

# INVESTOR PRESENTATION

2024 AIFA CONFERENCE | MARCH 3 – 5, 2024

*American Coastal*<sup>▲</sup>  
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, including amendments. 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.

# 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 4,200 policies and \$643 million of premium in-force as of December 31, 2023.



## Key Metrics

Nasdaq Ticker:	ACIC
Stock Price (2/28/2024):	\$13.95 per share
Market Cap:	\$638 M
*Revenue:	\$287 M
*Net Income from Continuing Operations:	\$82 M
Kroll Credit Rating:	BB+
Headquarters:	St. Petersburg, FL
Employees:	70

\*Full Year Ended December 31, 2023



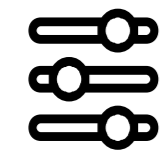
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# Investment Thesis



## 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.



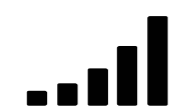
### Above-average Risk Characteristics

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 avg. >50% YOY, positioning ACIC for future profitable growth.

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

# 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

### *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.*

## Personal lines business placed into run-off

March  
2023

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

UPC ordered into receivership in early 2023; acceleration of personal lines run-off.

Aug  
2023

## Rebrand to American Coastal

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

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.

**\$670 M** 2023  
Direct Premiums Written

# Our P&C Carriers



**Specialty  
Commercial  
Property**



**Specialty  
Homeowners**



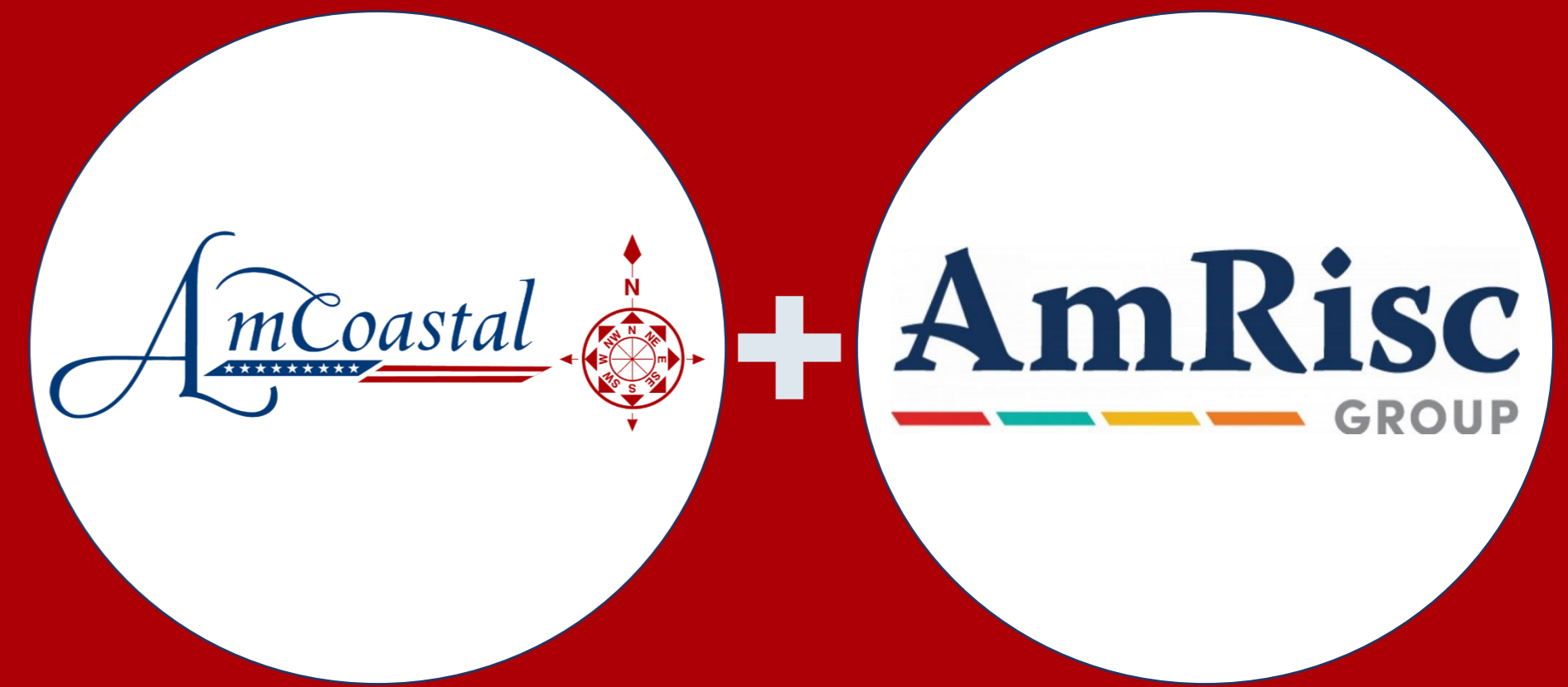
*Pending cash sale of  
Interboro ownership.*



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.



# Partnership Overview



## F U N C T I O N S

### AmCoastal (Carrier)

- › Accounting and actuarial
- › Product design and filings
- › Underwriting strategy
- › Direction and pricing targets
- › Reinsurance design and execution
- › Risk management and risk tolerance
- › Claims authority for all large claims (over \$500k)
- › Claims resulting in litigation or extra-contractual costs
- › Regulatory compliance and legal services
- › Rating agency reviews and interactions
- › ACIC Board of Directors and executive officer oversight

### AmRisc (MGA)

- › Distribution and production from agents
  - › Retail (32%); Wholesale (68%)
- › Application of AmCoastal underwriting guidelines, rates and rules
  - › with binding authority
- › Claims
  - › Sub-contracted field adjusters and TPA services
  - › Claims authority (up to pre-determined authority levels)
  - › Management of claims activities; monthly reporting
  - › Refers above-authority claims to AmCoastal's claims team
- › Portfolio management, including:
  - › Catastrophe modeling and PML / AAL monitoring
  - › Optimization of risk and return metrics

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# Exclusive Partnership



**AmRisc**  
GROUP

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 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.

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# Underwriting Strategy

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

**\$ 13.8 M**

Average insured value per policy

**\$ 153 K**

Average annual premium per policy

Focus on habitational commercial residential property in Florida.

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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

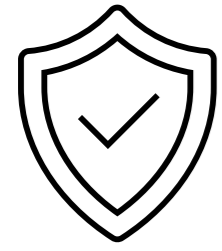
Hurricane catastrophe retention limited to:

**\$12.3 million**

on the first & second events

Effective

Jun 1, 2023 – May 31, 2024



## 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:

**\$5.3 million**  
on the first & second events



**Effective**  
**January 1, 2024 –**  
**December 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:

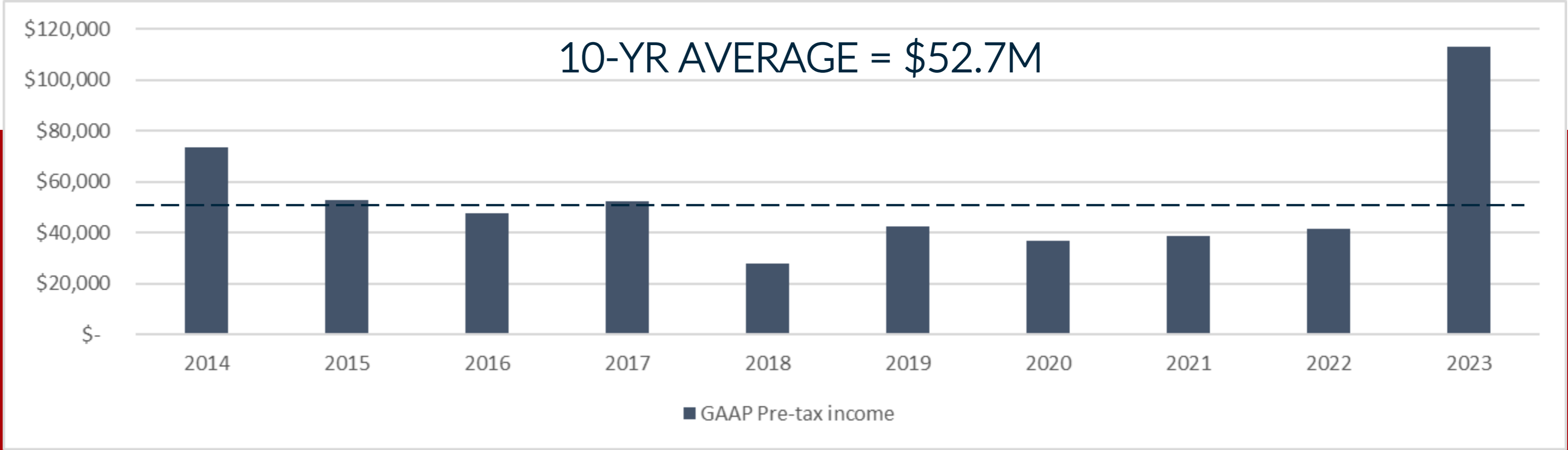
**\$5.5 million**

Effective

Feb. 1, 2024 – Jan. 31, 2025

# Long-Term Profitability

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



**PROFITABLE EVERY YEAR SINCE INCEPTION**

Inclusive of all major hurricane losses

Hurricane Irma

Hurricane Michael

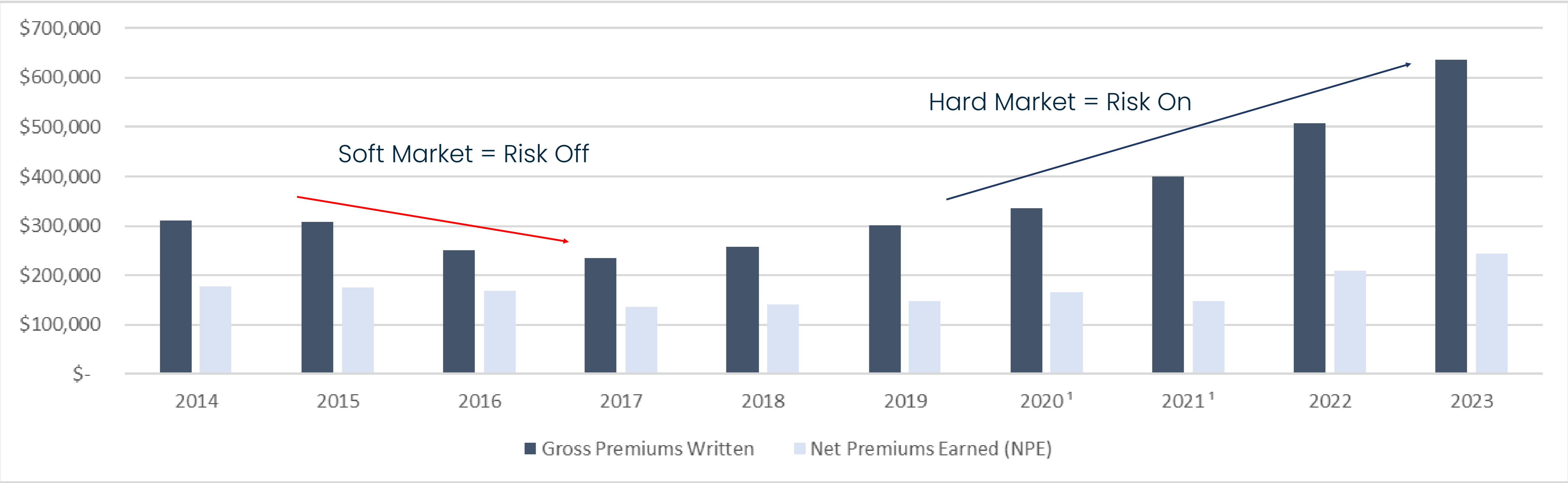
Hurricane Sally

Hurricane Ian

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

# Underwriting Discipline

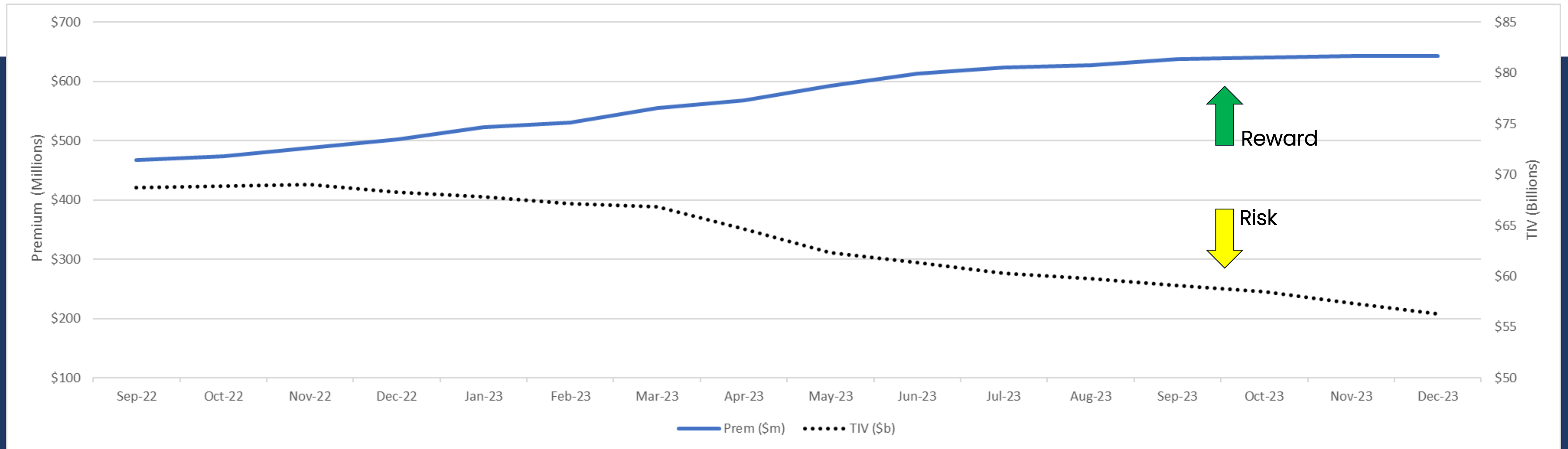
The Florida property insurance market has experienced several hard and soft market cycles since our inception in 2007. AmCoastal has a good track record of taking appropriate underwriting action to ensure sustainability and profitability.



# Favorable Underwriting Trends

## Hard Market Conditions

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



# Retention Trends



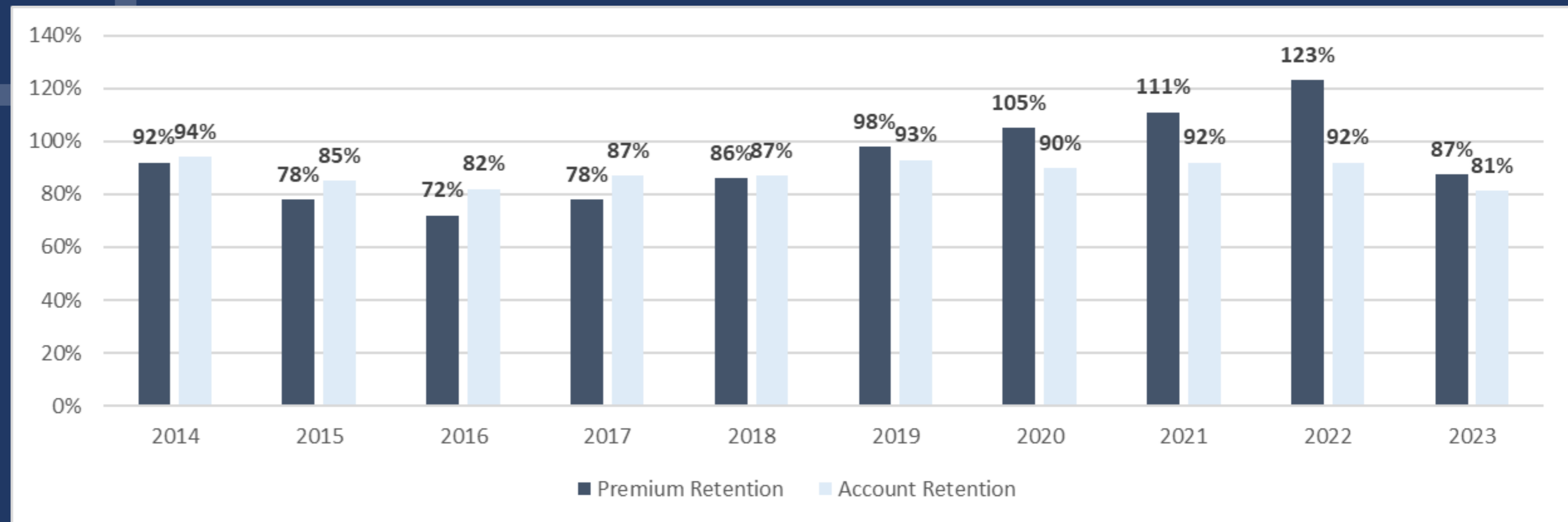
Retention remains steady amid significant price increases which resulted in a dip below our historical averages in 2023.

**87.4%**

Premium Retention in 2023

**81.3%**

Account Retention in 2023



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# The Numbers



**01.**

**Financial  
Results**

**03.**

**Select Balance  
Sheet Data**

**02.**

**Profitability**

# Financial Results



**Q4 2023**

**Core Return on Equity**

**100.6%**

*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.*

	Three Months Ended			Twelve-Months Ended		
	December 31,			December 31,		
<i>\$ in millions, except per share data</i>	2023	2022	% Chg.	2023	2022	% Chg.
Gross Premiums Earned	\$167.5	\$144.8	15.7%	\$636.0	\$535.4	18.8%
Ceded Premiums Earned	(111.9)	(68.0)	64.6%	(354.1)	(266.0)	33.1%
Net Premiums Earned	55.6	76.8	-27.6%	281.9	269.3	4.7%
Total Revenue	58.2	74.7	-22.1%	286.5	269.8	6.2%
Total Expenses	39.7	82.6	-51.9%	196.8	295.6	-33.4%
Other Income	1.1	8.8	-87.5%	2.3	10.3	-78.4%
*Pre-tax Earnings/(Loss)	\$19.6	\$0.8	NM	\$92.0	\$(15.5)	NM
*Earnings/(Loss) Per Diluted Share	\$0.37	\$0.02	NM	\$1.85	(\$0.93)	NM

*\*Continuing operations only.*

*NM: Not Meaningful*

# 2023 Profitability

Sole Focus on Commercial Residential



Loss Ratio

18.4%

55.5% Personal lines

22.3% Consolidated



Expense Ratio

35.3%

109.6% Personal lines

43.7% Consolidated



Combined Ratio

53.7%

165.1% Personal lines

66.0% Consolidated



# 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>	Dec. 31, 2023	Dec. 31, 2022
Total Investments	\$197.2	\$224.0
Total Cash and Cash Equivalents	171.8	116.9
Cash & Investments	369.0	340.9
Total Assets	1,060.4	2,837.5
Unpaid Losses & LAE Reserves	370.2	843.0
Long-term Debt	148.7	148.4
Total Liabilities	891.6	3,019.5
Stockholders' Equity Attributable to ACIC	168.8	(182.0)
Total Liabilities and Stockholders' Equity	\$1,060.4	\$2,837.5

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# Management



**Dan Peed**  
Chairman & CEO



**Brad Martz**  
President & Former CFO



**Brooke Adler**  
General Counsel

American Coastal Insurance Corporation

# Management



**Chris Griffith**  
COO & CIO



**Svetlana Castle**  
CFO



**Andy Gray**  
Chief Compliance & Risk Officer

American Coastal Insurance Corporation

# Contact Us



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