

## Heritage Insurance Enters into Three Catastrophe Bond Transactions

CLEARWATER, Fla., May 5, 2015 [/PRNewswire/](#) -- Heritage Insurance Holdings, Inc. (NYSE: HRTG) ("Heritage" or the "Company"), a property and casualty insurance holding company, today announced that its subsidiary, Heritage Property & Casualty Insurance Co ("Heritage P&C") closed three catastrophe bond transactions.

The bonds are named Citrus Re 2015-1, and offer three classes of notes that total \$277.5 million. The Class B and C notes are the first bonds to replace a portion of the coverage provided by the Florida Hurricane Catastrophe Fund ("FHCF"). This industry leading transaction reduces Heritage's level of participation in the FHCF to 75%, down from the typical 90% level used by most of the Florida Domestic Insurers. The bonds provide three years of coverage at an average rate below what is charged by the FHCF.

Heritage also placed the Series A notes well within guidance which total \$150 million in coverage for three years. The Citrus Re 2015-1 transaction is Heritage's third catastrophe bond placement, which in total provides \$477.5 million in coverage. The catastrophe bonds feature an indemnity trigger on a per occurrence basis, and provide fully collateralized coverage for personal residential and commercial residential policies.

"We are pleased with the pricing for Citrus Re 2015-1 and particularly with the cost savings achieved by using the Class B and Class C notes to replace a portion of the FHCF," said Bruce Lucas, Chairman & CEO. "We were concerned that the FHCF would pass on a large rate increase resulting from its purchase of private reinsurance and wanted to protect our policyholders. The pricing generated a savings for our reinsurance program for the three year period, and the savings were amplified when the FHCF announced on April 14, 2015 that there would be a 7.29% rate increase on Floridians to incorporate the cost of its newly approved risk transfer program. We are proud to have had the foresight to once again recognize market trends before they happen, which we believe will result in an estimated \$2.5 million in savings over the next three years. We appreciate the support the ILS investor community has provided to Heritage and look forward to continued transactions."

Willis Capital Markets & Advisory acted as sole bookrunner and sole structuring agent on the transaction.

### About Heritage

Heritage Insurance Holdings, Inc. (NYSE: HRTG) is a property and casualty insurance holding company headquartered in Clearwater, Florida. Its subsidiary, Heritage Property & Casualty Insurance Company, writes approximately \$500 million of personal and commercial residential premium through a large network of experienced agents. Heritage is led by an experienced senior management team with an average of 28 years of insurance industry experience.

### Forward-Looking Statements

*Statements in this press release that are not historical facts are forward-looking statements that are subject to certain risks and uncertainties that could cause actual events and results to differ materially from those discussed herein. Without limiting the generality of the foregoing, words such as "may," "will," "expect," "believe," "anticipate," "intend," "could," "would," "estimate," "or" "continue" or the other negative variations thereof or comparable terminology are intended to identify forward-looking statements. The risks and uncertainties that could cause our actual results to differ from those expressed or implied herein include, without limitation: the success of the Company's marketing initiatives, inflation and other changes in economic conditions (including changes in interest rates and financial markets); the impact of new federal and state regulations that affect the property and casualty insurance market; the costs of reinsurance and the collectability of reinsurance; assessments charged by various governmental agencies; pricing competition and other initiatives by competitors; our ability to obtain regulatory approval for requested rate changes, and the timing thereof; legislative and regulatory developments; the outcome of litigation pending against us, including the terms of any settlements; risks related to the nature of our business; dependence on investment income and the composition of our investment portfolio; the adequacy of our liability for losses and loss adjustment expense; insurance agents; claims experience; ratings by industry services; catastrophe losses; reliance on key personnel; weather conditions (including the severity and frequency of storms, hurricanes, tornadoes and hail); changes in loss trends; acts of war and terrorist activities; court decisions and trends in litigation; and other matters described from time to time by us in our filings with the Securities and Exchange Commission, including, but not limited to, the Company's Annual Report filed pursuant to Rule 424(b) under the Securities Act of 1933, as amended, with the Securities and Exchange Commission on March 18, 2015. In addition, investors should be aware that generally accepted accounting principles prescribe when a company may reserve for particular risks, including litigation exposures. Accordingly, results for a given reporting period could be significantly affected if and when a reserve is established for a major contingency. Reported results may therefore appear to be volatile in certain accounting periods. The Company undertakes no obligations to*

*update, change or revise any forward-looking statement, whether as a result of new information, additional or subsequent developments or otherwise.*

**Heritage Insurance Holdings Inc.**

Stephen Rohde

Chief Financial Officer

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