

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 4, 2019
(Date of earliest event reported)

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

Florida
(State or other jurisdiction of
incorporation)

000-25001
(Commission File Number)

65-0248866
(I.R.S. Employer Identification
No.)

14050 N.W. 14th Street, Suite 180
Sunrise, FL
(Address of principal executive
offices)

33323
(Zip Code)

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.

Management of FedNat Holding Company (the “Company”) will present at the Association of Insurance and Financial Analysts 44th Annual Conference in Naples, Florida on March 5, 2019. A copy of the investor presentation to be used during the conference 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. 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.

(a) Exhibits.

99.1 FedNat Holding Company Investor Presentation Fourth Quarter 2018

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.

FEDNAT HOLDING COMPANY

Date: March 4, 2019

By: /s/ Ronald A. Jordan

Name: Ronald A. Jordan

Title: Chief Financial Officer
(Principal Financial Officer)



FedNat Holding Company

(NASDAQ: FNHC)

Investor Update
March 4, 2019

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.

FEDNAT 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
- Allstate and GEICO agency relationships
- Experienced leadership team

Key Metrics*:

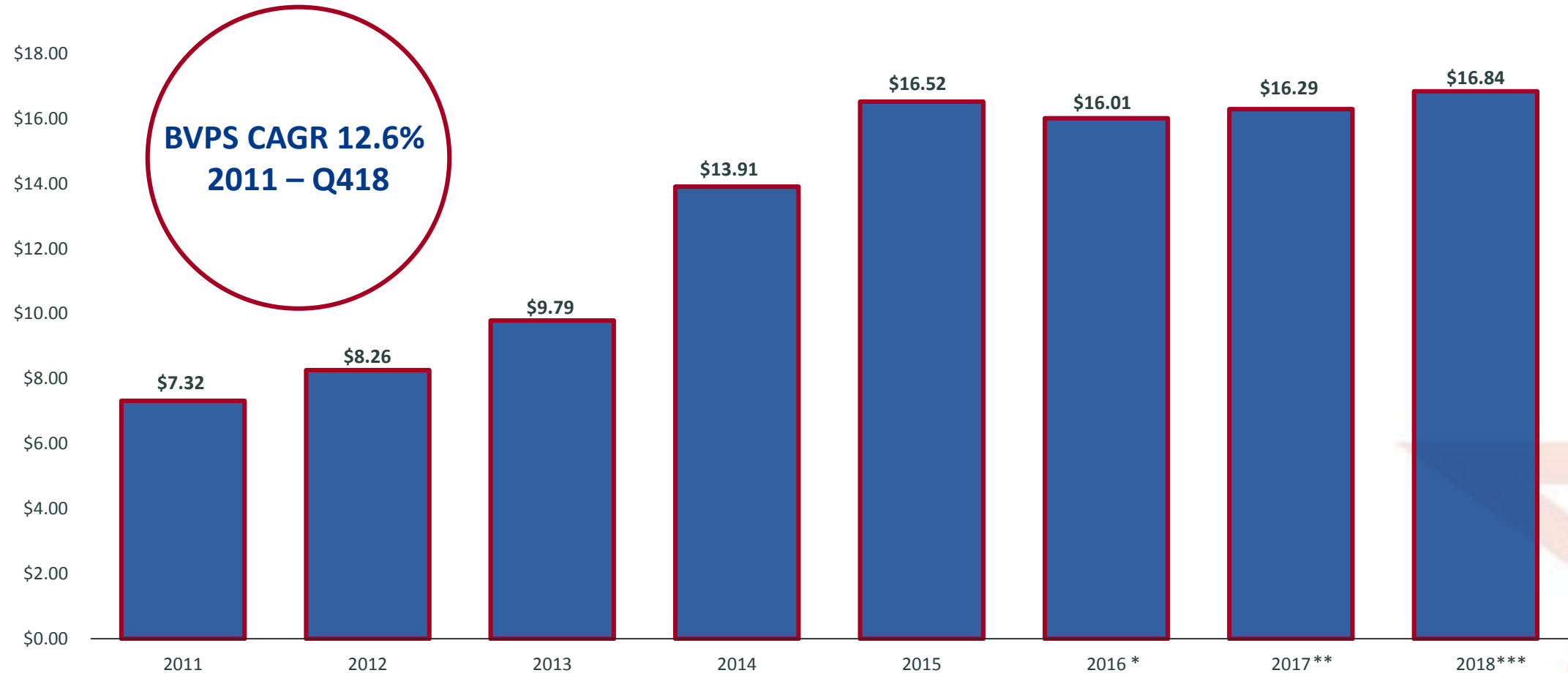
- Cash and Investments: \$500M+
- Book Value Per Common Share: \$16.84
- Agency Partnerships: 2,500+
- Gross Written Premiums for 4Q18: \$120M+
- Florida OIR Market Share** : 4.7%
- Demotech Financial Stability Rating: A



* As of December 31, 2018, unless otherwise noted

** Market data as of September 30, 2018 (Source: Florida OIR)

LONG-TERM TRACK RECORD OF BOOK VALUE GROWTH



* Impacted by Hurricane Matthew

** Impacted by Hurricane Irma

*** Impacted by Hurricane Michael

Source: Company Filings and SNL Financial

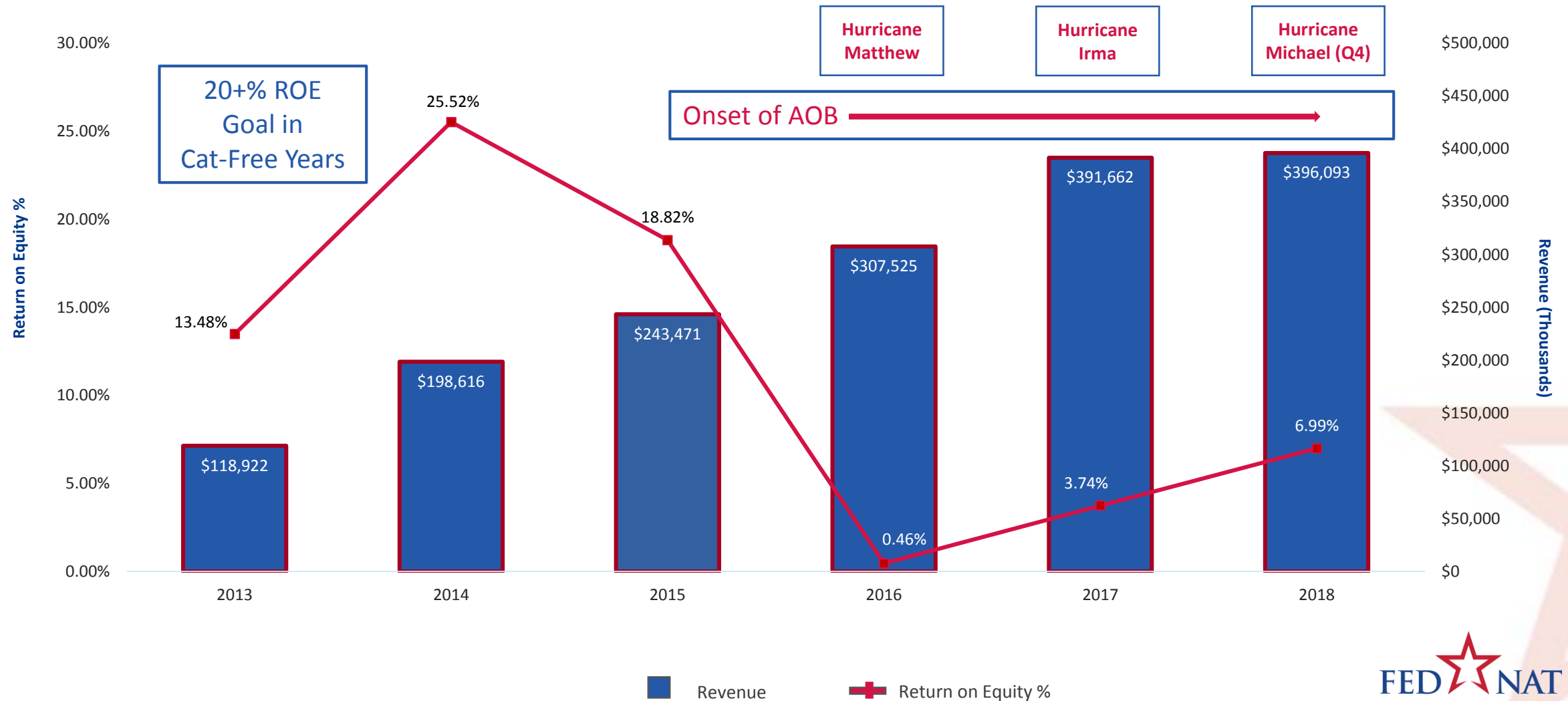
Note: Based on GAAP financial information



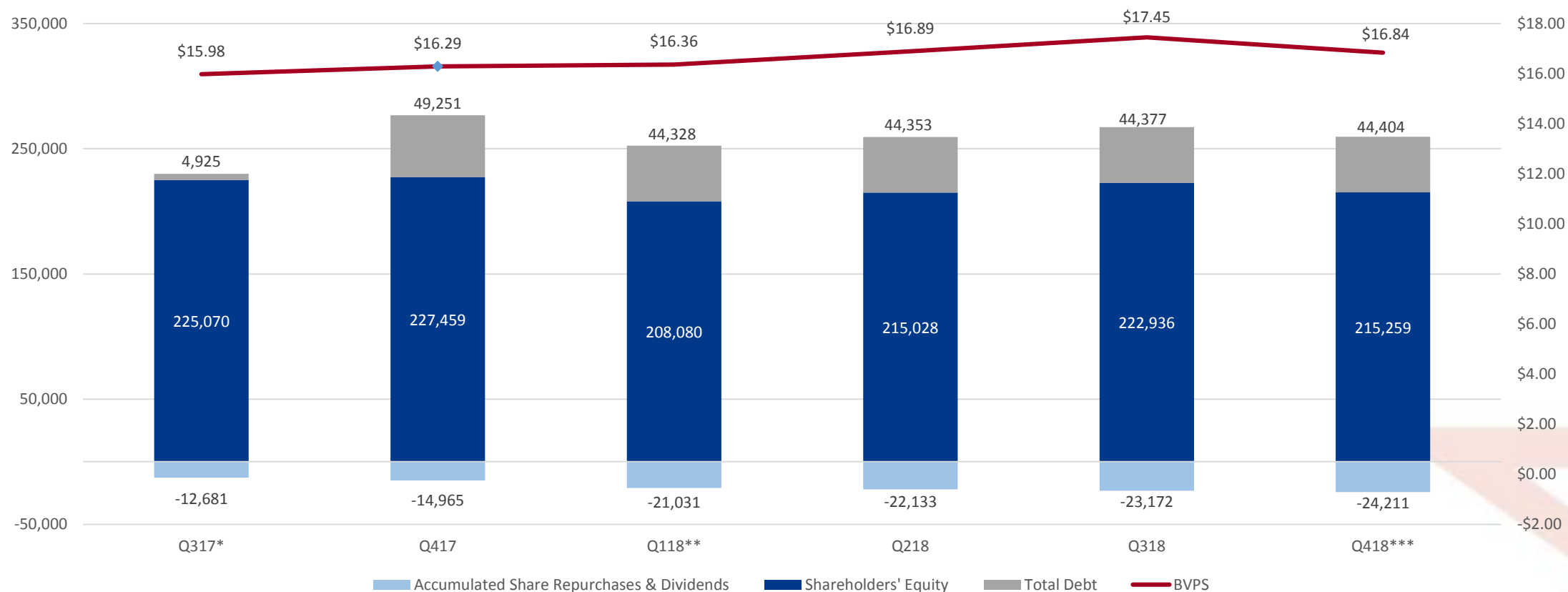
STRATEGIC EXECUTION DRIVING FORWARD EARNINGS MOMENTUM

- Execute on **Maison acquisition** and realize reinsurance as well as operational synergies
- Through Maison and existing book, continue to selectively **grow in neighboring coastal states**
- Delivering **improving ex-cat underwriting profitability** in core Florida Homeowners book
- Benefitting from **effective exposure management** resulting in **reduced hurricane exposure** and reinsurance costs
- Mitigating AOB headwind through **improved underwriting and claims management** as well as **implementation of Florida rate increases**
- **Exiting unprofitable non-core lines** (auto and commercial general liability)
- **Improving operating efficiency** and reducing expenses while **investing in technology**

GROWING THROUGH INDUSTRY HEADWINDS



EFFECTIVE CAPITAL MANAGEMENT



\$10M share repurchase program authorized in December 2018 is fully available for 2019

* Impacted by Hurricane Irma

** Acquired the non-controlling interest in Monarch National during 1Q18

*** Impacted by Hurricane Michael



ACQUISITION OF MAISON INSURANCE COMPANY AND RELATED ENTITIES

ACQUISITION SUMMARY

Transaction	<ul style="list-style-type: none">• FNHC will acquire the three operating subsidiaries of 1347 Property Insurance Holdings, Inc. (“1347 PIH”):<ul style="list-style-type: none">– Maison Insurance Company (“Maison”)– Maison Managers, Inc.– ClaimCor, LLC
Consideration Value	<ul style="list-style-type: none">• \$51 million paid to 1347 PIH plus an estimated \$15 million STAT capital infusion into Maison to replace existing surplus notes Maison will pay off at close<ul style="list-style-type: none">– \$25.5 million in cash– \$25.5 million in FNHC common stock (represents less than 10% of pro forma shares outstanding)• Minimum GAAP Equity of \$42 million and minimum STAT Surplus of \$29 million delivered at close• ~1.2x consolidated tangible GAAP book value at close• Represents potential internal rate of return in excess of 20%• Limited tangible book value dilution earned back in less than two years
Approvals and Timing	<ul style="list-style-type: none">• Anticipated close Q2 2019• 1347 PIH is entitled to a 30-day go-shop period subject to a \$2.165 million termination fee• Subject to certain closing conditions including receipt of regulatory approvals
Other Items	<ul style="list-style-type: none">• FNHC will retain nearly all employees, including Doug Raucy (Maison President & CEO) and Dean Stroud (Maison VP & Chief Underwriting Officer) who are entering into new employment agreements with FedNat• Five year ROFR agreement for 1347 PIH to participate in FedNat’s reinsurance program for up to 7.5% of any layer• Investment advisory agreement with 1347 PIH post closing

DEBT PRIVATE PLACEMENT SUMMARY

Summary	FNHC to issue \$100 million of ten year senior unsecured notes in an institutional private placement led by an existing lender. <i>Please see sources and uses to the right.</i>
Aggregate Principal	\$100 million ⁽¹⁾
Security Type	Senior Unsecured Notes due 2029
Coupon Rate	7.50%
Rating	Egan-Jones: BBB+
Call Schedule	<ul style="list-style-type: none"> Notes may be redeemed in whole or in part anytime prior to the fifth anniversary of issue (2024) at the applicable Treasury Rate plus 50bps On/after the fifth anniversary of issue (2024): 103.750% On /after the sixth anniversary of issue (2025): 101.875% On/after the seventh anniversary of issue and thereafter (2026): 100%
Coupon Rate Adjustment	The interest rate payable on the Notes will be subject to adjustment from time to time if, at any time, the Applicable Rating Agency downgrades or upgrades the credit rating assigned to the notes. The adjustments start if the rating falls below BBB-
Covenants	<ul style="list-style-type: none"> Debt / Total Capital must remain under 35% FNHC must only purchase reinsurance from reinsurers rated A- or better by A.M. Best or Standard and Poor's, unless such reinsurance limits have been fully collateralized by the applicable reinsurer If the acquisition is terminated the Company will be required to redeem \$50 million of the notes at 101.00% Change of Control put at 101.00%

Sources of Cash	
Senior Notes Offering	\$100.0M ⁽¹⁾
Total Sources of Cash	\$100.0M
Uses of Cash	
Cash Consideration for Acquisition	\$25.5M
STAT Capital Infusion into Maison	\$15.0M
Prepay Outstanding Senior Notes*	\$48.0M
Transaction Expenses	\$3.4M
General Corporate Purposes	\$8.1M
Total Uses of Cash	\$100.0M

*Total redemption amount - includes both principal and call premium

(1) As of the date of this release, the Company has received signed note purchase agreements for an aggregate of \$97 million of notes

TRANSACTION RATIONALE AND BENEFITS

Shareholder Financial Value Creation

- Immediately accretive to earnings per share
- Minimal book value per share dilution of less than 2%
- Tangible book value dilution anticipated to be earned back in less than two years
- Increases float of publicly traded shares

Diversification and Growth Opportunities

- Increases geographic diversification of book of business in Texas and Louisiana
- New distribution with direct access to non-Florida retail agents, which complements existing wholesale channel
- Additional carrier to monetize existing distribution channels within the Florida market

Reinsurance and Expense Synergies

- Realization of reinsurance cost savings estimated to be \$5 million annually pre-tax
- Generates additional scale with operating synergies and expense savings estimated to be 25% of Maison pre-tax G&A expenses annually (\$0.8 million in 2019 and \$3.3 million in 2020) before transaction integration costs

Limited Execution Risk

- Acquired new premium represents less than 20% of existing gross written premium volume
- Conservative estimate of reinsurance synergies following detailed analysis
- No new geographies / states
- No new product lines
- Minimal employee and system integration risk

Debt Offering Benefits

- Immediate reduction to weighted-average interest rate of approximately 170bps
- Eliminates floating rate risk on \$25 million of existing debt
- Substantial improvement in debt covenants
- Longer time horizon (10 years) provides greater stability

The background of the image is a stylized representation of the Florida state flag. It features a large, five-pointed blue star on the left side, set against a dark blue background. To the right of the star is a vertical red stripe. The text is positioned to the left of the star, overlapping the dark blue background.

**LEADER IN DYNAMIC FLORIDA
HOMEOWNERS MARKET**

LEADING POSITION IN FRAGMENTED FLORIDA MARKET

Market dominated by “specialists”, with limited national P&C carrier presence

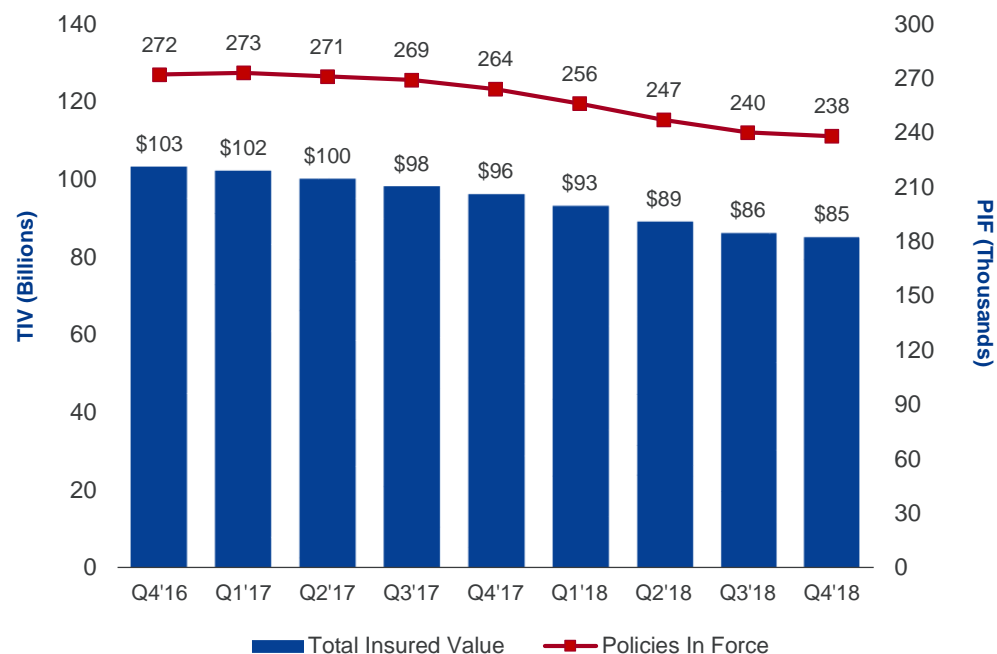
Rank	Insurer	2018 Q1 FL HO DWP (\$ mm)	FL HO Mkt Share (%)
1	Universal Insurance	995	10.5
2	Citizens Property Insurance	782	8.2
3	FedNat Insurance	444	4.7
4	Heritage Insurance	417	4.4
5	Security First Insurance	409	4.3
6	Homeowner's Choice Insurance	324	3.4
7	First Protective Insurance	310	3.3
8	American Integrity	309	3.3
9	St. John's Insurance	293	3.1
10	United Property Insurance	271	2.9
11	United Services Auto (USAA)	233	2.5
12	Florida Peninsula	120	2.4
13	Tower Hill Prime Insurance	224	2.4
14	People's Trust Insurance	222	2.3
15	ASI Preferred (Progressive)	176	1.9
16	Federal Insurance (Chubb)	174	1.8
17	AIG Property Casualty	152	1.6
18	Olympus Insurance	151	1.6
19	Safepoint Insurance	137	1.4
20	Tower Hill Signature	126	1.3
21	Privilege Underwriters	117	1.2
22	USAA Casualty	112	1.2
23	American Traditions	105	1.1
24	Gulfstream P&C Insurance	105	1.1
25	Family Security Insurance	104	1.1
	Others	2,575	27.1
	Total	\$9,497	100.0

- Nation's third largest state with 20 million people
- Projected to grow to 26 million by 2030
- \$9.4 billion Homeowners growing insurance market with strong home construction market throughout the state
- Highly fragmented market with national players comprising less than 20%, none with higher market share than FedNat
- FedNat's focus is on high quality, well-mitigated homes (built after 1994) – we have ~20% of homes in this class statewide
- With Citizens policies reduced by ~two-thirds since 2011, carriers pursuing geographic expansion and new products



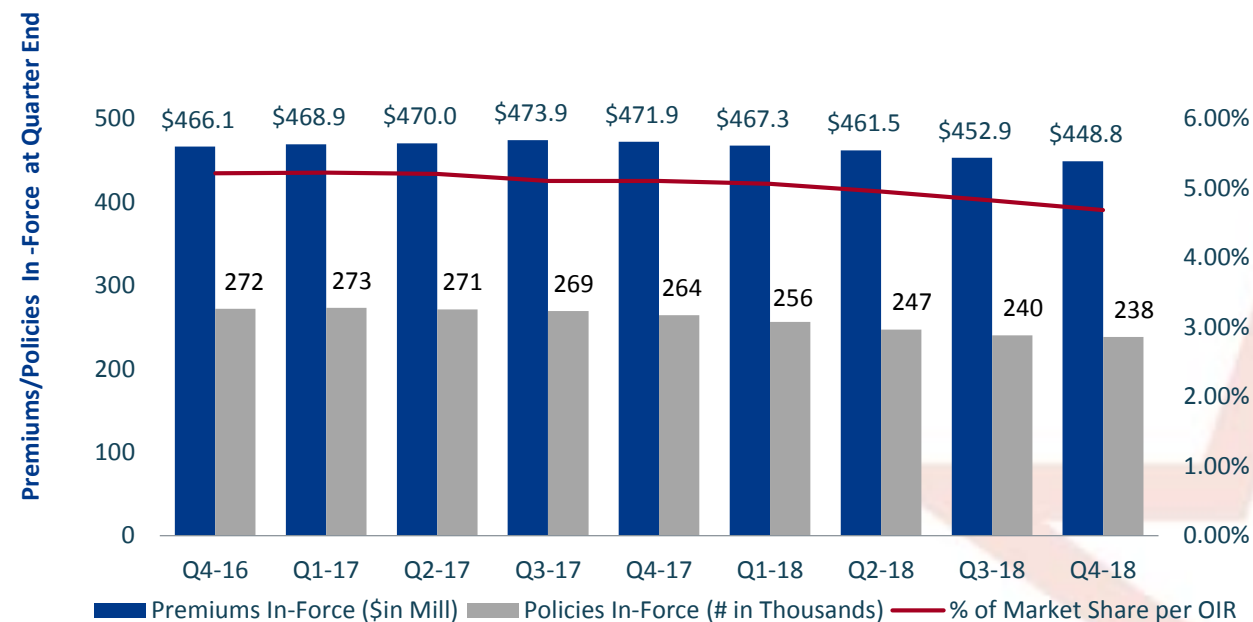
STRONG, PROFITABLE FLORIDA BOOK

FNIC Total Insured Value and Policies In-Force



FNIC Homeowners Florida Market Share

Premiums in Force and % Market Share



Disciplined underwriting driving increased profitability on flat premiums

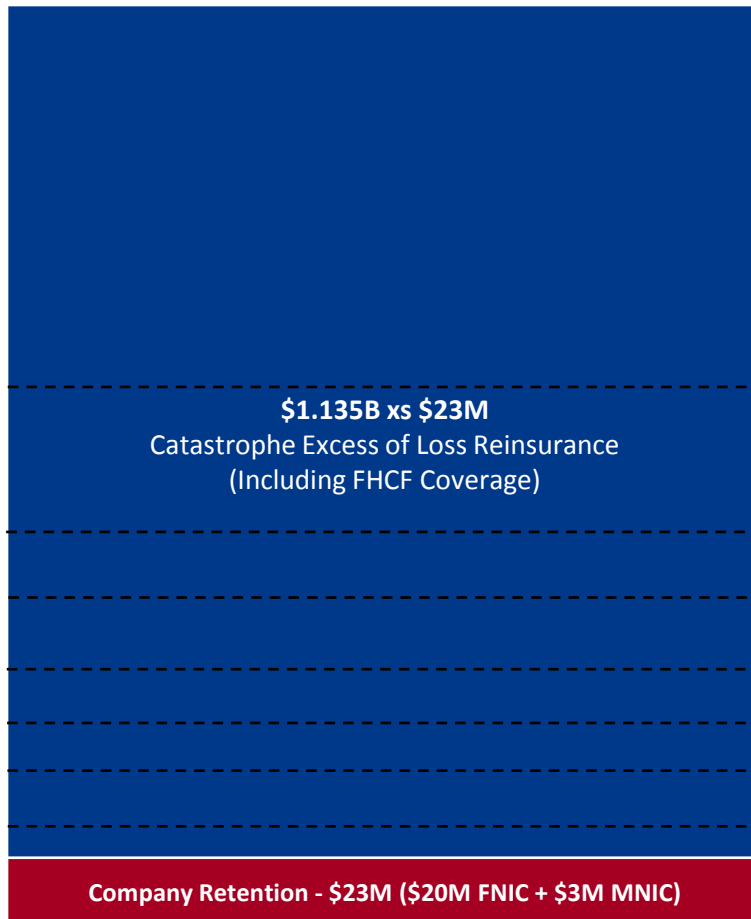
MANAGING HURRICANES IRMA AND MICHAEL

Two 1-in-10 year storm events in 13-month window

Hurricane Irma September 2017	Hurricane Michael October 2018
<ul style="list-style-type: none">• At the time, strongest hurricane to make US landfall in over a decade• Estimated gross losses at \$695M with a \$21M retention• 40K+ received, over 96% closed• \$20M in claims handling revenue and brokerage income• Recovered 95%+ of our net retention, resulting in less than (\$1M) after-tax net impact from the storm	<ul style="list-style-type: none">• Strongest hurricane on record to hit the Florida Panhandle• Estimated gross losses at \$275M with a \$23M retention• FNIC writes ~10% of the TIV in Bay and Gulf Country• 5.5K+ received, over 70% closed• CAT claims handling income has been lower than Irma (low frequency, high severity event)

2018-2019 REINSURANCE STRUCTURE

FNIC/ MNIC COMBINED



\$1.365B
172 Yr
Florida Only
RMS Long Term
With Loss Amplification

Hurricane Irma: \$633.5M (44 yr RT)
Ultimate loss estimate

Multiple Events 2004*: \$495.0M (30 yr RT)
Recast Event: RMS v17 & AIR v5 average

Multiple Events 2005: \$446.0M (26 yr RT)**
Recast Event: RMS v17 & AIR v5 average

Hurricane Michael: \$275.0M (15 yr RT)
Ultimate loss Estimate

Hurricane Andrew: \$257.0M (14 yr RT)

Hurricane Wilma: \$203.0M (10 yr RT)

Hurricane Matthew: \$45.7M (5 yr RT)

1st Event Florida (\$1.024B, 9/30/18P)
100 year RMS LT+DS RP)

*2004 Events: Charley, Frances, Ivan & Jeanne
**2005 Events: Dennis, Katrina, Rita & Wilma
Structure based on FHCF limit at time of purchase
Event losses are combined FNIC + MNIC totals

REINSURANCE PARTNERS



PartnerRe



SUCCESSFULLY MITIGATING AOB

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

FedNat's AOB Strategy

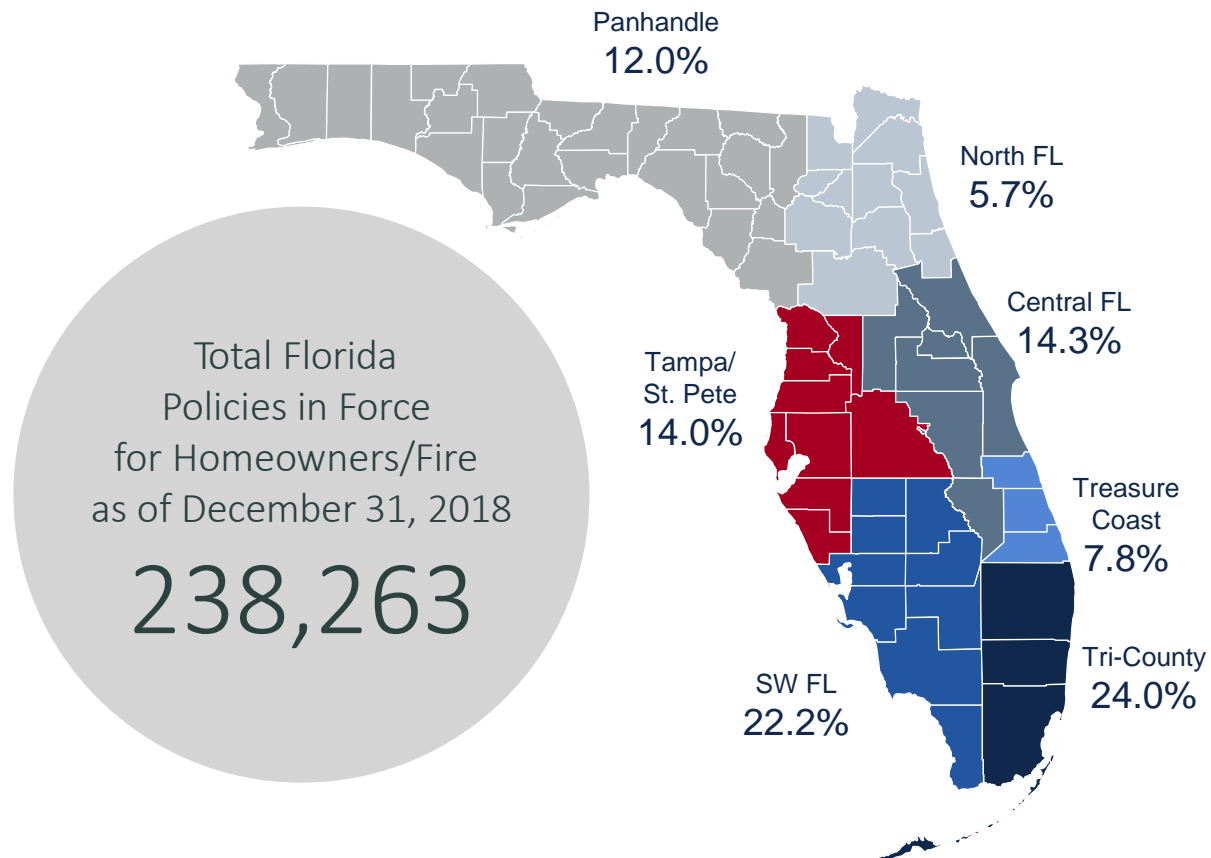
- Achieved aggregate 21+% compounded homeowners rate increase, since 2017, including 4.6% rate increase expected to be effective in April 2019
- Proactive management, training and engagement
- Educating policyholders and agents on reporting claims upon occurrence
- Analyze expected costs and work directly with AOB contractors and preferred FNHC vendors to arrive at a fair payment, or invoke policy appraisal clause
- Reducing litigation and mitigation expense risk
 - Aggressively pursuing Alternative Dispute Resolution practices
 - FNHC instituted FL OIR approved policy language changes that restrict emergency mitigation expenses



POSITIONING FOR GROWTH

BROADENING FLORIDA PENETRATION

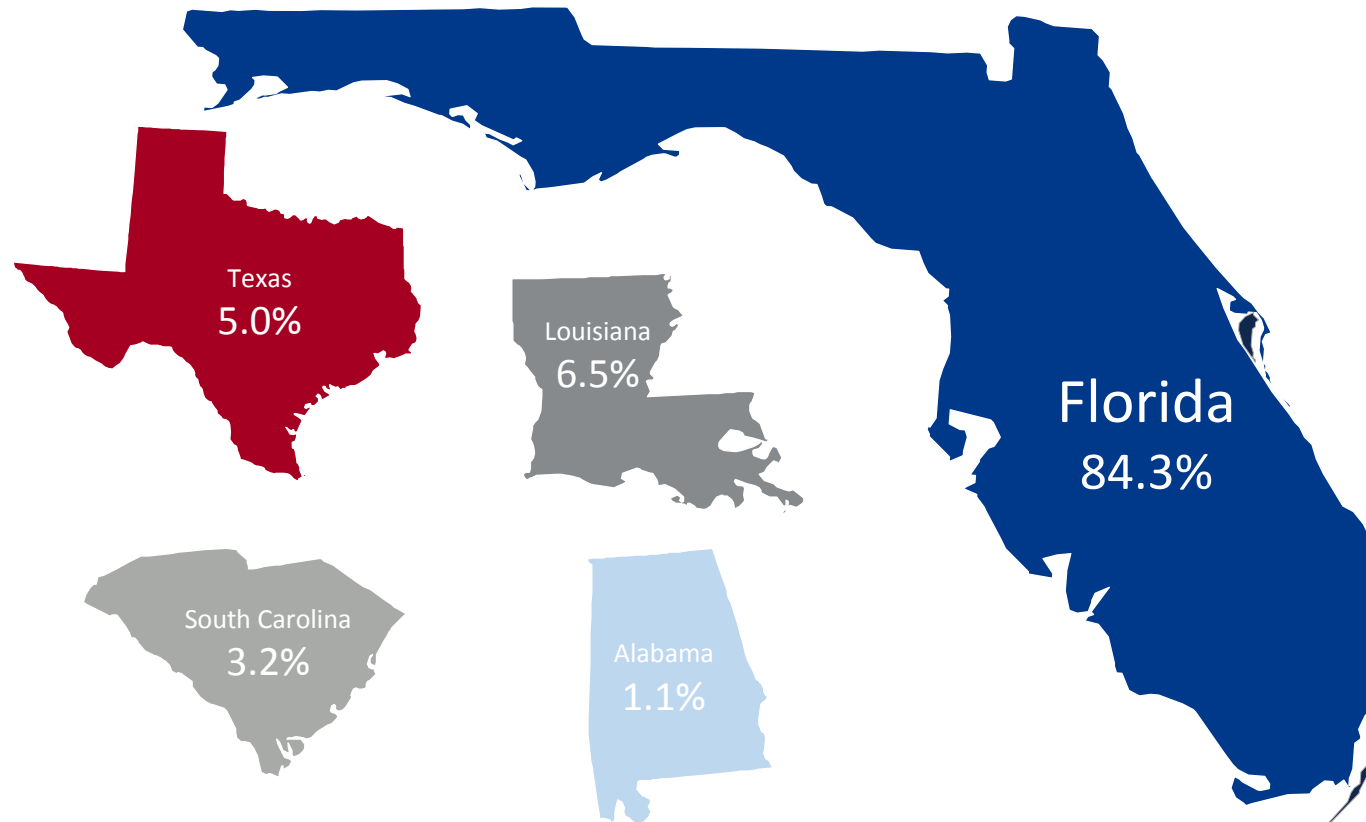
FedNat Insurance Company – Florida Market for Homeowners



- 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

COASTAL STATE DIVERSIFICATION - Homeowners

FedNat In-Force Policy Counts - Regionally



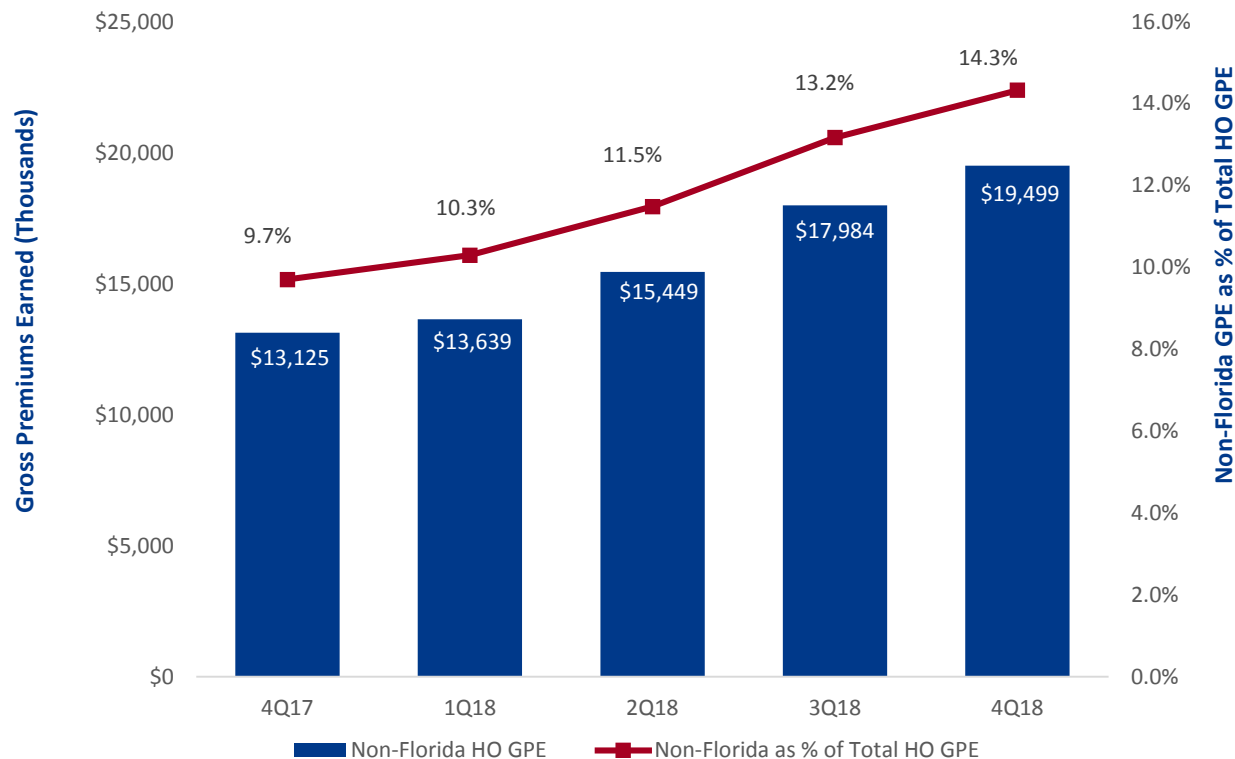
- Limited to Gulf and Atlantic coastal states offering P&C policies
- Focus on hurricane zones 1 and 2 where need is greatest
- Leveraging best practices developed over our 25+ years of experience
- Organic growth via voluntary business distributed through partner managing general underwriter and national carrier affiliations

Note: Based on homeowners/fire lines of business

NON-FLORIDA BOOK'S OUTPERFORMANCE

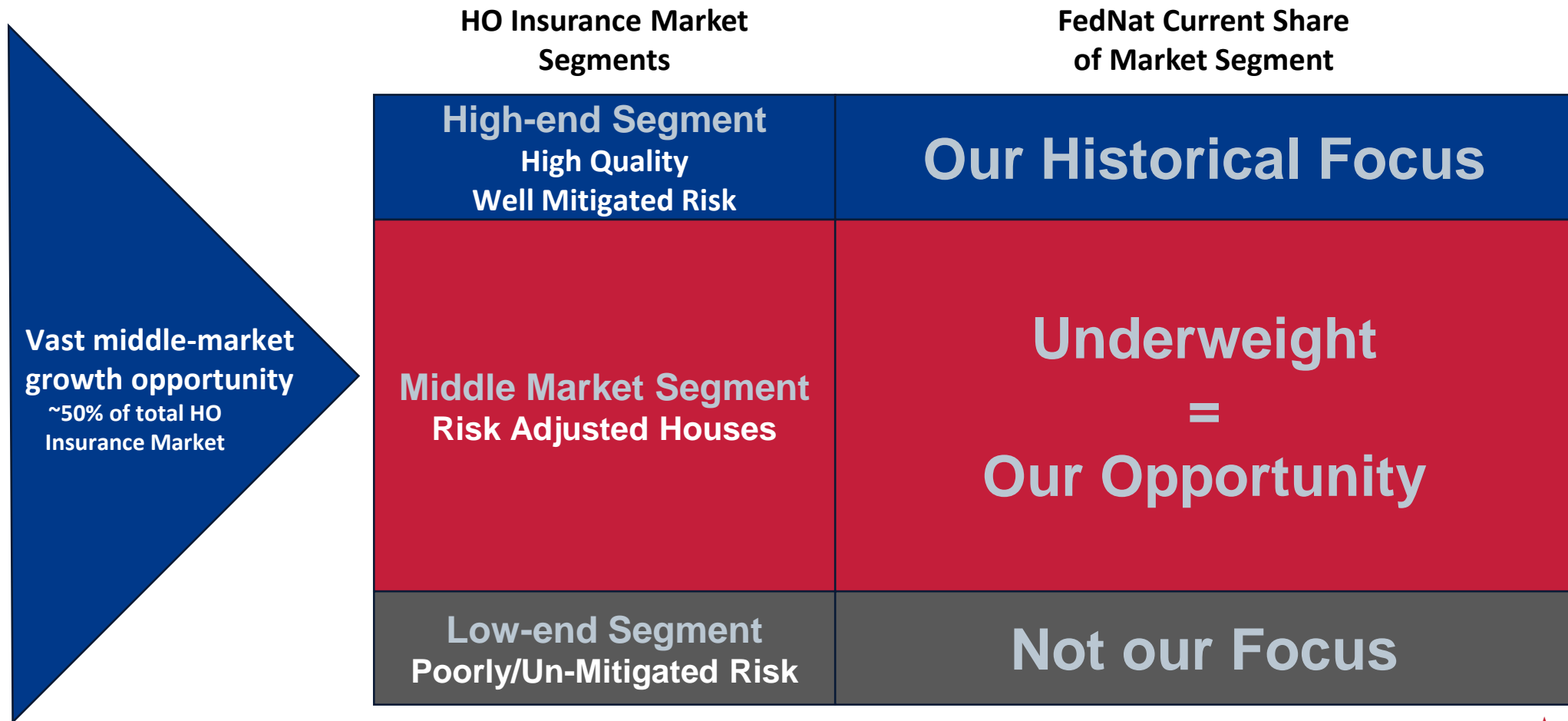
Homeowners non-Florida Gross Premiums Earned

GPE and % of Total HO GPE



- Gaining market share in Texas, Louisiana, South Carolina and Alabama
- Gross written premiums increased 52% to ~\$22 million in Q418
- In-force policies grew to 44,000 as of December 31, 2018

MONARCH AND MAISON: MIDDLE MARKET OPPORTUNITY



EXIT FROM NON-CORE LINES OF BUSINESS

Automobile

- All regulatory approvals received
- Largest remaining block transferred via novation agreement effective August 1
- Immaterial amount of GWP and GPE in 2019

Commercial General Liability

- All regulatory approvals received
- Slower run-off than Auto due to annual policies
- No projected GEP by end of 2019
- \$1.8M of Unearned Premium Reserves as of December 31
- Expect declining NEP through 2Q19 (was \$1.6M in 4Q18)

UNDERWRITING & EXPOSURE MANAGEMENT

A large, stylized blue star graphic is centered on a dark blue background. The star has a layered, 3D effect with a lighter blue outline. To the right of the star, a bright red triangle points towards the top right corner of the image.

DISCIPLINED UNDERWRITING APPROACH

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

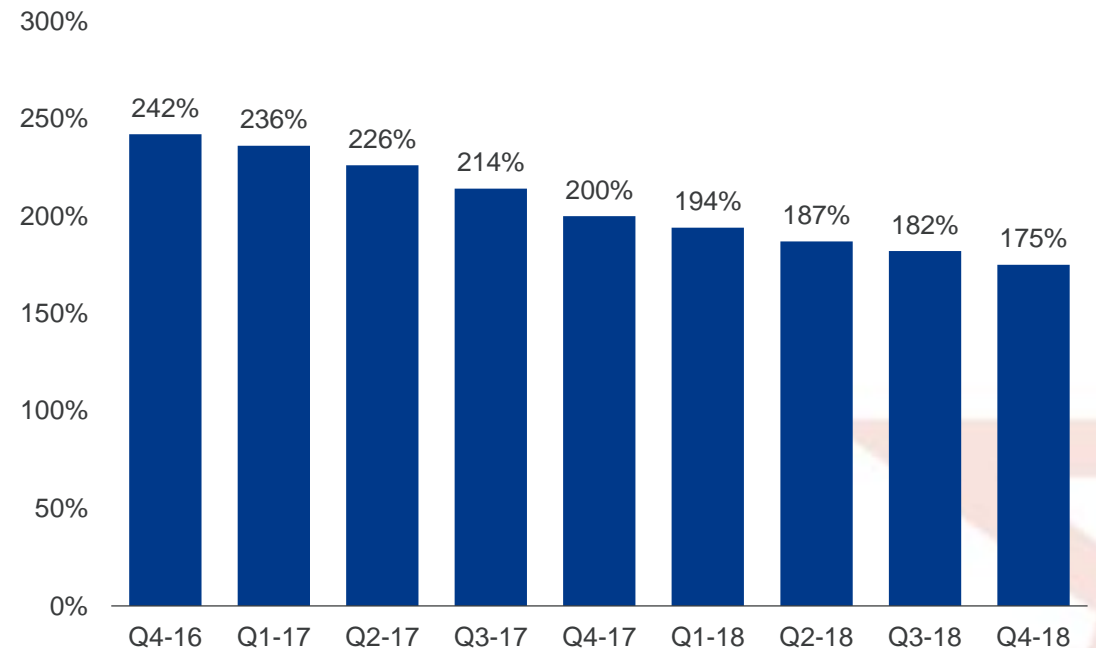
- Focus on properties with more advanced wind / hurricane mitigation features and lower All Other Peril (non-catastrophe) losses
- Generalized Linear Model ("GLM") used to derive pre-quote pass/fail position based on each risk's associated expenses, CAT and non-CAT exposure, cost of capital and risk concentration
 - 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

BENEFITTING FROM RIGOROUS EXPOSURE MANAGEMENT

Excess-of-Loss Cat Reinsurance

- Over \$30M lower spend for the treaty year ending 6/30/19 versus the preceding period
- Homeowners ceded premium ratio for catastrophe coverage was reduced 5 points to 29%
- Same purchasing methodology and level of coverage as preceding years

All States 1-in-100 Year Probable Maximum Loss / In-Force Premium (“PML to Premium”)



Notes: PML modeled using average of AIR and RMS.
Includes Monarch National from Q1-18 forward.
Assumptions: LT, No LA, No SS

FINANCIAL OVERVIEW

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RECENT FINANCIAL & OPERATING HIGHLIGHTS

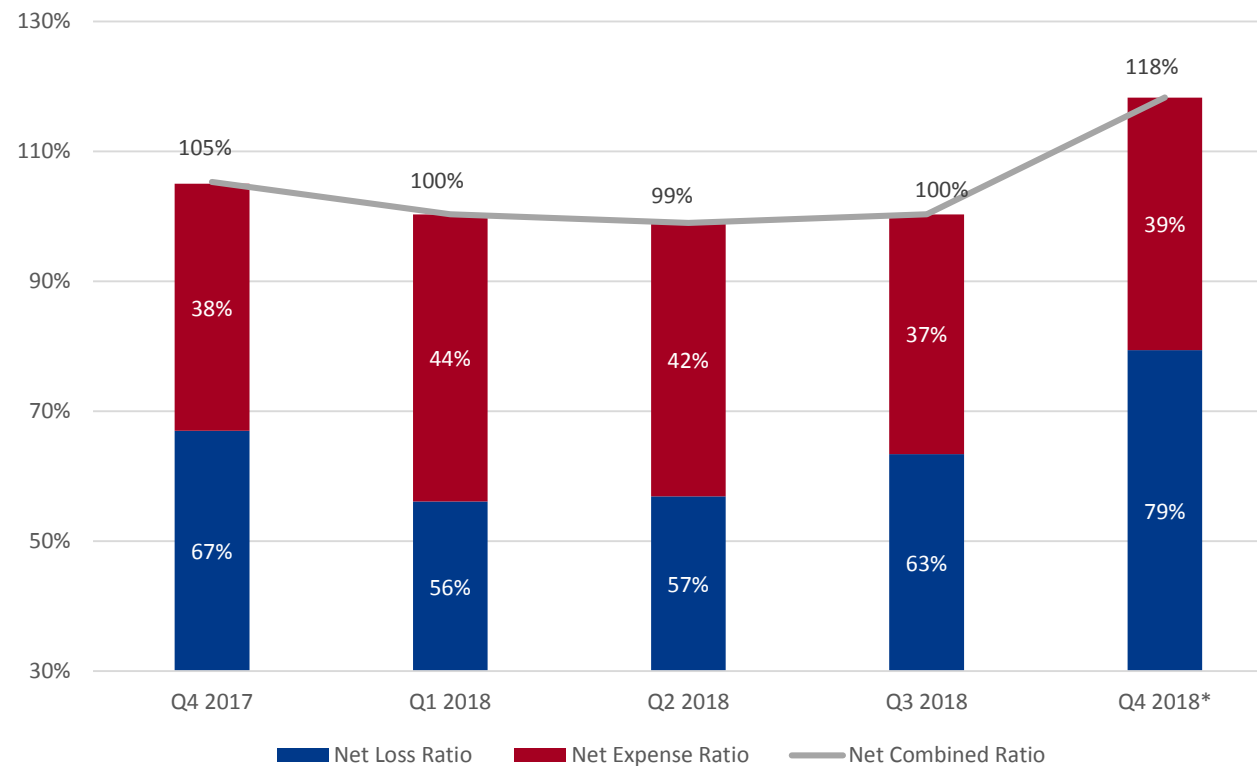
(in thousands)	4Q17	1Q18	2Q18	3Q18	4Q18*
Income Statement Data:					
Gross Premiums Written	\$133,892	\$134,395	\$166,734	\$139,022	\$127,613
Net Premiums Earned	87,503	82,109	83,557	98,493	91,098
Net Investment Income	2,773	2,943	2,978	3,137	3,402
Pre-Tax Income (Loss)	9,567	9,616	12,016	10,970	(12,394)
Net Income (Loss)	6,296	7,463	8,820	7,950	(9,305)
Diluted Earnings Per Share	\$0.48	\$0.58	\$0.69	\$0.62	(\$0.73)
Balance Sheet Data:					
Cash and Investments	530,249	506,861	532,084	518,395	515,948
Shareholders Equity	211,637	208,080	215,028	222,936	215,259
Book Value per Share	\$16.29	\$16.36	\$16.89	\$17.45	\$16.84
Financial Ratios:					
Net Loss Ratio	67.3%	56.1%	56.9%	63.4%	79.4%
Net Expense Ratio	38.0%	44.2%	42.1%	36.9%	38.9%
Net Combined Ratio	105.3%	100.3%	99.0%	100.3%	118.3%

Q4 Notes/Highlights

- Homeowners net earned premiums increased 11% over 4Q17 driven by lower catastrophe reinsurance spend and strong non-Florida premium growth (up 49%)
- Q4-18 EPS would have been (\$0.43), excluding investment losses and \$0.86, excluding Hurricane Michael as well.
- 93% year-over-year EPS growth to \$1.16. Excluding investment gains and losses, 2018 earnings of \$18.0 million were up 658% from 2017.
- Holding company liquidity of \$53 million as of December 31
- Expense initiatives taking hold
- \$23.0 million of claims from Hurricane Michael represents 25 points on combined ratio and \$1.29 per share, net of related claims handling revenue

* Impact from Hurricane Michael was \$22 million, pre-tax, net of related claims handling revenue, and approximately \$16.5 million, after-tax.

IMPROVING UNDERWRITING PROFITABILITY



Steady improvement in net combined ratio for the last four quarters, ex-weather; Stable net loss and expense ratio

* Impacted by Hurricane Michael which represents 25 percentage points on the net loss & combined ratios.

EXIT FROM NON-CORE LINES DRIVING MEANINGFUL EARNINGS IMPROVEMENT

	Q4 2017				Q3 2018				Q4 2018			
	HO	Auto	Other	Consolidated	HO	Auto	Other	Consolidated	HO	Auto	Other	Consolidated
Total Revenue	\$87,606	\$6,149	\$7,997	\$101,752	\$100,616	\$2,332	\$7,884	\$110,832	\$95,357	\$289	\$796	\$96,442
Costs and expenses:												
Losses and loss adjustment expenses	47,345	7,633	3,896	58,874	56,856	2,609	2,992	62,457	64,634	4,840	2,844	72,318
All other expenses	29,254	2,035	2,022	33,311	32,834	1,620	2,951	37,405	32,537	780	3,201	36,518
Total costs and expenses	76,599	9,668	5,918	92,185	89,690	4,229	5,943	99,862	97,171	5,620	6,045	108,836
Income before income taxes	11,007	(3,519)	2,079	9,567	10,926	(1,897)	1,941	10,970	(1,814)	(5,331)	(5,249)	(12,394)
Income taxes	4,246	(1,358)	1,055	3,943	2,768	(481)	733	3,020	(460)	(1,351)	(1,278)	(3,089)
Net income	6,761	(2,161)	1,024	5,624	8,158	(1,416)	1,208	7,950	(1,354)	(3,980)	(3,971)	(9,305)
Net loss attributable to noncontrolling interest	(672)	-	-	(672)	-	-	-	-	-	-	-	-
Net income attributable to FNHC shareholders	\$7,433	(\$2,161)	\$1,024	\$6,296	\$8,158	(\$1,416)	\$1,208	\$7,950	(\$1,354)*	(\$3,980)	(\$3,971)	(\$9,305)

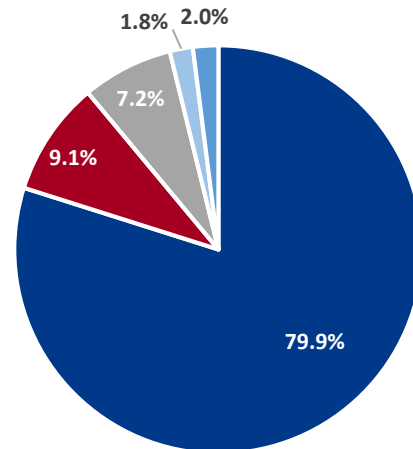
Excluding Hurricane Michael, Homeowners made \$15.1M in 4Q18.

* Hurricane Michael impacted losses by \$22 million, and net income by approximately \$16.5 million.

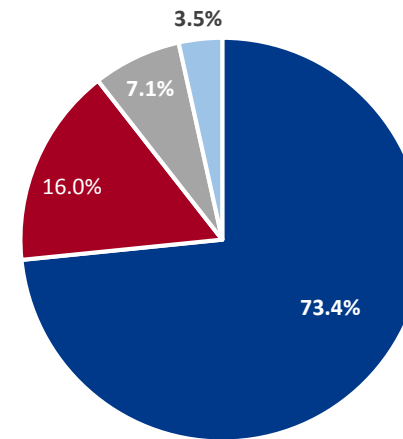
FAVORABLE PREMIUM COMPOSITION

2017

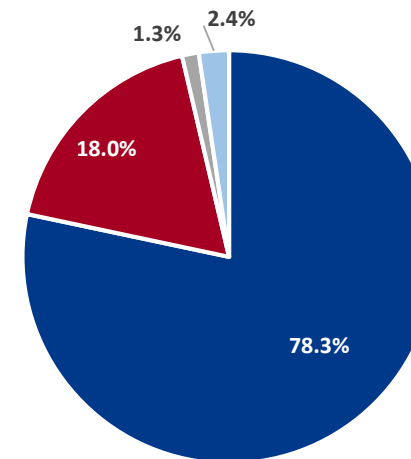
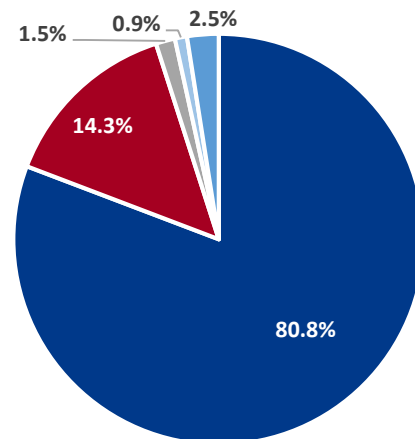
Gross Premiums Written



Net Premiums Earned

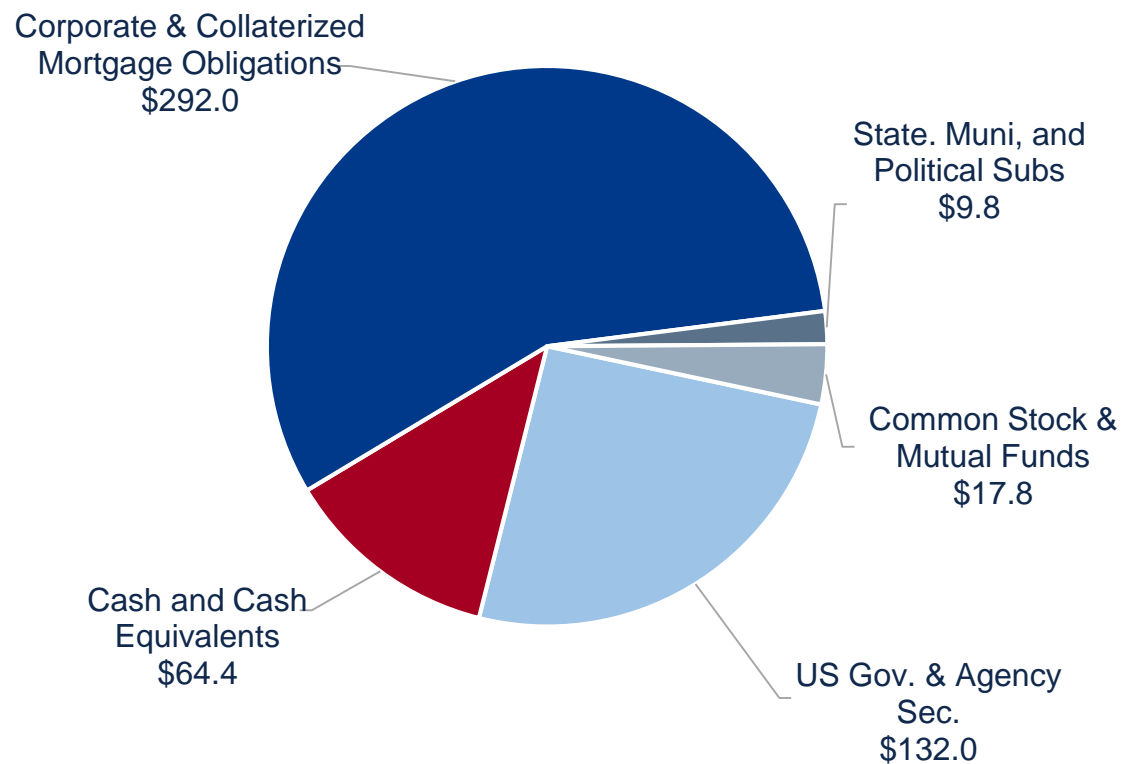


2018



- Florida Homeowners
- Non-Florida Homeowners
- Auto
- CGL
- Other

INVESTMENT PORTFOLIO COMPOSITION



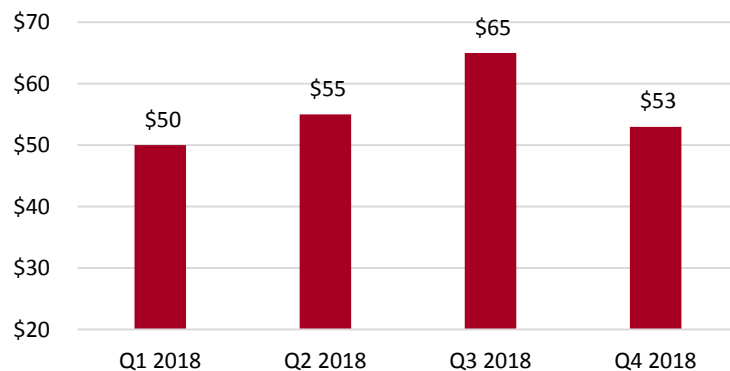
as of December 31, 2018
(in millions)

- Designed to preserve capital, maximize after-tax investment income, maintain liquidity and minimize risk
- As of 12/31/2018, 97.9% of the Company's fixed income portfolio was rated investment grade
 - Average duration: 4.2 years
 - Composite rating: A- (S&P Composite)
 - YTM: 3.66%
 - Book yield: 3.30%
- Historical total returns on cash and investments as of 12/31/2018
 - 1 Year: 0.53%
 - 2 Years: 2.18%

LIQUIDITY & LEVERAGE

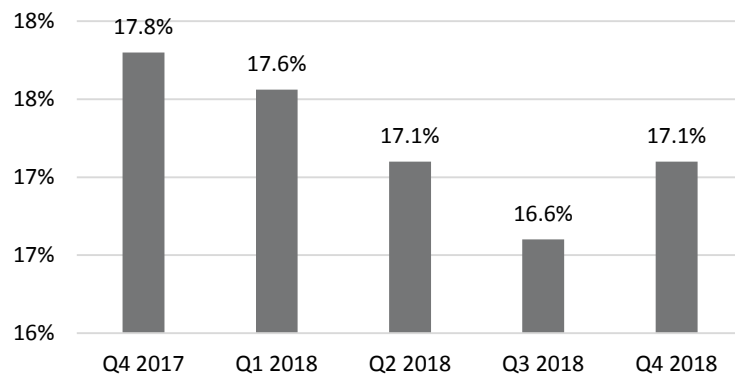
Non-insurance Liquidity

\$ in millions



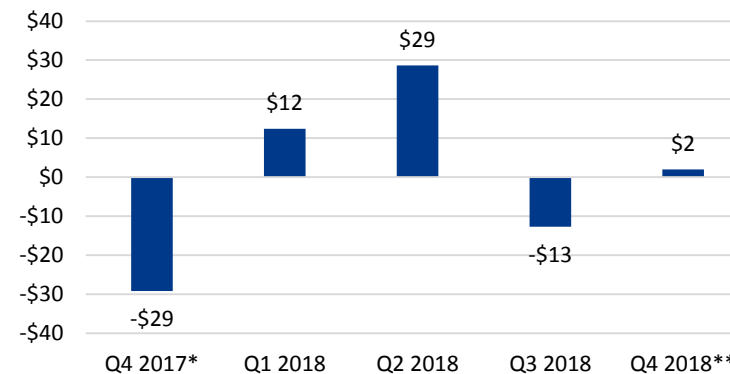
Financial Leverage

Debt/Capital



Cash Flow from Operations

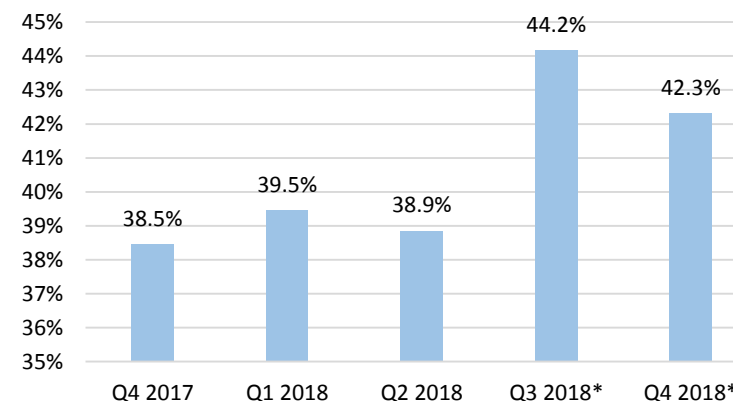
\$ in millions



* Impacted by Hurricane Irma. ** Impacted by Hurricane Michael.

Underwriting Leverage

NPE/Equity



* Driven by lower catastrophe program expense.

FORWARD FINANCIAL MOMENTUM

Incremental drivers of earnings growth into 2019:

- Implementation of Maison's operations and execution on reinsurance and operational synergies
- Homeowners net earned premiums will benefit from three key factors:
 - Rate increase of 4.6% expected to be effective on 4/20/19, approved by OIR
 - Rate increase of 10% effective 8/1/17 now being fully earned
 - Continued Non-Florida gross premiums growth – up 48% in 2018
- Lower ceded premiums as a result of new re-insurance program
 - 10% less hurricane exposure
 - 5 points lower ceded premium ratio (34% down to 29%)
 - Represents over \$30 million of catastrophe reinsurance costs savings over the coming treaty year
- Financial savings and benefits of operating efficiency initiatives
 - Reduced staffing by 105 in 2018
 - \$1.5M per quarter run-rate savings
- Reduced losses from unprofitable Auto and CGL business lines
- AOB mitigation efforts

CORE EARNINGS POWER

	Pre-Tax	After-Tax
4Q18, as reported	(\$12,394)	(\$9,305)
Exclude:		
Hurricane Michael	22,000	16,423
Claims handling fee income & salvage & subrogation	(5,000)	(3,733)
Non-core adverse development	6,000	4,479
Severance costs	500	373
Investment losses	5,060	3,778
“Normalized” quarter	\$16,166	\$12,015

Normalized 4Q18 earnings drive core business ROE of over 20%



Why FNHC?

- Leading operator in complex, fragmented market
 - Long-term track record and management expertise
 - Excellent brand reputation and agent network (including Allstate, GEICO)
 - Florida market ripe for consolidation
- Strategic focus and execution driving earnings momentum
 - Maison acquisition expected to be accretive to 2019 earnings
 - Underwriting profitability trends improving
 - In-market and coastal state expansion underway
 - Expense ratios coming down as operating efficiencies take hold
 - Exit of non-core lines nearing completion
- Strong balance sheet supports effective capital management strategy

Questions?

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