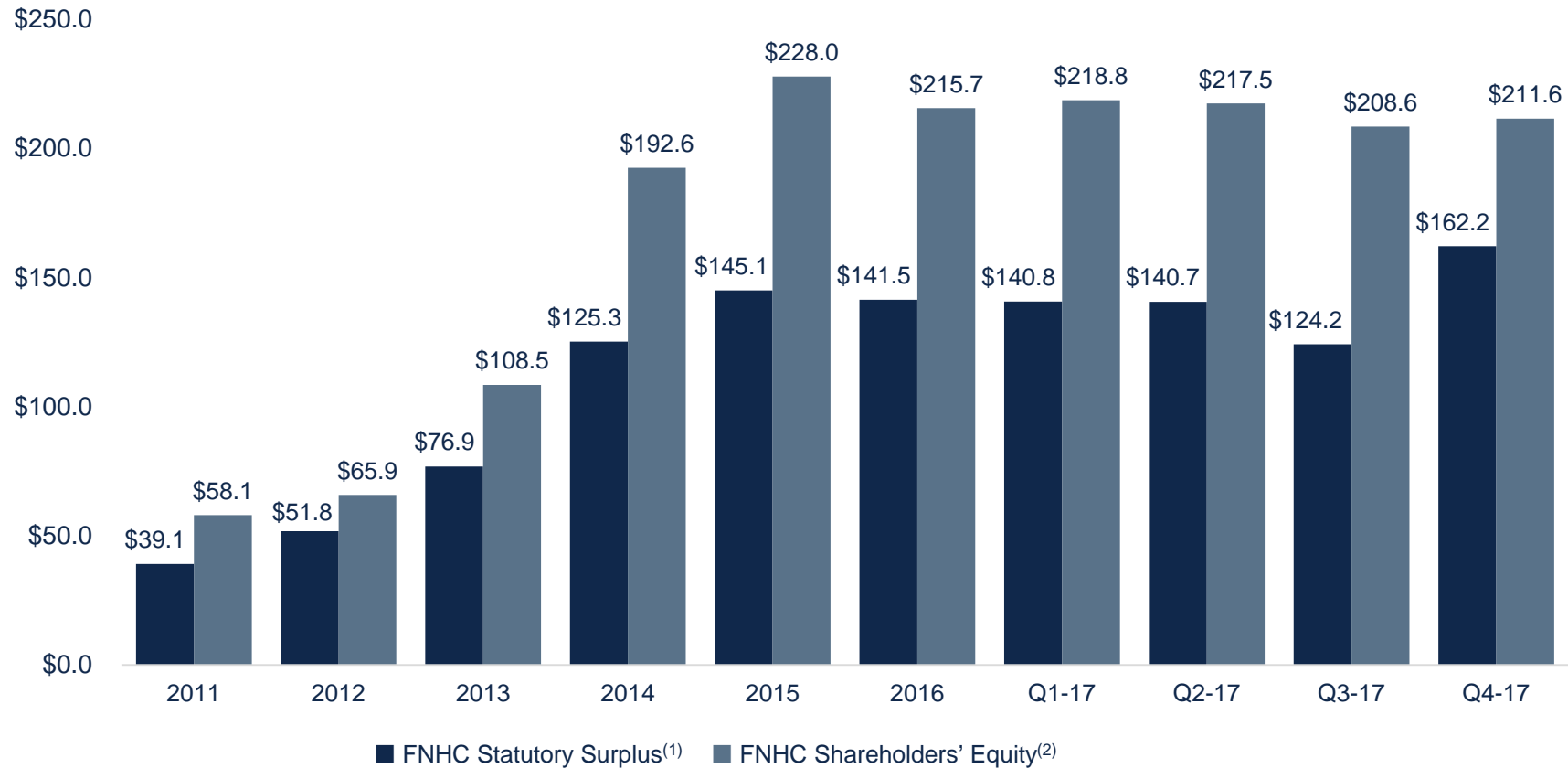
\* Impacted by Hurricane Matthew

\*\* Impacted by Hurricane Irma

(1) Includes the impact of severe weather events (Hurricane Matthew, Tornadoes, Tropical Storm Colin, Hurricane Hermine, and Hurricane Irma)

# BALANCE SHEET STRENGTH

**“Our commitment to protecting our policyholders and our shareholders”**



Conservative  
Capital Structure

Reinsurance  
Strategy

Low risk  
investment  
portfolio

(1) 2016 Statutory surplus includes \$25M surplus infusion  
(2) FNHC Shareholders' Equity excludes non-controlling interest

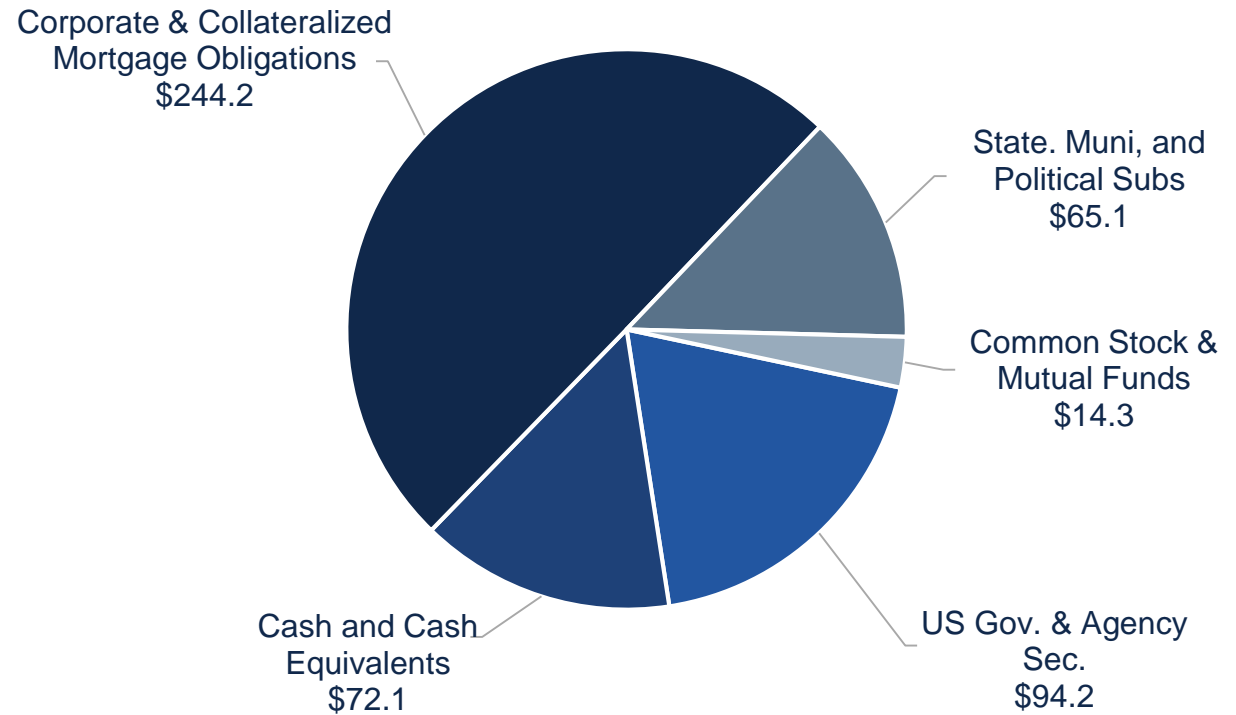


# INVESTMENT PORTFOLIO HOLDINGS

- Designed to preserve capital, maximize after-tax investment income, maintain liquidity and minimize risk
- Utilize outside investment managers for the fixed income and equity portfolios
- As of 12/31/2017, 100% of the Company's fixed income portfolio was rated investment grade
  - Average duration: 3.962 years
  - Composite rating: A- (S&P)
  - YTM: 2.58%
  - Book yield: 2.53%
- Historical total returns on cash and investments as of 12/31/2017
  - 1 Year: 4.00%
  - 2 Years: 2.97%

## Federated National Investment Portfolio Composition\*

as of December 31, 2017  
 (in millions)



\*excludes Monarch National

# INVESTMENT OPPORTUNITY

<b>Underwriting Performance</b>	<b>Strategy And Philosophy</b>	<b>Investment Returns</b>	<b>Shareholders' Returns</b>
<ul style="list-style-type: none"> <li>• Maintain competitive advantage on higher value properties</li> <li>• Expand in middle market growth opportunity</li> <li>• Prioritize value of book</li> <li>• Focus on sustainable profitability</li> <li>• Employ sophisticated pricing and actuarial tools</li> </ul>	<ul style="list-style-type: none"> <li>• Re-focus on our core: quality property book</li> <li>• Maintain regional growth strategy that includes expanding in Non-FL states</li> <li>• Continue efficient and effective use of reinsurance programs</li> <li>• Focus on long-term profitable growth</li> </ul>	<ul style="list-style-type: none"> <li>• Preserve capital</li> <li>• Maximize after-tax investment income</li> <li>• Utilize investment managers for fixed income and equity portfolio</li> <li>• Maintain liquidity</li> </ul>	<ul style="list-style-type: none"> <li>• Executed on authorized program for common stock repurchases</li> <li>• Committed to maintaining Dividends</li> <li>• Effective use of controls and management oversight of expenditures</li> <li>• Achieve book value growth</li> </ul>

THANK YOU!

