

# 2024 INVESTOR DAY

DECEMBER 4, 2024

**ACIC** AMERICAN COASTAL  
INSURANCE CORPORATION

American Coastal Insurance Corporation

# Forward- Looking Statements

Statements made in this presentation that are not historical facts are “forward-looking statements”. The Company believes these statements are based on reasonable estimates, assumptions and plans. However, if the estimates, assumptions, or plans underlying the forward-looking statements prove inaccurate or if other risks or uncertainties arise, actual results could differ materially from those expressed in, or implied by, the forward-looking statements. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements do not relate strictly to historical or current facts and may be identified by their use of words such as “may,” “will,” “expect,” “endeavor,” “project,” “believe,” “plan,” “anticipate,” “intend,” “could,” “would,” “estimate” or “continue” or the negative variations thereof or comparable terminology. Factors that could cause actual results to differ materially may be found in the Company's filings with the U.S. Securities and Exchange Commission, in the “Risk Factors” section in the Company's most recent Annual Report on Form 10-K and subsequent Quarterly Reports on Form 10-Q. Forward-looking statements speak only as of the date on which they are made, and, except as required by applicable law, the Company undertakes no obligation to update or revise any forward-looking statements.

American Coastal Insurance Corporation

# Management



**Dan Peed**

Chairman & CEO



**Brad Martz**

President & Former CFO



**Chris Griffith**

COO & CIO

American Coastal Insurance Corporation

# Management



**Brooke Adler**  
General Counsel



**Svetlana Castle**  
CFO



**Andy Gray**  
Chief Compliance & Risk Officer

# Corporate Overview

American Coastal Insurance Corporation® (ACIC) is a holding company that underwrites commercial residential property insurance policies in Florida through its wholly owned subsidiary, American Coastal Insurance Company (AmCoastal), founded in 2007.

AmCoastal has the #1 market share in commercial residential property insurance (commercial lines) in Florida with roughly 4,000 policies and \$646 million of premium in-force as of September 30, 2024.



## Key Metrics

Nasdaq Ticker:	ACIC
Stock Price (12/3/2024):	\$13.27 per share
Market Cap:	\$640 M
*Net Premiums Earned:	\$270M to \$280M
*Net Income from Continuing Operations:	\$75M to \$80M
Kroll Credit Rating:	BB+
Headquarters:	St. Petersburg, FL
Employees:	65

\*Guidance for FY 2024. Please see full year guidance on slide 25.



# Our P&C Carriers

**\$636 M**

2023  
Continuing Operations  
Direct Premiums Written



**Specialty  
Commercial  
Property**



**Specialty  
Homeowners**



*Executed definitive agreements to divest  
of IIC; discontinued operations.*



Our commercial lines business, underwritten by AmCoastal, continues to demonstrate its resilience by posting an underwriting profit for the 17th consecutive year since its formation in 2007.



# Strategic Transformation

July  
2020

## Dan Peed appointed as Chairman & CEO

Seeking to de-risk the Company's struggling personal lines business and allocate more resources towards our consistently profitable commercial lines segment.

2022

## Personal lines business placed into run-off

### *Underwriting Initiatives*

*Increased rates, began non-renewing risks, and reduced exposure by selling large portions of its personal lines business in seven states to a third-party carrier.*

March  
2023

## Disposal of United P&C Ins. Co. (UPC)

UPC ordered into receivership in early 2023.

Aug  
2023

## Rebrand to American Coastal

The Company began trading on NASDAQ under ticker 'ACIC' on August 15, 2023.

2024

## Divest of IIC

Executed definitive agreements to divest Interboro Insurance Company; anticipate closing during the first quarter of 2025.

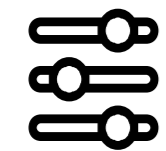
Our commercial lines business underwritten by AmCoastal has produced exceptional results over the long-term, which we expect to continue. **It is our primary focus going forward.**

# Investment Thesis



## Recently Completed Strategic Transformation

A compelling investment opportunity in a unique niche market.



### Deep Underwriting Expertise

Sophisticated multi-model underwriting & best-in-industry data capture capabilities.



### AmRisc – an Exclusive Partnership

The leading commercial property managing general agent (MGA) in the U.S.



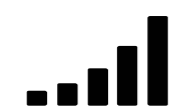
### Above-average Risk Characteristics

Focusing on low-rise and garden-style condominium buildings.



### Strong Reinsurance Support

Low retention minimizes potential volatility from potential hurricane losses.



### Consistent Profitability<sup>1</sup>

Pre-tax income (10-year average) of \$52.7 M with an attritional loss & LAE ratio of 8.5%.



### Favorable Market Conditions

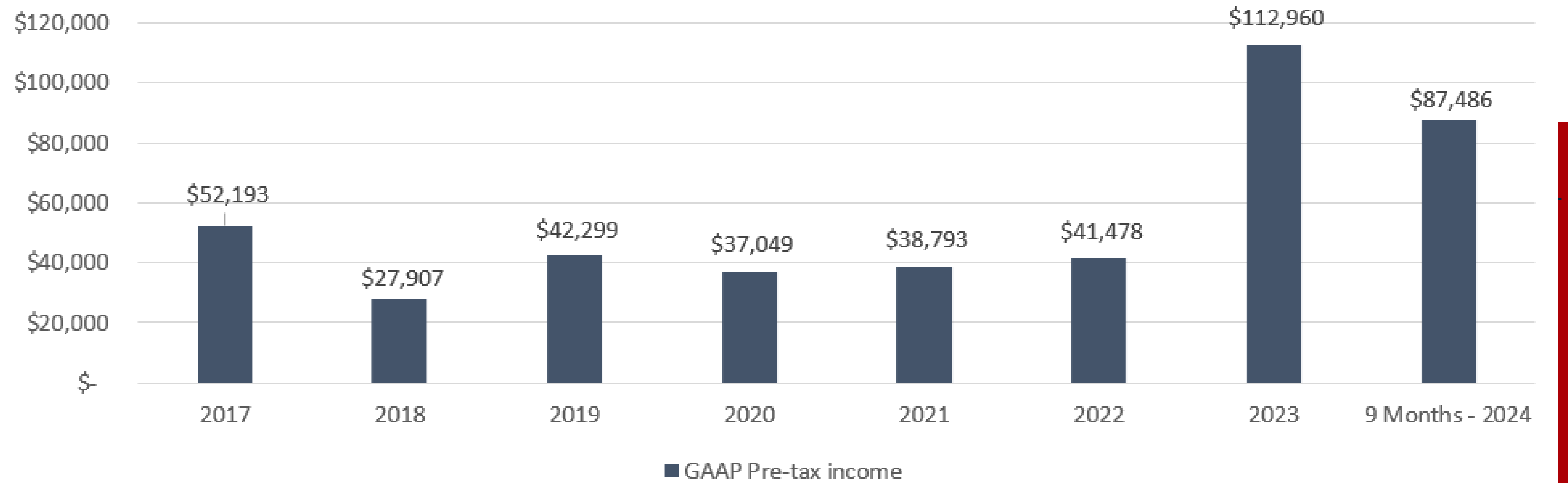
Compounding rate increases YOY, positioning ACIC for future profitable growth.

<sup>1</sup> GAAP results for AmCoastal only



# Profitability Metrics Reset in 2023

GAAP Pre-tax Income\*  
(\$ in thousands)



**PROFITABILITY HAS  
SHIFTED HIGHER IN THE  
RECENT HARD MARKET**

**PROFITABLE EVERY  
YEAR SINCE INCEPTION**

Inclusive of all major  
hurricane losses

Hurricane Irma

Hurricane Michael

Hurricane Sally

Hurricane Ian

\*Reflects GAAP pre-tax income from American Coastal Insurance Company



American Coastal Insurance Corporation

# Exclusive Partnership



A Subsidiary of Truist Insurance Holdings  
6<sup>th</sup> largest insurance Broker in the U.S.  
7<sup>th</sup> largest insurance broker in the world



**Exclusive MGA Agreement for the Admitted Commercial Residential Condominium Association Market in Florida**

Distribution, underwriting, policy issuance, inspection, claims services and portfolio management



**American Coastal provides underwriting strategy, direction and pricing targets to AmRisc.**

AmRisc was founded by ACIC  
Chairman & CEO, Dan Peed, in 2000.

American Coastal Insurance Corporation

# Underwriting Strategy

**\$ 14.3 M**

Average insured value per policy

Focus on habitational commercial residential property in Florida.

Underwriting profitability is job #1

Target risk is Florida low-rise, garden-style condo buildings

Exposure managed via 3<sup>rd</sup> party catastrophe modeling software

Maintain low net retention of catastrophe risk vs. expected annual earnings

*Aiming to achieve predictable risk and profitability of each potential policy.*

Flexible, judgement-based pricing for most risks

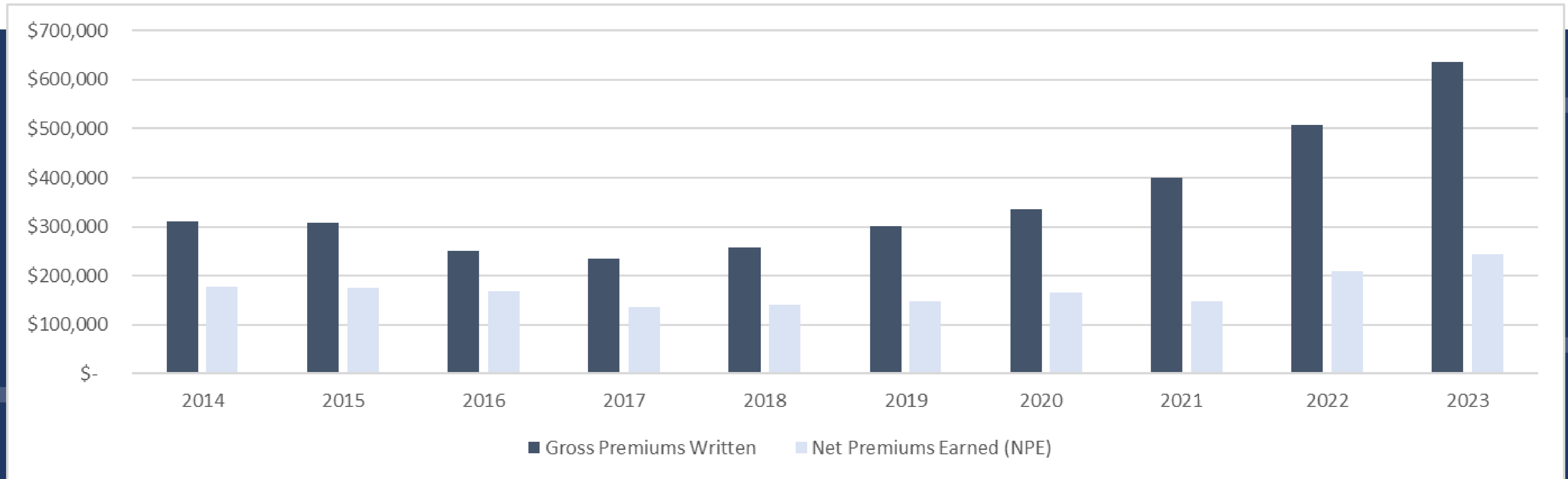
Cover physical damage to the condo building (no contents, flood, or liability)

Exclusive distribution with AmRisc in the Florida admitted market

Long-term reinsurance relationships supporting risk transfer strategy

# Underwriting Discipline

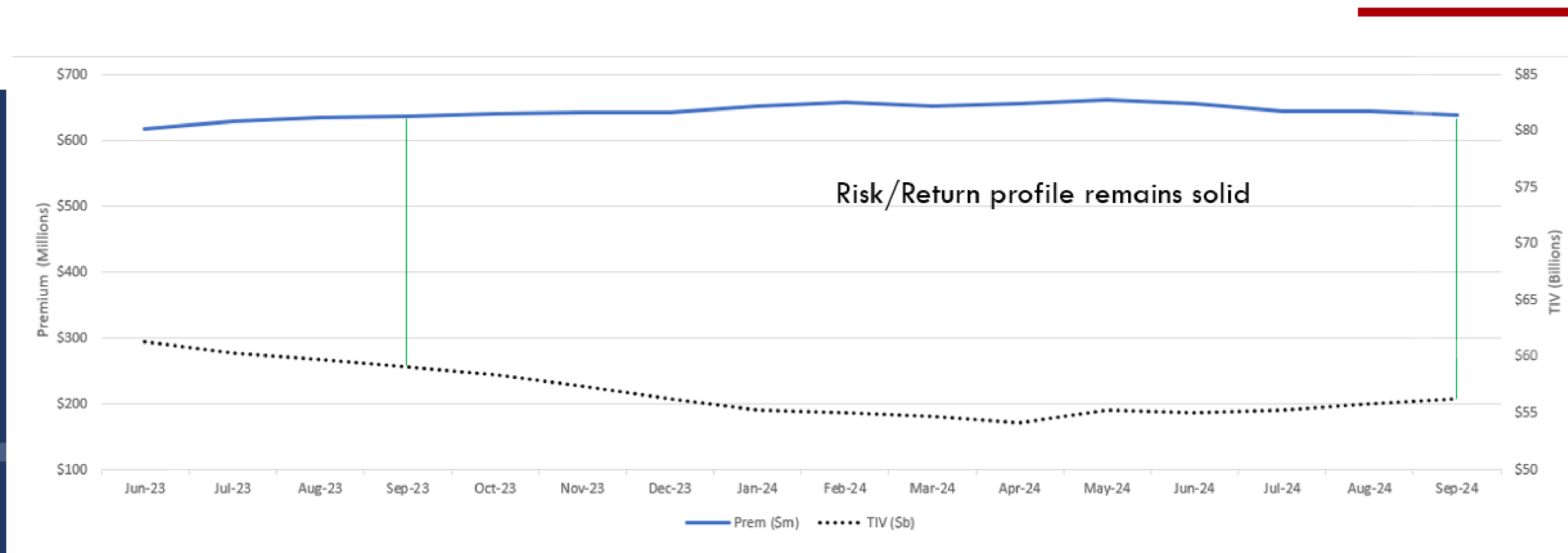
The Florida property insurance market has experienced several hard and soft market cycles since our inception in 2007. AmCoastal has a strong track record of taking appropriate underwriting action to ensure sustainability and profitability.



# Favorable Underwriting Trends

## Hard Market Conditions

Achieving record rate levels relative to total insured values along with higher deductibles.



# Retention Trends



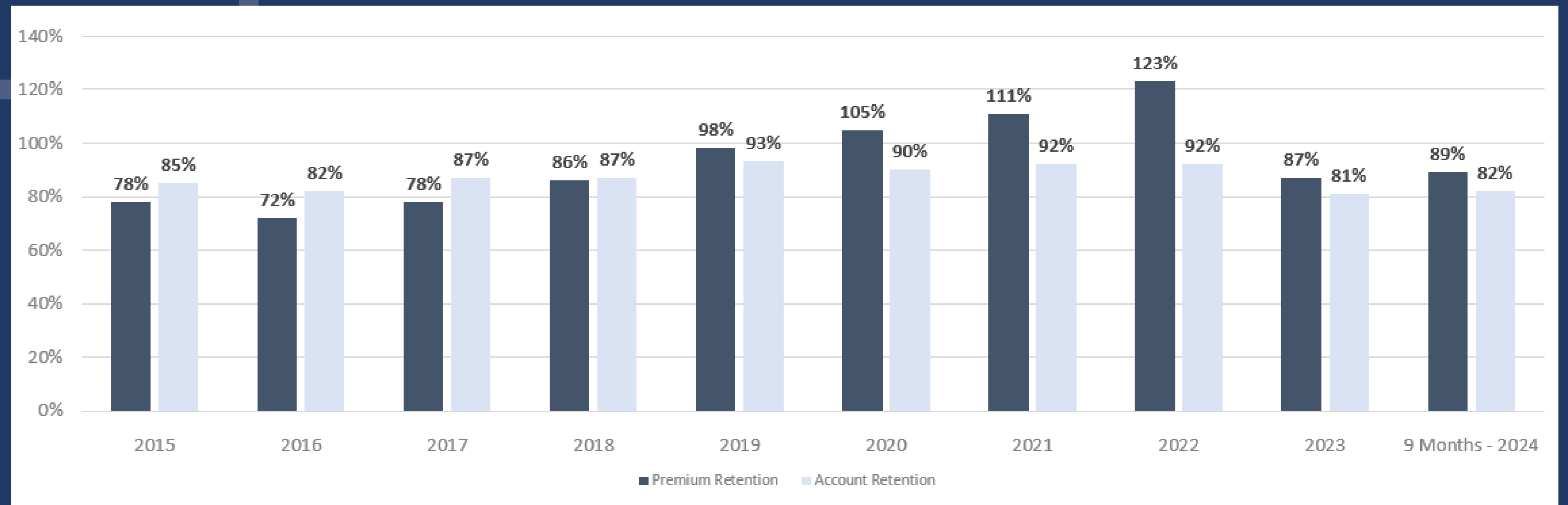
At September 30, 2024, account retention was near our target of 85% and submission volume remains strong.

**87.4%**

Premium Retention in 2023

**81.3%**

Account Retention in 2023



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# Core CAT Reinsurance



Named Windstorm Protection



Our core catastrophe reinsurance program provides protection against hurricanes and tropical storms, named or numbered by the National Hurricane Center, as part of our catastrophe management strategy, which is intended to provide our stockholders an acceptable return on the risks assumed in our property business, and to reduce variability of earnings, while providing protection to our policyholders.

We have long-term relationships with a diversified panel of highly rated reinsurers and fully collateralized reinsurance providers that help ensure continuity of our risk transfer strategy over time.

Catastrophe reinsurance 1st event coverage up to

**\$1.3 billion**

from named or numbered windstorms

First event retention limited to:

**\$20.5 million**

Second and third event retention limited to:

**\$13.0 million**

Effective

Jun 1, 2024 – May 31, 2025



## Secondary Perils Protection



All other perils (AOP) catastrophe reinsurance provides protection from catastrophe loss events other than named windstorms such as hailstorms, tornados, and other severe convective storm events.



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# AOP CAT Reinsurance

up to **\$100 million**  
on the first & second events

AOP CAT retention generally limited to:

**\$14.5 million**  
on the first & second events



**Effective**  
**Jan 1, 2024 – Dec 31, 2024**



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# Excess Per Risk Reinsurance



Non-catastrophe Protection



Our excess per risk reinsurance protection is designed to limit our losses from non-catastrophe perils including, but not limited to, fire, water damage (excluding flood), sinkhole, and collapse on a per building or per policy basis.



Non-catastrophe reinsurance coverage up to:

**\$60 million**

Non-catastrophe retention per risk generally limited to:

**\$6.5 million**

**Effective**  
**Feb 1, 2024 – Jan 31, 2025**

Approximately **\$20 million**  
of written premiums in 2025

# New Apartment Program

On October 27, 2024, we completed our first Citizens assumption, assuming 87 policies with approximately \$10.7 million of expiring premium. This includes 14 apartment policies, kicking off our new apartment program.



Similar to our Condo book of business, we plan to target garden style apartment buildings and complexes, with a TIV of \$5 million to \$55 million.

Distribution through wholesale brokerage channels, with underwriting and policy management through our wholly-owned MGU, Skyway Underwriters. We believe these risks belong in the admitted market, not the E&S market that most reside in today.

Market Opportunity of **\$100 to \$200 million**  
in annual premium by Year 5.

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# Skyway Underwriters

In tandem with the launch of our apartment program, we've developed capabilities to underwrite and manage policies through our wholly-owned MGU, Skyway Underwriters.

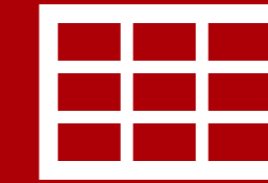
Skyway Underwriters licenses and completed development of a no-code policy administration system to launch with our apartment product.

The system is versatile and scalable with our strategic growth goals.



American Coastal Insurance Corporation

# The Numbers



**01.**

**Financial  
Results**

**03.**

**Select Balance  
Sheet Data**

**02.**

**Profitability**

# Consolidated Financial Results



Q3 2024

Core Return on Equity

**53.8%**

*based on GAAP earnings from  
continuing operations, net of tax*

*Return on equity is calculated on an annualized basis by dividing the core income for the period by the average stockholders' equity for the trailing twelve months.*

\$ in millions, except per share data	Three Months Ended			Nine Months Ended		
	2024	2023	% Chg.	September 30, 2024	2023	% Chg.
Gross Premiums Written	\$93	\$94	(1.0)%	\$507	\$507	(0.1)%
Gross Premiums Earned	\$160	\$158	1.5%	\$476	\$446	6.8%
Net Premiums Earned	\$74	\$50	48.2%	\$200	\$213	(5.8)%
Total Revenue	\$82	\$53	56.4%	\$217	\$213	2.0%
Total Expenses	\$46	\$34	34.6%	\$127	\$138	(8.5)%
*Core Income	\$27	\$16	73.6%	\$71	\$74	(4.8)%
*Core Income Per Diluted Share	\$0.54	\$0.35	54.3%	\$1.44	\$1.70	(15.3)%
Book Value per Share				\$5.38	\$2.78	93.5%

*Prior year financial results have been reclassified to reflect continuing and discontinued operations appropriately.*

*\*Core income and core income per diluted share, both of which are measures that are not based on GAAP, are reconciled above to net income and net income per diluted share, respectively, the most directly comparable GAAP measures. Additional information regarding non-GAAP financial measures presented in this press release can be found in the "Definitions of Non-GAAP Measures" section, on slide 25.*

# Q3'24 Combined Ratio



Loss Ratio

**15.8%**

63.5% IIC



Expense Ratio

**41.9%**

35.8% IIC



Combined Ratio

**57.7%**

99.3% IIC

*Executed definitive agreements to divest of Interboro Insurance Company and the Company anticipates closing in the first quarter of 2025.*

*IIC is now included in discontinued operations.*

# Select Balance Sheet Data

## Improving Capitalization = Growth Opportunity

We have resumed underwriting new commercial business after several years of shrinking due to capital constraints.

<i>\$ in millions</i>	September 30, 2024	December 31, 2023
Total Investments	\$330	\$155
Cash and Cash Equivalents	\$183	\$139
Cash & Investments	\$513	\$294
Total Assets	\$1,144	\$1,062
Unpaid Losses & LAE	\$173	\$348
Notes Payable	\$149	\$149
Total Liabilities	\$884	\$894
Total Stockholders' Equity	\$260	\$169
Total Liabilities and Stockholders' Equity	\$1,144	\$1,062

*Consolidated Balance Sheet components have been reclassified to reflect continuing and discontinued operations appropriately.*

# 2024 Guidance

As of November 6, 2024



## Net Income from Continuing Operations<sup>1</sup>

**\$75M to \$80M**  
(11.9)% to (6.1)%

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vs. \$85.2M in FY2023



## Net Premiums Earned

**\$270M to \$280M**  
+3.0% to +6.8%

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vs. \$262.1M in FY2023

<sup>1</sup>Estimates include net incurred losses of \$16.2 million, net of tax impacts, from Hurricane Milton impacting current year earnings and approximately \$5 million of additional ceded premiums earned impacting current year net premiums earned, whereas ACIC did not incur any hurricane losses or reinsurance reinstatement premiums in 2023.



# 2025 Guidance

As of December 4, 2024



**Net Income from Continuing  
Operations<sup>1</sup>**

**\$70M to \$90M**  
(9.0)% to 16.1%

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vs. Est. \$75M-\$80M in FY2024



**Net Premiums Earned<sup>1</sup>**

**\$290M to \$320M**  
+5.5% to +16.4%

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vs. Est. \$270M-\$280M in FY2024

<sup>1</sup>Percent Change estimates based on midpoint of 2024 full year guidance estimates.

# Capital Allocation

## Debt

- In the long-term, we plan to target a 20% to 25% debt to total capital ratio.
- We plan to reduce, but not fully eliminate our long-term debt upon maturity.

## Equity

- When management believes ACIC stock is undervalued, we may participate in stock buybacks.
- Where the Company determines prudent, we may issue further shares to raise capital in lieu of debt issuance.

## Dividends

- When our capital position is in excess of our projected needs, particularly, when we experience lower catastrophe losses than what management considers to be a typical year, a special dividend may be declared for shareholders.
- As a catastrophe exposed underwriter, we believe this approach provides the Company with a stronger capital position than a regular quarterly dividend.
- We are happy to announce our Board of Directors declared a special cash dividend of \$0.50 per share of common stock payable on January 10, 2025, to shareholders of record on January 2, 2025.



# QUESTION & ANSWER

2024 INVESTOR DAY



**ACIC** AMERICAN COASTAL  
INSURANCE CORPORATION

American Coastal Insurance Corporation

# Contact Us



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# Definitions of Non-GAAP Measures and Discontinued Operations

## Definitions of Non-GAAP Measures

The Company believes that investors' understanding of ACIC's performance is enhanced by the Company's disclosure of the following non-GAAP measures. The Company's methods for calculating these measures may differ from those used by other companies and therefore comparability may be limited.

**Core return on equity** is a non-GAAP ratio calculated using non-GAAP measures. It is calculated by dividing the core income (loss) for the period by the average stockholders' equity for the trailing twelve months (or one quarter of such average, in the case of quarterly periods). Core income (loss) is an after-tax non-GAAP measure that is calculated by excluding from net income (loss) the effect of income (loss) from discontinued operations, net of tax, non-cash amortization of intangible assets, including goodwill, unrealized gains or losses on the Company's equity security investments and net realized gains or losses on the Company's investment portfolio. In the opinion of the Company's management, core income (loss), core income (loss) per share and core return on equity are meaningful indicators to investors of the Company's underwriting and operating results, since the excluded items are not necessarily indicative of operating trends. Internally, the Company's management uses core income (loss), core income (loss) per share and core return on equity to evaluate performance against historical results and establish financial targets on a consolidated basis. The most directly comparable GAAP measure is return on equity. The core return on equity measure should not be considered a substitute for return on equity and does not reflect the overall profitability of the Company's business.

## Discontinued Operations

On May 9, 2024, the Company entered into the Sale Agreement with Forza Insurance Holdings, LLC ("Forza") in which ACIC will sell and Forza will acquire 100% of the issued and outstanding stock of the Company's subsidiary, IIC. In addition, on February 27, 2023, the Florida Department of Financial Services was appointed as a receiver of the Company's former subsidiary, UPC. As such, prior year financial results and Consolidated Balance Sheet components have been reclassified to reflect continuing and discontinued operations appropriately.