

Heritage Insurance Announces Completion of 2017-2018 Reinsurance Program

CLEARWATER, Fla., June 5, 2017 [/PRNewswire/](#) -- Heritage Insurance Holdings, Inc. (NYSE: HRTG) ("Heritage" or the "Company"), a property and casualty insurance holding company, today announced that its insurance subsidiaries, Heritage Property & Casualty Insurance Company ("Heritage P&C") and Zephyr Insurance Company ("Zephyr") completed the placement of their 2017-2018 reinsurance programs. The programs are incorporated into one reinsurance structure and are allocated amongst traditional reinsurance, collateralized reinsurance, catastrophe bonds issued by Citrus Re and coverage by the Florida Hurricane Catastrophe Fund (FHCF). The new program provides first event reinsurance protection for catastrophic losses of up to \$1.75 billion in Florida and up to \$731 million in Hawaii, with multiple event coverage up to \$2.62 billion. This exceeds the requirements established by the Company's rating agency, Demotech, Inc., the Florida Office of Insurance Regulation and the Hawaii Insurance Division.

Bruce Lucas, Chairman and CEO of Heritage, said, "Our 2017 reinsurance treaty is a significant improvement over the 2016 treaty. We have reduced catastrophe reinsurance costs by over \$20 million, or 8.3%, while improving treaty terms and conditions. Notably, our first event retention was reduced from \$40 million to \$20 million and our ground up retention for second event coverage is \$16 million. We continue to minimize our reliance on state government sponsored reinsurance and maintained our participation in the FHCF at 45%. Our new program was placed on a cascading basis which provides greater horizontal protection in a multiple small events scenario and features additional coverage enhancements. In addition, Heritage expanded its use of multi-year, fully collateralized catastrophe bonds and has \$687.5 million in catastrophe bond coverage today."

The Company's estimated net cost for the 2017-2018 catastrophe reinsurance program is approximately \$223 million. The total estimated cost for per risk and facultative coverage is projected to be an additional \$7 million. The primary factors causing the decrease from last year are the proactive exposure management executed by the Company over the past 12 months coupled with significantly improved pricing.

About Heritage

Heritage Insurance Holdings, Inc. is a property and casualty insurance holding company headquartered in Clearwater, Florida. Its subsidiaries, Heritage Property & Casualty Insurance Company and Zephyr Insurance Company, write approximately \$565 million and \$58 million, respectively, of personal and commercial residential premium through a large network of experienced agents. The Company is currently writing property and casualty insurance policies in Florida, Hawaii, North Carolina, South Carolina and Georgia. Heritage Insurance Holdings, Inc. is led by a seasoned senior management team with an average of 30 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; our ability to build and maintain relationships with 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 on Form 10-K for the year ended December 31, 2016 filed with the Securities and Exchange Commission on March 15, 2017. 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.

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