UNITED INSURANCE HOLDINGS CORP.
Form PREM14A
October 05, 2016
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14A-101)

INFORMATION REQUIRED IN PROXY STATEMENT

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

United Insurance Holdings Corp.

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:

Common stock, $0.0001 par value per share, of United Insurance Holdings Corp. (UIHC common stock)

(2) Aggregate number of securities to which transaction applies:

20,956,355 shares of UIHC common stock.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

The merger agreement sets forth a maximum exchange ratio of 209,563.55 shares of UIHC common stock for each of the 100 outstanding shares of common stock of AmCo Holding Company (AmCo common stock). The average of the high and low price of UIHC common stock on the NASDAQ Global Select Market on October 4, 2016 was $16.18. As a result, the proposed maximum aggregate transaction value was determined based on the product of the maximum exchange ratio multiplied by the 100 outstanding shares of AmCo common stock, multiplied by $16.18. The filing fee was determined by multiplying 0.0001159 by a maximum aggregate value of the transaction of $339,073,823.90.

(4) Proposed maximum aggregate value of transaction:

$339,073,823.90

(5) Total fee paid:

$39,298.66

Fee paid previously with preliminary materials:

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2), and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number or the form or schedule and the date of its filing.

(1) Amount previously paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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PRELIMINARY PROXY STATEMENT, SUBJECT TO COMPLETION,

DATED OCTOBER 5, 2016

UNITED INSURANCE HOLDINGS CORP.

800 2nd Avenue S.

St. Petersburg, FL 33701

YOUR VOTE IS IMPORTANT

To the stockholders of United Insurance Holdings Corp.:

On August 17, 2016, United Insurance Holdings Corp., a Delaware corporation (UIHC , we or Parent) entered into an Agreement and Plan of Merger (the merger agreement) with Kilimanjaro Corp., a North Carolina corporation and a wholly-owned subsidiary of UIHC (Merger Sub), Kili LLC, a Delaware limited liability company and a wholly-owned subsidiary of UIHC (Merger LLC), RDX Holding, LLC, a Delaware limited liability company (RDX), R. Daniel Peed, an individual residing in Texas (Mr. Peed), Peed FLP1, Ltd., L.L.P., a Texas limited liability partnership that is wholly-owned by Mr. Peed (Peed FLP1), and AmCo Holding Company, a North Carolina corporation and a wholly-owned subsidiary of RDX (AmCo), pursuant to which, subject to the satisfaction or waiver of the conditions set forth in the merger agreement, we will acquire AmCo by way of a series of mergers and each share of AmCo common stock issued and outstanding immediately prior to the transactions will be converted into a number of shares of UIHC common stock (the merger consideration) equal to 209,563.55 multiplied by the lesser of (i) one and (ii) a fraction, the numerator of which is 130% of $14.81 and the denominator of which is the thirty trading day trailing volume-weighted average closing stock price of UIHC common stock as of the day of the closing of the mergers (the closing). Immediately following the closing, RDX will distribute to its members all of the merger consideration.

UIHC expects to issue approximately 20,956,355 shares of UIHC common stock pursuant to the merger agreement. Based on the number of shares of common stock of AmCo and UIHC outstanding at the close of business on **[ ]**, 2016 (being the record date for UIHC s special meeting of stockholders, the record date), immediately following the consummation of the mergers, current UIHC stockholders and RDX members would own approximately 51% and 49% of the outstanding shares of UIHC common stock, respectively.

The proxy statement attached to this letter contains detailed information concerning UIHC, AmCo and the mergers and a more thorough explanation of the views of the board of directors of UIHC (the UIHC board) regarding the mergers. PLEASE READ THIS DOCUMENT CAREFULLY, INCLUDING THE SECTION TITLED *RISK FACTORS* BEGINNING ON PAGE [ ], WHICH DESCRIBES SOME OF THE RISKS THAT YOU SHOULD CONSIDER IN EVALUATING THE MERGERS AND THE SHARE ISSUANCE PROPOSAL (AS DEFINED BELOW).

UIHC is asking its stockholders to approve (i) the issuance of shares of common stock, $0.0001 par value per share, of UIHC as the merger consideration pursuant to the merger agreement (which we refer to as the share issuance proposal) and (ii) the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies in support of the share issuance proposal (which we refer to as the

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adjournment proposal and, together with the share issuance proposal, the proposals). **The UIHC board has unanimously determined that the mergers, the issuance of shares of UIHC common stock pursuant to the merger agreement, and the other transactions contemplated by the merger agreement are advisable and in the best interest of UIHC and its stockholders and unanimously recommends that UIHC stockholders vote FOR the share issuance proposal and FOR the adjournment proposal.**

The proposals are being presented to the stockholders of UIHC at a special meeting to be held on **[ ]**, 2016 at **[ ]** (local time) at our offices at 800 2nd Avenue S., St. Petersburg, Florida, 33701 (such meeting, the special meeting).

Your vote is important. We cannot complete the mergers unless the share issuance proposal is approved by the affirmative vote of a majority of the shares entitled to vote and present in person or represented by proxy at the special meeting. We encourage you to read the proxy statement, which includes important information about UIHC, AmCo, the mergers and the proposals related to the mergers. **Whether or not you plan to attend the UIHC special meeting, please take the time to vote by completing and mailing the enclosed proxy card promptly. You may also vote your shares over the Internet according to the instructions on the proxy card.**

John Forney, CFA
President and Chief Executive Officer
United Insurance Holdings Corp.

This proxy statement is dated **[ ]**, 2016 and is first being mailed to UIHC stockholders on or about **[ ]**.

THE SECURITIES TO BE ISSUED AS THE MERGER CONSIDERATION HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROXY STATEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

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PRELIMINARY PROXY STATEMENT, SUBJECT TO COMPLETION,

DATED OCTOBER 5, 2016

UNITED INSURANCE HOLDINGS CORP.

800 2nd Avenue S.

St. Petersburg, FL 33701

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS OF

UNITED INSURANCE HOLDINGS CORP.

TO BE HELD ON [ ], 2016

To the stockholders of United Insurance Holdings Corp.:

Notice is hereby given that a special meeting of the stockholders of United Insurance Holdings Corp., a Delaware corporation (UIHC), will be held at **[a.m. / p.m.]** local time at 800 2nd Avenue S., St. Petersburg, Florida, 33701 on **[ ]**, 2016, for the following purposes:

a) To consider and vote on a proposal to approve the issuance of shares of UIHC common stock (the share issuance proposal) as contemplated by that certain Agreement and Plan of Merger, dated as of August 17, 2016 (the merger agreement), by and among UIHC, Kilimanjaro Corp., a North Carolina corporation and a wholly-owned subsidiary of UIHC, Kili LLC, a Delaware limited liability company and a wholly-owned subsidiary of UIHC, RDX Holding, LLC, a Delaware limited liability company, R. Daniel Peed, an individual residing in Texas, Peed FLP1, Ltd., L.L.P., a Texas limited liability partnership that is wholly-owned by Peed, and AmCo Holding Company, a North Carolina corporation and wholly-owned subsidiary of RDX Holding, LLC; and

b) To transact any other business as may properly come before the special meeting and the adjournment or postponement of the special meeting to solicit additional proxies (the adjournment proposal).

The board of directors of UIHC (the UIHC board) has fixed the close of business on **[ ]**, 2016 as the record date for the determination of stockholders entitled to notice of, and to vote at, the special meeting and at any adjournment or postponement thereof. Only UIHC stockholders of record at the close of business on the record date for the special meeting are entitled to notice of and to vote at the special meeting and any adjournments or postponements of such special meeting. **The UIHC board has unanimously determined that the mergers, the issuance of shares of UIHC common stock pursuant to the merger agreement and the other transactions contemplated by the merger agreement are advisable and in the best interest of UIHC and its stockholders and unanimously recommends that UIHC stockholders vote FOR both proposals.**

Your vote at the special meeting is important. We cannot complete the mergers unless the share issuance proposal is approved by the holders of a majority of the shares of UIHC common stock entitled to vote and present in person or represented by proxy at the special meeting. It is therefore important that your stock be represented and voted whether or not you plan to attend the special meeting in person. Instructions regarding the different methods for voting your shares are provided under the section titled *Questions and Answers About the Mergers and the Special Meeting* beginning on page 1.

By Order of the Board of Directors,

Gregory C. Branch
Chairman of the Board of Directors

St. Petersburg, FL

[ ], 2016

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QUESTIONS AND ANSWERS ABOUT THE MERGERS AND THE SPECIAL MEETING

The following questions and answers are intended to address briefly some commonly asked questions regarding the special meeting to be held for the purpose of voting on proposals addressing (i) the issuance of shares of common stock of United Insurance Holdings Corp. (UIHC), $0.0001 par value per share (which we refer to as the share issuance proposal), contemplated by that certain Agreement and Plan of Merger, dated as of August 17, 2016 (the merger agreement), by and among UIHC, Kilimanjaro Corp., a North Carolina corporation and a wholly-owned subsidiary of UIHC (Merger Sub), Kili LLC, a Delaware limited liability company and a wholly-owned subsidiary of UIHC (Merger LLC), RDX Holding, LLC, a Delaware limited liability company (RDX), R. Daniel Peed, an individual residing in Texas (Mr. Peed), Peed FLP1, Ltd., L.L.P., a Texas limited liability partnership that is wholly-owned by Mr. Peed (Peed FLP1), and AmCo Holding Company, a North Carolina corporation and a wholly-owned subsidiary of RDX (AmCo); and (ii) the transaction of such other business as may properly come before the special meeting and the adjournment of the special meeting, if necessary or appropriate, to solicit additional proxies (which we refer to as the adjournment proposal). These questions and answers do not address all questions that may be important to you as a UIHC stockholder. Please refer to the more detailed information contained elsewhere in this proxy statement, the annexes to this proxy statement and the documents referred to or incorporated by reference in this proxy statement.

Q: Why am I receiving this proxy statement?

A: You are receiving this proxy statement because the board of directors of UIHC (which we refer to as the UIHC board) is soliciting proxies for use at the special meeting being held to consider and vote upon the share issuance proposal and the adjournment proposal.

Q: When and where will the special meeting of the UIHC stockholders be held?

A: The special meeting will take place at our offices at 800 2nd Avenue S., St. Petersburg, Florida 33701 on **[ ]**, **[ ]**, 2016, at **[p.m. / a.m.]** local time.

Q: Who can attend and vote at the special meeting?

A: Holders of record of outstanding shares of UIHC common stock as of the close of business on **[ ]**, 2016 (which we refer to as the record date) are entitled to receive notice of, attend and vote or be represented by proxy at the special meeting and any adjournment or postponement of the special meeting. Each share of UIHC common stock outstanding as of the close of business on the record date is entitled to one vote on each matter properly brought before the special meeting.

Q: What constitutes a quorum?

A: The presence in person or by proxy of holders of a majority of the shares of UIHC common stock entitled to vote at the special meeting will be necessary, and will constitute a quorum, for the transaction of business at the special meeting. If you are a UIHC stockholder as of the close of business on the record date and you vote by mail, through the Internet or in person at the special meeting, you will be considered part of the quorum. If your shares are held by your broker, bank or other nominee (which we refer to as holding shares in street name) and you provide your bank, broker or other nominee with voting instructions, then your shares will be counted in determining the presence of a quorum. If your shares are held in street name and you do not provide your bank, broker or other nominee with voting instructions, then your shares will not be counted in determining the presence of a quorum.

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If a quorum is not present or represented by proxy at the special meeting, the holders of a majority of the shares of UIHC common stock entitled to vote at the special meeting who are present in person or represented by proxy may adjourn the special meeting.

Q: What vote is required to approve the share issuance proposal and the adjournment proposal?

A: The approval by the holders of a majority of the shares of UIHC common stock entitled to vote and present in person or represented by proxy at the special meeting is required to approve the share issuance proposal.

The approval by the holders of a majority of the shares of UIHC common stock entitled to vote and present in person or represented by proxy at the special meeting is required to approve the adjournment proposal. In addition, even if a quorum is not present at the special meeting, the approval by the holders of a majority of the shares of UIHC common stock entitled to vote and present in person or represented by proxy at the special meeting may adjourn the special meeting.

Q: How does the UIHC board recommend that I vote on the share issuance proposal and the adjournment proposal?

A: The UIHC board unanimously recommends that our stockholders vote **FOR** the share issuance proposal and **FOR** the adjournment proposal. For a discussion of the factors that the UIHC board considered in determining to recommend the share issuance proposal, please see the section of this proxy statement titled *The Mergers Recommendation of the UIHC Board and Reasons for Recommendation* beginning on page 46.

Q: How do I vote my shares of UIHC common stock?

A: If you are a holder of record of UIHC common stock as of the close of business on the record date, you may vote by:

- authorizing a proxy to vote your shares at the special meeting by completing, signing and dating each proxy card you receive and returning it by mail in the enclosed pre-addressed, postage-paid envelope;
- submitting your proxy through the Internet voting instructions printed on each proxy card you receive; or
- appearing in person at the special meeting and voting by ballot.

Proxies submitted through the Internet must be received by 11:59 p.m. Eastern Time on the day before the special meeting.

Submitting your proxy by mail or through the Internet will not prevent you from voting in person at the special meeting. You are encouraged to submit a proxy by mail or through the Internet even if you plan to attend the special meeting in person to ensure that your shares of UIHC common stock are represented at the special meeting.

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If you return your signed and dated proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted **FOR** the share issuance proposal and **FOR** the adjournment proposal.

Q: What happens if I abstain from voting or fail to vote?

A: With respect to the share issuance proposal, if you attend the meeting in person or by proxy but abstain from voting, it will have the same effect as a vote against the share issuance proposal. If you fail to cast your vote in person or by proxy, or if your shares are held in street name and you fail to give voting instructions to your broker, bank or other nominee on how to vote your shares, it will have no effect on the share issuance proposal, assuming a quorum is present.

With respect to the adjournment proposal, if you attend the meeting in person or by proxy but abstain from voting, it will have the same effect as a vote against the adjournment proposal. If you fail to cast your vote in person or by proxy, or if your shares are held in street name and you fail to give voting instructions to your broker, bank or other nominee on how to vote your shares, it will not have any effect on the outcome of the vote on the adjournment proposal.

Q: How do I cast my vote if my shares of UIHC common stock are held of record in street name?

A: If you hold your shares of UIHC common stock in street name, your broker, bank or nominee will not vote your shares unless you provide instructions on how to vote. You should receive a voting instruction form from the broker, bank or other nominee that is the record holder of your shares. You must follow the directions on the voting instruction form to provide your broker, bank or other nominee with instructions on how to vote your shares. Although the inability of your broker, bank or other nominee to vote your shares will have no effect on the share issuance proposal (assuming a quorum is present) and will have no effect on the adjournment proposal, you are encouraged to have your voice heard in regard to these important matters by voting your shares in accordance with such voting instruction form. If your shares are held in street name, please refer to the voting instruction form used by your broker, bank or other nominee, or contact them directly, to see if you may submit voting instructions using the Internet or telephone.

Q: How will proxy holders vote my shares of common stock?

A: If you properly authorize a proxy prior to the special meeting, your shares of UIHC common stock will be voted as you direct. **If you authorize a proxy but no direction is otherwise made, your shares of common stock will be voted FOR the share issuance proposal and FOR the adjournment proposal. The proxy holders will vote in their discretion upon such other matters as may properly come before the special meeting by or at the direction of the UIHC board or any adjournment or postponement of the special meeting.**

Q: Can I change my vote after I have voted?

A: You may revoke your proxy or change your vote at any time before it is voted at the special meeting. You may revoke your proxy by delivering a signed written notice of revocation stating that the proxy is revoked and bearing a date later than the date of the proxy to our Corporate Secretary at 800 2nd Avenue S., St. Petersburg, Florida 33701. You may also revoke your proxy or change your vote by submitting another proxy through the Internet in accordance with the instructions on the enclosed proxy card prior to 11:59 p.m. Eastern Time on the day before the special meeting. Only your latest vote will be counted at the special meeting. You may also submit a later-dated proxy card relating to the same shares of UIHC common stock. If you voted by completing, signing, dating and returning the enclosed proxy card, you should retain a copy of the voter control number found on the proxy card in the event that you later decide to revoke your proxy or change your vote through the Internet. Alternatively, your proxy may be revoked or changed by attending the special meeting and voting in person. However, simply attending the special meeting without voting will not revoke or change your proxy. Holders of shares of UIHC common stock in street name should contact their bank, broker or other nominee to obtain instructions as to how to revoke or change their proxies.

If you have instructed a bank, broker or other nominee to vote your shares, you must follow the instructions received from your bank, broker or other nominee to change your vote.

All properly submitted proxies received by us before the special meeting that are not revoked or changed prior to being exercised at the special meeting will be voted at the special meeting in accordance with the instructions indicated on the proxies or, if no instructions were provided, **FOR** each of the proposals.

Once your shares have been voted, whether in person or by proxy, at the special meeting, your vote cannot be changed.

Q: What does it mean if I receive more than one proxy card?

A: If you receive more than one proxy card, it means that you hold shares of UIHC common stock that are registered in more than one account. For example, if you own your shares in various registered forms, such as jointly with your spouse, as trustee of a trust or as custodian for a minor, you will receive, and you will need to sign and return, a separate proxy card for those shares because they are held in a different form of record ownership. Therefore, to ensure that all of your shares are voted, you will need to submit your proxies by properly completing and mailing each proxy card you receive or by submitting your proxies through the Internet by using the different voter control number(s) located on each proxy card received.

Q: When does UIHC expect to complete the mergers?

A: We and AmCo are working toward completing the mergers as quickly as possible. We currently anticipate that the mergers will be completed during the first calendar quarter of 2017, but we cannot be certain when or if the conditions to the mergers will be satisfied or, to the extent permitted, waived. The mergers cannot be completed until the conditions to closing are satisfied (or, to the extent permitted, waived), including the approval of the share issuance proposal by our stockholders and the receipt of certain regulatory approvals. For additional information, see the section titled *Merger Agreement Conditions to Completion of the Mergers* beginning on page 82.

Q: What happens if the mergers are not completed?

A: If the share issuance proposal is not approved by the holders of a majority of the shares of UIHC common stock entitled to vote and present in person or represented by proxy at the special meeting, or if the mergers are not completed for any other reason, we expect that our management will operate our business in a manner similar to that in which it is being operated today and that holders of shares of UIHC common stock will continue to be subject to the same risks and opportunities to which they are currently subject with respect to their ownership of UIHC common stock. Under certain circumstances, if the mergers are not completed, we may be obligated to pay a termination fee. For additional information, see the section titled *Merger Agreement Transaction and Termination Fees and Expenses* beginning on page 85.

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Q: Are there any requirements if I plan to attend the special meeting?

A: If you wish to attend the special meeting, you may be asked to present valid photo identification. Please note that, if you hold your shares in street name, you will need to bring a copy of your voting instruction card or brokerage statement reflecting your ownership of UIHC common stock as of the record date and check in at the registration desk at the meeting. Cameras, sound or video recording devices or any similar equipment, or the distribution of any printed materials, will not be permitted at the meeting without our approval.

Q: Where can I find more information about UIHC?

A: We file periodic reports, proxy statements and other information with the United States Securities and Exchange Commission (which we refer to as the SEC). You may read and copy any document we file at the SEC s public reference facilities located at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the public reference room. Our SEC filings are also available to the public at the SEC s website at www.sec.gov and on our website at http://investors.upcinsurance.com. For a more detailed description of the information available, see the section titled *Where You Can Find More Information* beginning on page 127.

Q: Who can help answer my questions about the mergers and the special meeting?

A: If you have more questions about the special meeting or the mergers, you should contact our proxy solicitation agent, MacKenzie Partners, Inc., as follows:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

proxy@mackenziepartners.com

Call Collect: (212) 929-5500

or

Toll-Free (800) 322-2885

Email: proxy@mackenziepartners.com

If you hold your shares through a broker, bank or other nominee, you should call your broker, bank or other nominee for additional information.

SUMMARY

The following is only a summary of material information contained in this proxy statement. To understand the share issuance proposal and the adjournment proposal, you must review all the information in this proxy statement, along with the annexes and the information incorporated by reference. You may obtain the information incorporated by reference into this proxy statement without charge by following the instructions in the section titled *Where You Can Find More Information* beginning on page 127. The merger agreement, a copy of which is attached as Annex A to this proxy statement, the stockholders agreement, a copy of which is attached as Annex B to this proxy statement, the fairness opinion of Raymond James & Associates, Inc., a copy of which is attached as Annex C to this proxy statement, the audited annual financial statements of AmCo and related notes, a copy of which is attached as Annex D-1 to this proxy statement, the unaudited interim financial statements of AmCo and related notes, a copy of which is attached as Annex D-2 to this proxy statement, and the financial statement schedules of AmCo, a copy of which is attached as Annex D-3 to this proxy statement, each form a part of this proxy statement. You should refer to the merger agreement for a complete statement of the terms and conditions of the mergers.

The Parties to the Mergers (see page 38)

UIHC. UIHC, which we also refer to as we or Parent , is primarily engaged in the homeowners property and casualty insurance business in the United States. UIHC serves as the holding company for United Property & Casualty Insurance Company and its affiliated companies, and conducts its business primarily through its wholly-owned operating subsidiaries. Collectively, including UIHC, these entities are referred to as UPC Insurance. UPC Insurance currently writes in Connecticut, Florida, Georgia, Hawaii, Louisiana, Massachusetts, New Jersey, New York, North Carolina, Rhode Island, South Carolina and Texas, and is licensed to write in Alabama, Delaware, Maryland, Mississippi, New Hampshire and Virginia. Its target market currently consists of areas where the perceived threat of natural catastrophe has caused large national insurance carriers to reduce their concentration of policies. UIHC common stock is traded on the NASDAQ Global Select Market (which we refer to as Nasdaq) under the symbol UIHC . UIHC s principal executive offices are located at 800 2nd Avenue S., St. Petersburg, Florida 33701.

Merger Sub. Merger Sub is a North Carolina corporation and a wholly-owned subsidiary of UIHC that was formed solely for the purpose of facilitating UIHC s acquisition of AmCo. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the first merger (as defined below), Merger Sub will merge with and into AmCo and will cease to exist.

Merger LLC. Merger LLC is a Delaware limited liability company and a wholly-owned subsidiary of UIHC that was formed solely for the purpose of facilitating UIHC s acquisition of AmCo. Merger LLC has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the second merger (as defined below), AmCo will merge with and into Merger LLC, with Merger LLC (which will be renamed AmCo Holding Company (or a similar name) shortly thereafter) surviving the second merger as a wholly-owned subsidiary of UIHC.

AmCo. AmCo is a North Carolina corporation, an insurance holding company and the sole shareholder of American Coastal Insurance Company (which we refer to as American Coastal). American Coastal is engaged in the commercial residential property and casualty insurance business and writes coverage for Florida condominiums, homeowners associations, apartments and townhomes through AmRisc, LLC, its managing general agent (which we refer to as AmRisc). American Coastal has been operating

continuously in Florida since 2007, and has successfully managed its business through a number of changes in the commercial residential market in Florida. AmCo is also the owner of BlueLine Cayman Holdings, a Cayman Islands holding company that owns BlueLine Re. BlueLine Re is a protected cell whose sole business is the entry into and performance of quota share agreements to participate in AmRisc s excess and surplus book of business. AmCo s principal executive office is located at 20405 State Highway 249, Suite 430, Houston, Texas 77070. As a result of the first merger (as defined below), Merger Sub will be merged with and into AmCo, with AmCo surviving the first merger. As a result of the second merger (as defined below), AmCo will be merged with and into Merger LLC, with Merger LLC surviving the second merger. At that time, AmCo will cease to exist and Merger LLC, which will be renamed AmCo Holding Company (or a similar name) shortly thereafter, will be a wholly-owned subsidiary of UIHC.

RDX. RDX is a Delaware limited liability company formed for the sole purpose of holding equity interests in AmCo. The holding company group conducts insurance business through its indirect subsidiaries, American Coastal and BlueLine Cayman Holdings. All other activities of RDX are incidental to its formation and ongoing holding of AmCo equity interests.

Peed FLP1. Peed FLP1 is a Texas limited liability partnership managed by its general partner Peed Management, LLC. Mr. Peed is the sole limited partner of Peed FLP1. Peed FLP1 was formed for the sole purpose of holding equity interests in certain corporations, limited partnerships and limited liability companies, including RDX. Peed FLP1 has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with holding equity interests.

Mr. Peed. Mr. Peed is a natural person residing in Texas. Mr. Peed is the sole limited partner of Peed FLP1. Mr. Peed is also the sole member and manager of Peed Management, LLC, which is the sole general partner of Peed FLP1. Mr. Peed is the sole director of RDX, and is the only member of RDX that holds voting shares. Mr. Peed will be a director of UIHC after the closing.

The Mergers (see page 38)

On August 17, 2016, UIHC, Merger Sub, Merger LLC, AmCo, RDX, Mr. Peed and Peed FLP1 entered into the merger agreement. Under the terms of the merger agreement, subject to the satisfaction or waiver of conditions specified in the merger agreement, Merger Sub will merge with and into AmCo (which merger we refer to as the first merger). As a result of the first merger, AmCo will become a wholly-owned subsidiary of UIHC. AmCo, as the survivor of the first merger, will then merge with and into Merger LLC, with Merger LLC surviving the second merger as a wholly-owned subsidiary of UIHC (which merger we refer to as the second merger , and together with the first merger, the mergers).

We have attached the merger agreement as Annex A to this proxy statement. We encourage you to carefully read the merger agreement in its entirety. We currently expect that the mergers will be completed during the first calendar quarter of 2017, but we cannot be certain when or if the conditions to the mergers will be satisfied (or, to the extent permitted, waived) and therefore cannot predict the actual timing of the completion of the mergers.

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Prior to the Mergers

The Mergers: The First Merger

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The Mergers: The Second Merger

After the Mergers

The Merger Consideration (see page 71)

The merger agreement provides that, at the effective time of the first merger, each issued and outstanding share of common stock of AmCo (other than shares owned by AmCo, UIHC, Merger Sub or any of their respective wholly-owned subsidiaries, which will be cancelled) will automatically be converted into a number of shares of common stock of UIHC equal to 209,563.55 multiplied by the lesser of (a) one and (b) a fraction, the numerator of which is 130% of $14.81 and the denominator of which is the volume-weighted average closing sale price of UIHC common stock on Nasdaq for the thirty trading days preceding the date of the closing (which we refer to as the closing date) of the mergers (which we refer to as the exchange ratio).

Immediately following the consummation of the mergers, RDX will distribute the UIHC common stock issued upon the consummation of the first merger (which we call the merger consideration) to the equityholders of RDX. Since the market price of UIHC common stock will fluctuate, the value of the merger consideration to be received by RDX may increase or decrease between the dates of the merger agreement, this proxy statement and the special meeting, and the closing date.

The Special Meeting (see page 33)

Date, Time and Place. The special meeting will be held on **[ ]**, 2016, starting at **[a.m. / p.m. local time]** at 800 2nd Avenue S., St. Petersburg, Florida 33701.

Purpose. You are being asked to consider and vote upon the (i) the share issuance proposal and (ii) the adjournment proposal.

Record Date and Quorum. You are entitled to vote at the special meeting if you were the record owner of shares of UIHC common stock at the close of business on the record date, which is **[ ]**, 2016. Stockholders of record of UIHC common stock as of the close of business on the record date will have one vote for each share of UIHC common stock. As of the record date, there were **[ ]** shares of UIHC common stock issued and outstanding and entitled to vote. The presence in person or by proxy of holders of a majority of the shares of UIHC common stock entitled to vote at the special meeting constitutes a quorum for the purpose of the special meeting. In the event that a quorum is not present in person or represented by proxy at the special meeting, the meeting may be adjourned or postponed to solicit additional proxies.

Vote Required. The adoption of the share issuance proposal and the adjournment proposal requires the approval by the holders of a majority of the shares of UIHC common stock entitled to vote and present in person or represented by proxy at the special meeting.

Recommendation of the UIHC Board and Reasons for the Mergers (see page 46)

At an August 17, 2016 meeting of the UIHC board, the UIHC board, by a unanimous vote and after careful consideration of the terms and conditions of the merger agreement, the mergers, the issuance of shares of UIHC common stock as the merger consideration pursuant to the merger agreement (which we call the share issuance) and the other transactions contemplated by the merger agreement (which we refer to as the transactions): (a) adopted and declared advisable the merger agreement, the mergers, the share issuance and the consummation by UIHC of the other transactions contemplated by the merger agreement; (b) authorized and approved the execution, delivery and performance of the merger agreement and the consummation by UIHC of the transactions, including the mergers and the share issuance; (c) determined that the mergers and the transactions, including the share issuance, are in the best interests of UIHC and its stockholders; (d) directed that a proposal to adopt the share issuance be submitted to a vote at a meeting of UIHC stockholders; and (e) recommended that UIHC stockholders vote for the share issuance proposal. **Accordingly, the UIHC board unanimously recommends that UIHC stockholders vote FOR the share issuance proposal and FOR the adjournment proposal.**

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For a summary of the factors considered by the UIHC board in reaching its decision to approve the merger agreement, the mergers, the share issuance and the other transactions contemplated by the merger agreement, as well as the UIHC board s reasons for, and certain risks related to, the mergers, see the section of this proxy statement titled *The Mergers Recommendation of the UIHC Board and Reasons for Recommendation* beginning on page 46.

Opinion of UIHC s Financial Advisor (see page 50)

At the August 17, 2016 meeting of the UIHC board, representatives of Raymond James & Associates, Inc. (which we refer to as Raymond James) rendered Raymond James oral opinion to the UIHC board that the exchange ratio was fair, from a financial point of view, to UIHC. The oral opinion was subsequently confirmed by Raymond James delivery of its written opinion to the UIHC board, dated August 17, 2016, as to the fairness, as of such date, of the exchange ratio to UIHC, based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion.

The full text of the written opinion of Raymond James is attached as Annex C to this proxy statement. The summary of the opinion of Raymond James set forth in this proxy statement is qualified in its entirety by reference to the full text of such written opinion. Raymond James provided its opinion for the information of the UIHC board (in its capacity as such) in connection with its consideration of the proposed mergers. The opinion only addresses the fairness, from a financial point of view, of the exchange ratio in the merger agreement to UIHC, and does not address any other term, aspect or implication of the merger agreement, the mergers or any other agreement, arrangement or understanding entered into in connection therewith or otherwise. Raymond James opinion does not constitute a recommendation to the UIHC board, any stockholder of UIHC or any other party as to how to vote or act on any matter relating to the mergers or otherwise.

Ownership of UIHC After the Mergers (see page 23)

Upon the consummation of the first merger, RDX will own the shares of UIHC common stock issued as the merger consideration. Immediately following the closing, however, RDX will distribute the merger consideration to its members.

UIHC expects to issue approximately 20,956,355 shares of UIHC common stock pursuant to the merger agreement. Based on the number of shares of common stock of AmCo and UIHC outstanding on the record date, following the consummation of the mergers, current UIHC stockholders and RDX members are expected to own approximately 51% and 49% of the outstanding shares of UIHC common stock, respectively. In particular, Mr. Peed, being the majority equityholder of RDX, is expected to beneficially own approximately 32% of the outstanding shares of UIHC common stock and have a proxy from one of the members of RDX to vote approximately 8% of the outstanding shares of UIHC common stock. For more information regarding this risk, see the section of this proxy statement titled *Risk Factors Risks Relating to the Mergers* beginning on page 23.

The Stockholders Agreement (see page 87)

Concurrently with the execution of the merger agreement, UIHC, RDX, Mr. Peed and Peed FLP1 (which, together with Mr. Peed, we refer to as the Peed stockholder) entered into a stockholders agreement (which we refer to as the stockholders agreement), which will govern the Peed stockholder s ownership of securities of, and its investment in, UIHC following the closing. Notable terms and conditions of the stockholders agreement include:

a provision limiting, subject to certain exceptions, the number of voting securities of UIHC voted by the Peed stockholder at its discretion to no more than 25% of the total outstanding voting securities of UIHC until the earlier of the five year anniversary of the closing and the date the Peed stockholder beneficially owns less than 25% of UIHC s total outstanding voting securities. Until such time, any shares held by the Peed stockholder in excess of 25% of the voting securities of UIHC must be voted in proportion with the votes cast by UIHC stockholders other than the Peed stockholder and its affiliates;

restrictions on the Peed stockholder s ability to transfer, without the UIHC board s prior written consent and subject to certain exceptions: (i) any of its securities in UIHC until the first anniversary of the closing; and (ii) greater than 25% of its voting securities in UIHC between the first and third anniversaries of the closing. Following the third anniversary of the closing, the Peed stockholder will be permitted to transfer its voting securities without the UIHC board s prior written consent; and

customary standstill provisions that prohibit the Peed stockholder and its affiliates from taking certain actions, including (subject to certain exceptions) acquiring additional UIHC securities, participating in efforts to acquire UIHC or any of its subsidiaries, and seeking to elect or remove members of the UIHC board. The Peed stockholder will also be subject to a non-competition provision expiring five years following the closing.

We have attached the stockholders agreement as Annex B to this proxy statement. We encourage you to carefully read the stockholders agreement in its entirety.

Commercial Relationship with AmRisc and Extension of Amended and Restated Managing Agency Contract (see page 91)

AmCo s main operating subsidiary, American Coastal, is subject to an exclusive amended and restated managing agency contract (which we refer to as the MGA contract) with AmRisc that governs the terms and conditions under which AmRisc acts as American Coastal s managing general agent. American Coastal relies on AmRisc for the conduct of its insurance business, including for the distribution of all of American Coastal s insurance policies and for underwriting, claims, marketing and other services. Mr. Peed is also the Chief Executive Officer and an equityholder of AmRisc. For more information regarding risks related to American Coastal s and Mr. Peed s relationship with AmRisc, see the section of this proxy statement titled *Risk Factors Risks Relating to the Business of AmCo* beginning on page 28.

The initial term of the MGA contract will expire on June 1, 2020. Concurrently with the execution of the merger agreement, UIHC, American Coastal, AmRisc and certain affiliates entered into a consent agreement that would, among other things, amend the MGA contract to extend the initial term to five years following the consummation of the first merger (which we refer to as the MGA contract amendment) effective upon the approval of the MGA contract amendment by the Florida Office of Insurance Regulation. Such approval is a condition to UIHC s obligations to consummate the mergers. We cannot assure you that this approval will be granted or that it will not involve the imposition of additional conditions to the amendment. For more information regarding risks related to the termination or expiration of the MGA contract, see the section of this proxy statement titled *Risk Factors Risks Relating to the Business of AmCo* beginning on page 28.

UIHC Board After the Mergers (see page 60)

At the effective time of the first merger, the UIHC board will be increased from seven directors to ten directors. The UIHC board will be comprised of the directors of the UIHC board as of immediately prior to the effective time of the first merger, plus Mr. Peed, Mr. Patrick F. Maroney and Mr. Michael R. Hogan. Mr. Peed will also serve as the Non-Executive Vice Chairman of the UIHC board. For more

information on the composition of the UIHC board after the mergers, see the sections of this proxy statement titled *Stockholders Agreement Board Representation* beginning on page 87 and *The Mergers UIHC Board After the Mergers* beginning on page 60.

Regulatory Approvals (see page 80)

UIHC and AmCo have agreed to use their commercially reasonable efforts to obtain all regulatory approvals required to complete the transactions contemplated by the merger agreement. These approvals include:

- approvals under, or the expiration or termination of waiting periods pursuant to, the Hart-Scott-Rodino Antitrust Improvements Act of 1976 (which we refer to as the HSR Act);
- approvals of UIHC s acquisition of control of American Coastal from the insurance regulator for the State of Florida, and approvals of Mr. Peed s and RDX s acquisition of control of certain subsidiaries of UIHC from the insurance regulators for the States of Florida, Hawaii and New York (which we refer to collectively as the Form A approvals); and
- the approval (which we refer to as the amendment approval) by the Florida Office of Insurance Regulation of the MGA contract amendment.

On September 30, 2016, UIHC and AmCo received early termination of the HSR Act waiting period.

While we expect to obtain all required regulatory approvals, we cannot assure you that these approvals will be granted or that they will not involve the imposition of additional conditions to the completion of the mergers. For more information on these regulatory matters, see the sections of this proxy statement titled *Merger Agreement Efforts to Consummate the Mergers; Regulatory Matters* beginning on page 80, *The Mergers Regulatory Approvals Required for the Transaction* beginning on page 59 and *Risk Factors Risks Relating to the Business of AmCo* beginning on page 28.

Conditions to Completion of the Mergers (see page 82)

Conditions to Each Party s Obligations. The obligations of the parties to the merger agreement to effect the mergers are subject to the satisfaction or waiver of certain conditions, including (among others):

- receipt of the UIHC stockholder approval of the share issuance proposal (which we call the stockholder approval);
- approval for listing the merger consideration on Nasdaq;
- absence of any temporary restraining order, preliminary or permanent injunction or other order that would (i) prevent the consummation of the mergers or the transactions or (ii) prevent or limit the performance of any party to any of the ancillary agreements entered into in connection with the merger agreement;

absence of any pending or threatened legal proceeding that seeks an order or injunction that would prevent, restrain or otherwise limit the performance by any party of any of the ancillary agreements entered into at the signing; and

RDX and its members being ready, willing and able to effect the distribution of the merger consideration from RDX to its members (which we refer to as the distribution), and UIHC s reasonable satisfaction that the distribution will occur immediately following the closing.

In addition, UIHC s obligations to effect the mergers are subject to the further satisfaction or waiver of other conditions, including (among others):

the minimum tangible net worth of AmCo, measured as of immediately prior to the closing, being no less than $154,500,000; and

receipt of the amendment approval and the Form A approvals without the imposition of a burdensome regulatory action (as such term is described in the section of this proxy statement titled *Merger Agreement Efforts to Consummate the Mergers; Regulatory Matters* beginning on page 80).

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AmCo s obligations to effect the mergers also are subject to the further satisfaction or waiver of other conditions, including (among others):

the volume-weighted average closing sale price of common stock of UIHC on Nasdaq for the thirty trading days preceding the date of the closing (which we refer to as the 30-day trailing VWAP) being no less than $10.367;

receipt of the Form A approvals without the imposition of a burdensome regulatory action; and

receipt of an opinion from Debevoise & Plimpton LLP (which we refer to as Debevoise) or another nationally recognized law firm selected by AmCo that the mergers will qualify as a reorganization under Section 368(a) of the Internal Revenue Code, as amended (which we refer to as the code).

For a more detailed discussion of the conditions to closing the mergers, see the section of this proxy statement titled *Merger Agreement Conditions to Completion of the Mergers* beginning on page 82.

No Solicitation of Alternative Transactions; Adverse Recommendation Change (see page 76)

Subject to certain exceptions, the merger agreement generally precludes UIHC from soliciting, initiating or knowingly facilitating, or engaging in discussions or negotiations with or entering into a letter of intent, agreement in principle or contract with a third party with regard to, any UIHC takeover proposal (as such term is defined in the section of this proxy statement titled *Merger Agreement No Solicitation* beginning on page 76). Notwithstanding such restrictions, the merger agreement provides that, under specified circumstances occurring before UIHC s receipt of the stockholder approval of the share issuance, UIHC may contact a third party that made a UIHC takeover proposal solely to clarify the UIHC takeover proposal to determine whether it would reasonably be expected to lead to a superior proposal (as such term is defined in the section of this proxy statement titled *Merger Agreement No Solicitation* beginning on page 76). UIHC may also, in certain circumstances, engage in discussions or negotiations with, or enter into a letter of intent, agreement in principle or contract with, a third party with respect to a UIHC takeover proposal made or submitted by such third party if the UIHC board determines in good faith that such takeover proposal is or would reasonably be expected to lead to a superior proposal. Under certain circumstances, UIHC would be permitted to terminate the merger agreement to enter into an agreement for a superior proposal, provided that it pays a termination fee of $9,311,000 (or $4,655,000 if the merger agreement was terminated prior to October 1, 2016) and reimburses up to $1,500,000 of AmCo and its affiliates transaction expenses.

For more information on these solicitation restrictions, see the section of this proxy statement titled *Merger Agreement No Solicitation* beginning on page 76.

The merger agreement also restricts the UIHC board from effecting an adverse recommendation change (as such term is defined in the section of this proxy statement titled *Merger Agreement Recommendation of the UIHC Board* beginning on page 78). Notwithstanding such restriction, the merger agreement provides that at any time prior to the receipt of the stockholder approval of the share issuance proposal, the UIHC board may effect an adverse recommendation change in certain circumstances (i) in connection with a superior proposal that is not solicited in violation of the above solicitation restrictions, if, after negotiating with AmCo regarding such superior proposal for three

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business days, the UIHC board determines in good faith after consultation with its outside legal and financial advisors that the applicable UIHC takeover proposal remains a superior proposal, or (ii) otherwise, if, after negotiating with AmCo for three business days, the UIHC board determines in good faith, after consultation with outside legal advisors and financial advisors, that the failure to effect a parent adverse recommendation change would be reasonably likely to be inconsistent with the exercise of the UIHC board s fiduciary duties. In the event of an adverse recommendation change prior to UIHC s receipt of stockholder approval of the share issuance proposal, AmCo would be permitted to terminate the merger agreement and receive a $9,311,000 termination fee and reimbursement of up to $1,500,000 of AmCo s and its affiliates expenses.

For more information on the UIHC board s ability to effect an adverse recommendation change, see the section of this proxy statement titled *Merger Agreement Recommendation of the UIHC Board* beginning on page 78.

Termination of the Merger Agreement (see page 84)

The merger agreement may be terminated at any time prior to the effective time of the first merger upon the mutual written consent of UIHC, Merger Sub and AmCo. Either AmCo or UIHC may also terminate the merger agreement:

- if the first merger is not consummated on or before May 17, 2017 (subject to an extension of such date in certain circumstances);

- if a governmental entity issues a final, nonappealable order, decree or ruling that permanently enjoins, restrains or otherwise prohibits the mergers or the transactions or imposes a burdensome regulatory action; or

- if the share issuance proposal is not approved at the special meeting (or at any adjournment or postponement thereof) by the holders of a majority of the shares of UIHC common stock entitled to vote and present in person or represented by proxy at such special meeting (which we refer to as a stockholder approval termination event).

UIHC may also terminate the merger agreement:

- if AmCo (i) breaches or fails to perform any of its representations, warranties or covenants contained in the merger agreement, (ii) such breach or failure would give rise to a failure of certain of the conditions to closing, and (iii) such breach or failure cannot be cured within thirty days after UIHC provides AmCo with written notice of such breach or failure; or

- to concurrently enter into a binding definitive agreement for a superior proposal in accordance with certain terms and conditions of the merger agreement described in the section of this proxy statement titled *Merger Agreement No Solicitation* beginning on page 76 (which we refer to as a superior proposal termination event).

AmCo may also terminate the merger agreement if:

UIHC, Merger Sub or Merger LLC (i) breaches or fails to perform any of its representations, warranties or covenants contained in the merger agreement, (ii) such breach or failure would give rise to a failure of certain of the conditions to closing, and (iii) such breach or failure cannot be cured within thirty days after AmCo provides UIHC, Merger Sub or Merger LLC with written notice of such breach or failure; or

prior to the receipt of the stockholder approval, the UIHC board or any committee thereof effects an adverse recommendation change (which we refer to as an adverse recommendation change termination event).

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Termination Fees (see page 85)

We will be required to pay RDX a termination fee of up to $9,311,000 (which we refer to as the termination fee) and / or reimburse up to $1,500,000 of transaction expenses incurred by AmCo and its affiliates (which we refer to as the expense reimbursement) in the following circumstances:

Upon a stockholder approval termination event, we will be required to pay the expense reimbursement. We will also be required to pay the termination fee upon a stockholder termination event if: (i) a UIHC takeover proposal (as defined in the section of this proxy statement titled *Merger Agreement No Solicitation* beginning on page 76, except with references to 20% and 80% replaced with 50%) is publicly announced and not publicly withdrawn prior to the special meeting; and (ii) concurrently with, or within twelve months after, the stockholder approval termination event, we consummate, or enter into a definitive agreement providing for, a UIHC acquisition transaction (as defined in the section of this proxy statement titled *Merger Agreement No Solicitation* beginning on page 76, except with references to 20% and 80% replaced with 50%), which UIHC acquisition transaction need not be pursuant to the UIHC takeover proposal that was publicly announced and not publicly withdrawn prior to the special meeting;

Upon a superior proposal termination event, we will be required to pay the termination fee and expense reimbursement, provided that the amount of the termination fee would equal $4,655,000 if the merger agreement was terminated prior to October 1, 2016; and

Upon an adverse recommendation change termination event, we will be required to pay the termination fee and expense reimbursement.

For additional information on the termination fee, please see the section of this proxy statement titled *Merger Agreement Transaction and Termination Fees and Expenses* beginning on page 85.

Accounting Treatment (see page 59)

UIHC will account for the mergers under the acquisition method of accounting for business combinations. In determining the acquirer for accounting purposes, UIHC considered the factors required under the Financial Accounting Standards Board (which we refer to as the FASB) Accounting Standards Codification 805 *Business Combinations* (which we refer to as ASC Topic 805) and determined that UIHC will be considered the acquirer of AmCo for accounting purposes.

Share Ownership of Directors and Executive Officers (see page 123)

As of the record date, the directors and executive officers of UIHC beneficially owned in the aggregate approximately 4,673,807 shares of UIHC common stock entitled to vote at the special meeting, representing approximately 21.6% of the outstanding shares of UIHC common stock.

UIHC Stockholders Will Not Have Dissenters Appraisal Rights (see page 61)

No stockholder of UIHC will be entitled to exercise dissenters rights and demand payment for his, her or its shares in connection with the mergers.

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AMCO SELECTED HISTORICAL FINANCIAL INFORMATION

The selected consolidated financial data of AmCo presented below is being provided to assist you in your analysis of the financial aspects of the mergers. The annual AmCo historical information for the years ended December 31, 2015, 2014 and 2013 and as of December 31, 2015, 2014 and 2013 are derived from AmCo s audited historical financial statements and related notes attached as Annex D-1 to this proxy statement. The annual AmCo historical information for the years ended December 31, 2012 and 2011 and as of December 31, 2012 and 2011 are derived from AmCo s unaudited historical financial information not included in this proxy statement. The selected consolidated financial data presented below for the six month periods ended June 30, 2016 and 2015 and as of June 30, 2016 and 2015 are derived from AmCo s unaudited interim consolidated financial statements and related notes attached as Annex D-2 to this proxy statement. This information is only a summary, and you should read this information in conjunction with the other sections of this proxy statement, including those titled *Risk Factors* beginning on page 23, *AmCo Management s Discussion and Analysis of Financial Condition and Results of Operations* beginning on page 100, AmCo s audited financial statements and related notes for the years ended December 31, 2015, 2014 and 2013 attached as Annex D-1 to this proxy statement, AmCo s unaudited interim financial statements and related notes attached as Annex D-2 to this proxy statement, the financial statement schedules of AmCo attached as Annex D-3 to this proxy statement and the other financial information included in this proxy statement. The historical results below or contained elsewhere in this proxy statement are not necessarily indicative of the future performance of AmCo or the combined company.

Income Statement Data

(Dollars in thousands)

	Years Ended December 31,					Six Months Ended June 30,	
	2015	2014	2013	2012 (unaudited)	2011 (unaudited)	2016 (unaudited)	2015 (unaudited)
Revenue:							
Gross premiums written	$ 308,512	$ 311,397	$ 303,367	$ 259,348	$ 233,349	$ 168,940	$ 206,464
Gross premiums earned	313,298	309,783	285,602	248,005	222,388	144,496	153,449
Net premiums earned	$ 175,411	$ 179,933	$ 173,117	$ 133,113	$ 123,134	$ 96,427	$ 89,593
Net investment income and realized gains	2,871	2,223	2,438	1,990	2,070	1,957	1,050
Total revenue	$ 178,282	$ 182,156	$ 175,555	$ 135,103	$ 125,204	$ 98,384	$ 90,643
Expenses:							
Losses and loss adjustment expenses	33,370	32,464	27,527	23,550	22,061	22,650	15,786

Other operating expenses	85,037	82,429	76,885	67,307	58,076	40,232	40,089
Total expenses	$ 118,407	$ 114,893	$ 104,412	$ 90,857	$ 80,137	$ 62,882	$ 55,875
Income before income taxes	59,875	67,263	71,143	44,246	45,067	35,502	34,768
Provision for income taxes	23,399	22,300	24,938	17,068	17,386	13,816	13,589
Net Income	$ 36,476	$ 44,963	$ 46,205	$ 27,178	$ 27,681	$ 21,686	$ 21,179
Return on average equity(1)	18.1%	21.6%	24.9%	17.5%	18.7%	11.6%	11.7%
Ceded ratio(2)	44.0%	41.9%	39.4%	46.3%	44.6%	33.3%	41.6%
Ratios to net premiums earned:							
Loss and loss adjustment expense	19.0%	18.0%	15.9%	17.7%	17.9%	23.5%	17.6%
Expenses	48.5%	45.8%	44.4%	50.6%	47.2%	41.7%	44.7%
Combined Ratio	67.5%	63.8%	60.3%	68.3%	65.1%	65.2%	62.3%

1 Return on average equity calculated as net income divided by average of last two years shareholders equity.

2 Calculated as ceded premiums earned divided by gross premiums earned.

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Balance Sheet Data

(Dollars in thousands)

	As of December 31,					As of June 30,	
	2015	2014	2013	2012 (unaudited)	2011 (unaudited)	2016 (unaudited)	2015 (unaudited)
Cash and invested assets	$ 273,670	$ 265,391	$ 257,103	$ 237,849	$ 210,321	$ 290,309	$ 288,272
Prepaid reinsurance premiums	67,699	79,381	85,155	49,495	58,940	116,160	122,151
Other assets	95,521	90,605	91,755	85,763	71,786	101,498	112,405
Total Assets	$ 436,890	$ 435,377	$ 434,013	$ 373,107	$ 341,047	$ 507,967	$ 522,828
Unpaid loss and loss adjustment expenses	$ 50,076	$ 51,257	$ 38,079	$ 40,287	$ 36,213	$ 53,032	$ 45,518
Unearned premiums	132,259	137,045	135,431	117,666	106,323	156,703	190,060
Reinsurance payable	45,561	30,081	37,922	41,113	32,678	91,811	100,531
Other liabilities	13,172	9,603	13,791	11,214	17,795	12,472	6,049
Total Liabilities	$ 241,068	$ 227,986	$ 225,223	$ 210,280	$ 193,009	$ 314,018	$ 342,158
Total Stockholders Equity	$ 195,822	$ 207,391	$ 208,790	$ 162,827	$ 148,038	$ 193,949	$ 180,670

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UIHC SELECTED AND SUPPLEMENTARY HISTORICAL FINANCIAL INFORMATION

The selected and supplementary consolidated financial data of UIHC presented below is being provided to assist you in your analysis of the financial aspects of the mergers. The selected annual UIHC historical information, as of and for each of the years in the five-year period ended December 31, 2015, is derived from, and should be read in conjunction with, the historical financial statements and accompanying notes of UIHC included in our Annual Report on Form 10-K filed with the SEC on March 2, 2016, which is incorporated by reference in this proxy statement. The selected interim financial data presented below, as of and for the six month periods ended June 30, 2015 and June 30, 2016, are derived from, and should be read in conjunction with, the historical financial statements and accompanying notes of UIHC included in our Quarterly Report on Form 10-Q filed with the SEC on August 9, 2016, which is incorporated by reference in this proxy statement. The supplementary unaudited quarterly financial data presented below, as of and for the fiscal years ended December 31, 2014 and December 31, 2015 and the first two fiscal quarters of 2016, is derived from historical unaudited financial statements and accompanying notes of UIHC included in certain of our past quarterly reports on Form 10-Q and current reports on Form 8-K.

This information is only a summary, and you should read this information in conjunction with the other sections of this proxy statement, including the section titled *Risk Factors* beginning on page 23, and the financial statements, related notes and other financial information incorporated by reference in this proxy statement. The historical results below or contained elsewhere in this proxy statement are not necessarily indicative of the future performance of UIHC or the combined company.

Selected Income Statement Data

(Dollars in thousands)

	Years Ended December 31,					Six Months Ended June 30,	
	2015	**2014**	**2013**	**2012**	**2011**	**2016**	**2015**
Revenue							
Gross Premiums written	$ 569,736	$ 436,753	$ 381,352	$ 254,909	$ 203,806	$ 346,712	$ 269,198
Gross premiums earned	504,215	400,695	316,708	226,254	180,837	311,087	236,164
Net premiums earned	335,958	264,850	197,378	121,968	90,080	215,549	158,500
Net investment and other income	21,611	15,380	10,702	9,266	6,338	12,933	9,236
Total revenue	**357,569**	**280,230**	**208,080**	**131,234**	**96,418**	**228,482**	**167,736**
Expenses							
Losses and loss adjustment expenses	183,108	118,077	98,830	58,409	38,861	126,869	96,598

Other operating expenses	132,895	97,820	74,764	57,596	44,366	82,142	62,798
Total expenses	**316,003**	**215,897**	**173,594**	**116,005**	**83,227**	**209,011**	**159,396**
Income before income taxes	**41,566**	**64,333**	**34,486**	**15,229**	**13,191**	**19,471**	**8,340**
Other income (expense)	294	77	1	485	(175)	69	185
Provision for income taxes	14,502	23,397	14,145	6,009	4,928	6,748	3,052
Net Income	**$ 27,358**	**$ 41,013**	**$ 20,342**	**$ 9,705**	**$ 8,088**	**$ 12,792**	**$ 5,473**
Return on Average Equity	12.4%	27.2%	20.8%	16.1%	16.1%	14.5%	12.6%
Ceded ratio	-33.4%	-33.9%	-37.7%	-46.1%	-50.2%	-30.7%	-32.9%
Ratios to net premiums earned:							
Losses and loss adjustment expenses	54.5%	44.6%	50.0%	47.9%	43.1%	58.9%	60.9%
Expenses	39.5%	36.8%	37.7%	46.9%	48.6%	38.0%	39.5%
Combined Ratio	94.0%	81.4%	87.7%	94.8%	91.7%	96.9%	100.4%

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Balance Sheet Data

(Dollars in thousands)

	Years Ended December 31,					Six Months Ended June 30,	
	2015	2014	2013	2012	2011	2016	2015
Cash and invested assets	$ 537,500	$ 443,018	$ 326,548	$ 223,385	$ 165,898	$ 635,365	$ 505,042
Prepaid reinsurance premiums	79,399	63,827	55,268	49,916	40,968	180,747	161,057
Other assets	123,122	77,324	59,414	40,313	33,349	180,648	123,602
Total Assets	**740,021**	**584,169**	**441,230**	**313,614**	**240,215**	**996,760**	**789,701**
Unpaid Loss and loss adjustment expenses	76,792	54,436	47,451	35,692	33,600	117,013	67,638
Unearned premiums	304,653	229,486	193,428	128,785	100,130	366,521	272,167
Other liabilities	119,365	96,484	92,764	61,151	51,496	254,070	230,439
Total Liabilities	**500,810**	**380,406**	**333,643**	**225,628**	**185,226**	**737,604**	**570,244**
Total Stockholders Equity	**239,211**	**203,763**	**107,587**	**87,986**	**54,989**	**259,156**	**219,457**

Supplementary Quarterly Data

(Dollars in thousands, except per share data)

Quarters	**First**	**Second**	**Third**	**Fourth**	**Total**
Six Months Ended June 30, 2016					
Total revenues	$ 107,561	$ 120,921	$	$	$ 228,482
Income before income taxes	4,330	15,210			19,540
Net income	$ 2,951	$ 9,841	$	$	$ 12,792
Basic earnings per share[1]	$ 0.14	$ 0.46	$	$	$ 0.60
Diluted earnings per share[1]	0.14	0.45			0.59
Year Ended December 31, 2015					
Total revenues	$ 82,396	$ 85,340	$ 89,806	$ 100,027	$ 357,569
Income before income taxes	338	8,187	12,984	20,351	41,860
Net income	$ 198	$ 5,275	$ 8,083	$ 13,802	$ 27,358
Basic earnings per share[1]	$ 0.01	$ 0.25	$ 0.38	$ 0.65	$ 1.29
Diluted earnings per share[1]	0.01	0.25	0.38	0.64	1.28

Year Ended December 31, 2014					
Total revenues	$ 67,507	$ 67,704	$ 68,847	$ 76,172	$ 280,230
Income before income taxes	17,696	15,410	13,523	17,781	64,410
Net income	$ 11,389	$ 9,590	$ 8,640	$ 11,394	$ 41,013
Basic earnings per share(1)	$ 0.65	$ 0.46	$ 0.42	$ 0.55	$ 2.06
Diluted earnings per share(1)	0.65	0.46	0.41	0.55	2.05

(1) The sum of the quarterly reported amounts may not equal the full year, as each is computed independently.

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SUMMARY SELECTED UNAUDITED PRO FORMA

CONDENSED COMBINED FINANCIAL INFORMATION

The following summary selected unaudited pro forma condensed combined balance sheet data as of June 30, 2016 reflect the mergers as if they had occurred on June 30, 2016. The following summary selected unaudited pro forma condensed combined statement of operations data for the six months ended June 30, 2016 and the year ended December 31, 2015 reflect the mergers as if they had occurred on January 1, 2015.

The summary selected unaudited pro forma condensed combined financial data is based on the historical financial statements of UIHC and AmCo, and certain assumptions and adjustments as discussed in the section titled *UIHC and AmCo Unaudited Pro Forma Condensed Combined Financial Statements* beginning on page 62, including assumptions relating to the allocation of the purchase price paid for AmCo based on preliminary estimates of the fair value of the assets acquired and liabilities assumed. This summary selected unaudited pro forma condensed combined financial information is provided for illustrative purposes only and is not necessarily indicative of what the operating results or financial position of UIHC or AmCo would have been had the mergers been completed at the beginning of the period or on the date indicated, nor are they necessarily indicative of any future operating results or financial position. UIHC and AmCo may have performed differently had they been combined during the period presented. The following should be read in connection with the section of this proxy statement titled *UIHC and AmCo Unaudited Pro Forma Condensed Combined Financial Statements* beginning on page 62 and other information included in or incorporated by reference into this proxy statement.

Unaudited Pro Forma Statement of Operations Data:[1]	**Year Ended December 31, 2015**	**Six Months Ended June 30, 2016**
Revenues	$ 535,851	$ 326,866
Income from continuing operations	$ 61,153	$ 33,565
Income from continuing operations per common share	$ 1.47	$ 0.79
Unaudited Other Pro Forma Data:		
Cash dividends declared per common share[2]	$ 1.33	$ 0.86
Unaudited Pro Forma Balance Sheet Data:	**As of December 31, 2015**	**As of June 30, 2016**
Total assets	$ 1,355,574	$ 1,600,224
Long-term obligations	$ 12,353	$ 25,486

1 Amounts set forth in dollars in this summary selected unaudited pro forma condensed combined financial information are in thousands, except per share data.

2 Pro forma cash dividends declared per common share includes the historical dividends of AmCo, which may not be consistent with UIHC s historical or future dividend policy.

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UNAUDITED PRO FORMA COMBINED PER SHARE INFORMATION

The following selected unaudited pro forma book value per common share information reflects the mergers as if they had occurred on June 30, 2016. The following selected unaudited pro forma combined statement of operations per share information for the six months ended June 30, 2016 and the year ended December 31, 2015 reflects the mergers as if they had occurred on January 1, 2015.

The unaudited pro forma combined per share information is based on the historical financial statements of UIHC and AmCo and certain assumptions and adjustments as discussed in the section titled *UIHC and AmCo Unaudited Pro Forma Condensed Combined Financial Statements* beginning on page 62, including assumptions relating to the allocation of the purchase price paid for AmCo based on preliminary estimates of the fair value of the assets acquired and liabilities assumed. This unaudited pro forma combined per share information is provided for illustrative purposes only and is not necessarily indicative of what the operating results or financial position of UIHC or AmCo would have been had the mergers been completed at the beginning of the periods or on the date indicated, nor are they necessarily indicative of any future operating results or financial position. UIHC and AmCo may have performed differently had they been combined during the periods presented. The following should be read in connection with the section titled *UIHC and AmCo Unaudited Pro Forma Condensed Combined Financial Statements* beginning on page 62, and other information included in or incorporated by reference into this proxy statement.

	Six Months Ended June 30, 2016			
				Pro Forma
Unaudited Pro Forma Combined Per Share Data:	UIHC Historical Per Share	AmCo Historical Per Share [1]	Unaudited Pro Forma Combined	Equivalent Per AmCo Share [2]
Book value per share	$ 11.97		$ 12.70	$ 2,661,515.74
Cash dividends declared per share [3]	$ 0.11		$ 0.86	$ 180,479.06
Income from continuing operations per common share	$ 0.59		$ 0.79	$ 165,353.92

	Year Ended December 31, 2015			
				Pro Forma
Unaudited Pro Forma Combined Per Share Data:	UIHC Historical Per Share	AmCo Historical Per Share [1]	Unaudited Pro Forma Combined	Equivalent Per AmCo Share [2]
Book value per share	$ 11.11		$ 14.22	$ 2,980,491.22
Cash dividends declared per share [3]	$ 0.20		$ 1.33	$ 278,168.71
Income from continuing operations per common share	$ 1.28		$ 1.47	$ 307,438.57

1 This information is not available, as there is no established public trading market for the common stock of AmCo.

2

Pro forma equivalent per AmCo share data was calculated by multiplying the unaudited pro forma combined data by the exchange ratio of 209,563.55.

[3] Unaudited pro forma combined and pro forma equivalent per AmCo share data for cash dividends declared per share includes the historical dividends of AmCo, which may not be consistent with UIHC s historical or future dividend policy.

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RISK FACTORS

The share issuance, the mergers and the future performance of UIHC common stock involve a number of risks, some of which could be substantial. UIHC stockholders will be choosing to permit, among other things, significant dilution of their percentage ownership in UIHC by voting for the share issuance proposal. You should carefully consider the following information about these risks, together with the other information in this proxy statement, including the risks referenced in the annexes to this proxy statement and in the materials incorporated by reference in this proxy statement, in considering the share issuance proposal. For a discussion of the risks related to UIHC s business, please refer to UIHC s Annual Report on Form 10-K filed with the SEC on March 2, 2016, which is incorporated by reference in this proxy statement.

Risks Relating to the Mergers

UIHC stockholders will have a reduced ownership and voting interest after completion of the first merger and will exercise less influence over management.

UIHC stockholders presently have the right to vote on the appointment of members of the UIHC board and on other matters affecting UIHC. Immediately after the first merger is completed, it is expected that current UIHC stockholders will own approximately 51% of the issued and outstanding UIHC common stock and that RDX (and, following the distribution by RDX of the merger consideration to its members, the current members of RDX) will own approximately 49% of the issued and outstanding UIHC common stock. Mr. Peed and Peed FLP1, as the majority equityholders of RDX, are expected to hold approximately 32% of the outstanding shares of UIHC common stock, and Mr. Peed will have a proxy from one of the members of RDX to vote additional shares of UIHC common stock, which is expected to equal approximately 8% of the outstanding shares of UIHC common stock. As a result, the issuance of the merger consideration will cause a significant reduction in the relative percentage interests of current UIHC stockholders in earnings, voting, liquidation value, and book and market value. While the Peed stockholder will be subject to a standstill and to voting restrictions on the shares which it owns or has the right to vote, the other members of RDX that receive shares in the distribution will not be subject to such limitations.

Shares of UIHC common stock to be beneficially owned by Mr. Peed following the closing will have different rights relative to other shares of UIHC common stock.

Shares of UIHC common stock are currently governed by the second amended and restated certificate of incorporation and by-laws of UIHC. Concurrently with the execution of the merger agreement, however, UIHC, RDX and the Peed stockholder entered into the stockholders agreement, which grants certain rights to the Peed stockholder in respect of the UIHC common stock that will be distributed to the Peed stockholder following the closing. Among other rights, the stockholder agreement grants board nomination and designation rights to Mr. Peed for as long as the Peed stockholder owns of record or beneficially owns at least 15% of the then-issued and outstanding voting securities of UIHC. Accordingly, certain rights associated with the UIHC common stock issued to the Peed stockholder will differ from the rights associated with other UIHC common stock. These rights may give the Peed stockholder significant ability to influence the direction of UIHC. Please see the section titled *The Stockholders Agreement* beginning on page 87.

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The combined company may not realize all of the anticipated benefits of the transactions or such benefits may take longer to realize than expected.

The success of the mergers will depend, in part, on the combined company s ability to realize the anticipated benefits from combining the businesses of UIHC and AmCo as further described in the section titled *The Mergers Recommendation of the UIHC Board and Reasons for Recommendation* beginning on page 46. The combination of two independent companies is a complex, costly and time-consuming process. The failure of the combined company to meet the challenges involved in such process or to otherwise realize the anticipated benefits of the transactions could cause an interruption of, or a loss of momentum in, the activities of the combined company and could seriously harm its results of operations. Potential difficulties may include, among others:

- managing a significantly larger company;
- the potential diversion of management focus and resources from other strategic opportunities and from operations matters, and potential disruption associated with the mergers, including the risk that the announcement of the mergers and potential diversion of management and employee attention may adversely affect UIHC s and AmCo s ability to retain current customers and bid for and secure new contracts;
- retaining existing customers and attracting new customers;
- maintaining employee morale and retaining key management and other employees;
- the possibility of faulty assumptions underlying expectations regarding the combined company;
- unanticipated changes in applicable laws and regulations;
- managing tax costs or inefficiencies associated with the operations of the combined company;
- unforeseen expenses or delays associated with the mergers; and
- making any necessary modifications to internal financial control standards to comply with the Sarbanes-Oxley Act of 2002 and the rules and regulations promulgated thereunder.

Many of these factors will be outside of the combined company s control and any one of them could result in increased costs, decreases in the amount of expected revenues and diversion of management s time and energy, which could materially impact the combined company s business, financial condition and results of operations. In addition, the combined company may not realize the full benefits or any benefits of the transactions, including the synergies, cost savings or sales or growth opportunities that the combined company expects. These benefits may not be achieved within the anticipated time frame, or at all. As a result, UIHC cannot assure you that the combination of AmCo with

UIHC will result in the realization of the full benefits anticipated from the transactions.

UIHC may waive one or more of the conditions to the mergers without re-soliciting or seeking additional stockholder approval.

Each of the conditions to UIHC s obligation to complete the mergers may be waived, in whole or in part, by UIHC to the extent permitted by applicable law. The UIHC board may evaluate the materiality of any such waiver to determine whether an amendment of this proxy statement and re-solicitation of proxies is necessary, or, if the stockholder approval has been obtained, whether further stockholder approval is necessary. UIHC does not currently expect any such waiver to be so significant as to require re-solicitation or additional approval by its stockholders. If any waiver is required, and is not determined to be significant enough to require re-solicitation or additional approval of UIHC s stockholders, UIHC may complete the mergers without seeking further stockholder approval.

The merger agreement limits UIHC s ability to pursue alternatives to the mergers.

The merger agreement contains provisions that make it more difficult for UIHC to enter into a transaction with a party other than AmCo. These provisions include a prohibition on soliciting UIHC takeover proposals, restrictions on entering into discussions or negotiations, or entering into letters of intent, agreements in principle or contracts with respect to, a UIHC takeover proposal, restrictions on the UIHC board s ability to change its recommendation that the UIHC stockholders approve the share issuance proposal, and a requirement that UIHC pay a termination fee of up to $9,311,000 and reimburse expenses of AmCo and its affiliates up to $1,500,000 if the merger agreement is terminated in specified circumstances. For more information on these restrictions, see the sections of the proxy statement titled *Merger Agreement No Solicitation* beginning on page 76, *Merger Agreement Recommendation of the UIHC Board* beginning on page 78, *Merger Agreement Termination of the Merger Agreement* beginning on page 84, and *Merger Agreement Transaction and Termination Fees and Expenses* beginning on page 85.

While the UIHC board believes that these provisions are reasonable and not preclusive of other offers with respect to UIHC, the provisions might discourage a third party that has an interest in acquiring all of or a significant part of UIHC from considering or proposing that acquisition. Furthermore, the termination fee may result in a potential competing acquirer proposing a transaction with a value lower than what it might otherwise have proposed to pay because of the added expense of the termination fee and expense reimbursement.

Once the stockholder approval is obtained, the closing may occur even if a more attractive transaction becomes available to UIHC and its stockholders.

The ability of UIHC to, under certain circumstances, participate in discussions or negotiations, or enter into a letter of intent or agreement in principle or contract, with a third party in respect of a UIHC takeover proposal will cease upon receipt of the stockholder approval. As a result, once UIHC s stockholders have approved the share issuance proposal, UIHC will be required to complete the mergers upon the satisfaction or waiver by AmCo or UIHC, as applicable, of all of the other conditions to closing even if, after the stockholder approval is obtained but before the closing, a superior proposal is received from a third party or another material intervening event has occurred.

The market price of the common stock of the combined company may be affected by factors different from those affecting the market price for shares of UIHC common stock.

AmCo s business differs from that of UIHC, and the business of the combined company will therefore differ from that of UIHC. Accordingly, the results of operations and, by extension, the market price of the common stock of the combined company, may be affected by factors different from those currently affecting UIHC. For a discussion of the businesses of AmCo and UIHC and of certain factors to consider in connection with those businesses, see the section titled *Business of AmCo* beginning on page 91 and the documents incorporated by reference in this proxy statement and referred to in the section titled *Where You Can Find More Information* beginning on page 127. See the section titled *Market Price Data and Dividend Data* beginning on page 121 for additional information on the market value of shares of UIHC common stock and the dividend data of UIHC and AmCo.

Failure to complete the mergers could negatively impact the stock price, future business and financial results of UIHC.

If the mergers are not completed, the ongoing business of UIHC may be adversely affected, and UIHC will be subject to several risks and consequences, including the following:

- UIHC may be required, under certain circumstances, to pay RDX a termination fee of up to $9,311,000 and / or reimburse AmCo and its affiliates expenses up to $1,500,000 under the merger agreement;

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UIHC will be required to pay certain costs related to the mergers, whether or not the mergers are completed, such as legal, accounting and financial advisor fees;

under the merger agreement, UIHC and its subsidiaries are subject to certain restrictions on the conduct of their businesses prior to completing the mergers, which may adversely affect UIHC and its subsidiaries ability to execute certain of their business strategies; and

matters relating to the mergers may require substantial commitments of time and resources by UIHC management, which would otherwise have been devoted to other opportunities that may have been beneficial to UIHC as an independent company.

In addition, if the mergers are not completed, UIHC may experience negative reactions from the financial markets and from its customers and employees. UIHC also could be subject to litigation related to any failure to complete the mergers or to enforcement proceedings commenced against UIHC to perform its obligations under the merger agreement. If the mergers are not completed, UIHC cannot assure its stockholders that the risks described above will not materialize and will not materially affect the business, financial results and stock price of UIHC.

UIHC and AmCo will incur significant transaction costs in connection with the mergers.

UIHC and AmCo expect to incur a number of costs associated with completing the mergers. A majority of these costs will be non-recurring expenses resulting from the mergers and will consist of transaction costs related to the mergers. The realization of anticipated benefits from combining the businesses of UIHC and AmCo, which may otherwise offset incremental transaction and merger-related costs over time, may not be achieved in the near term, or at all.

The unaudited pro forma financial statements are presented for illustrative purposes only, do not include transaction costs, are not intended to represent what the combined company s actual financial position or results of operations would have been had the transactions been completed on the dates indicated and are not necessarily an indication of the combined company s financial condition or results of operations following the transactions.

The unaudited pro forma financial statements are not intended to represent what the combined company s actual consolidated results of operations or consolidated financial position would have been had the mergers occurred on the dates indicated in the unaudited pro forma financial statements, nor are they necessarily indicative of the combined company s future consolidated results of operations or consolidated financial position. The preparation of pro forma financial information requires management to make a number of adjustments and assumptions, some or all of which could prove to be inaccurate. The information upon which these adjustments and assumptions have been made is preliminary, and these kinds of adjustments and assumptions are difficult to make with accuracy and are subject to further refinement. Moreover, the unaudited pro forma financial statements do not reflect costs that are expected to be incurred by UIHC, AmCo or the combined company in connection with the mergers, including transaction costs. As a result, the actual financial condition and results of operations of the combined company following the mergers may not be consistent with, or evident from, these unaudited pro forma financial statements.

The adjustments and assumptions used in preparing the unaudited pro forma financial statements may not prove to be accurate, and other factors may affect the combined company s financial condition or results of operations following the mergers. Any decline or potential decline in the combined company s financial condition or results of operations may cause significant variations in the stock price of the combined company. For additional information, see the section of this proxy statement titled *UIHC and AmCo Unaudited Pro Forma Condensed Combined Financial*

Statements beginning on page 62.

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The financial forecasts included in this proxy statement involve risks, uncertainties and assumptions, many of which are beyond the control of UIHC and AmCo. As a result, they may not prove to be accurate and are not necessarily indicative of current values or future performance.

The financial forecasts contained in this proxy statement involve risks, uncertainties and assumptions and are not a guarantee of future performance. The future financial results of UIHC and, if the mergers are completed, the combined company, may materially differ from those expressed in the financial forecasts due to factors that are beyond UIHC s and AmCo s ability to control or predict. UIHC and AmCo cannot provide any assurance that the financial forecasts will be realized or that the future financial results will not materially vary from the financial forecasts. The financial forecasts cover multiple years, and the information by its nature becomes subject to greater uncertainty with each successive year. The financial forecasts do not take into account any circumstances or events occurring after the date they were prepared.

More specifically, the financial forecasts:

- necessarily make numerous assumptions, many of which are beyond the control of UIHC and AmCo and may not prove to be accurate;
- do not necessarily reflect revised prospects for UIHC s businesses, changes in general business or economic conditions, or any other transaction or event that has occurred or that may occur and that was not anticipated at the time the forecasts were prepared;
- are not necessarily indicative of current values or future performance, which may be significantly more favorable or less favorable than is reflected in the forecasts; and
- should not be regarded as a representation that the financial forecasts will be achieved.

The financial forecasts were not prepared with a view toward public disclosure or compliance with published guidelines of the SEC or the American Institute of Certified Public Accountants for preparation and presentation of prospective financial information or United States generally accepted accounting principles, as in effect from time to time (which we refer to as GAAP), and do not reflect the effect of any proposed or other changes in GAAP that may be made in the future. See the section titled *The Mergers Financial Forecasts* beginning on page 56.

The mergers may not be accretive and may cause dilution to the combined company s earnings per share, which may negatively affect the market price of the combined company s common stock.

UIHC currently anticipates that the mergers will be accretive to GAAP earnings per share in 2017. This expectation is based on preliminary estimates which may materially change. The combined company could also encounter additional transaction and integration-related costs or other factors such as the failure to realize all or any of the benefits anticipated in the mergers. All of these factors could cause dilution to the combined company s earnings per share or decrease or delay the expected accretive effect of the mergers and cause a decrease in the price of the combined company s common stock.

The combined company and Mr. Peed will be subject to certain restrictive covenants that may restrict the combined company s ability to pursue opportunities following the closing.

AmCo, American Coastal and Mr. Peed are currently subject to restrictive covenant agreements and, in the case of Mr. Peed, an employment agreement with AmRisc. These agreements contain non-competition, non-solicitation, confidentiality and other restrictive covenants that prohibit AmCo, American Coastal and Mr. Peed from engaging in certain activities, including activities customarily performed by managing general agents and / or activities related to the subject business (as defined in the section of this proxy titled *Risk Factors Risks Relating to the Business of AmCo* beginning on page

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28) and broader segments of the commercial property insurance market for coastally exposed risks in the United States (which we refer to as the commercial property insurance business). Additionally, in connection with the execution of the merger agreement, UIHC has agreed to be subject to a restrictive covenant effective as of the closing and expiring on June 1, 2022 that will prohibit the formation, investment in or development, acquisition or ownership of any managing general agent or entity that performs activities customarily performed by managing general agents, or the engagement in customary managing general agent functions with respect to the subject business or the commercial property insurance business. Following the closing, these restrictive covenants may restrict the combined company and Mr. Peed from pursuing opportunities for expansion, including opportunities to act as or perform functions similar to a managing general agent, and therefore may limit the combined company s overall growth potential.

Risks Relating to the Business of AmCo

AmCo s main operating subsidiary, American Coastal, relies exclusively on AmRisc, a third party it does not control, for nearly all aspects of its insurance business, including the distribution of its insurance policies, as well as for underwriting, claims, marketing and other services that are essential to the overall business, financial condition and results of operations of AmCo and its subsidiaries. The loss of its managing general agency relationship or reduction in business provided by AmRisc would therefore have a material adverse effect on AmCo.

American Coastal has engaged AmRisc as its exclusive managing general agent for all underwriting and policy issuances for condominium, townhome and homeowners associations written on admitted security in Florida (which we refer to as the subject business) pursuant to the MGA contract. AmCo and its subsidiaries have no employees and therefore rely almost entirely on AmRisc s services in connection with the subject business, including as to the management of assets, implementation of underwriting strategies and pricing of risk. For 2015, all premiums written by American Coastal were written through AmRisc, and UIHC expects that at least all or a substantial portion of the revenue of AmCo will continue to be attributable to AmRisc following the closing.

Any significant decrease in, or loss of the entirety of, business from AmRisc would cause AmCo to lose substantial premiums and require AmCo to seek one or more alternative managing general agents. In the event AmCo is unable to find a replacement managing general agent or otherwise increase the production of premiums, AmCo s premium revenues would decrease and its business, financial condition and results of operations would be materially and adversely affected. Additionally, given the concentration of AmCo s business and operations with AmRisc, AmRisc may have substantial leverage in negotiations with AmCo, and amendments to the terms and conditions of the MGA contract and other changes to the commercial relationship between AmCo and AmRisc could have a material adverse effect on AmCo s business, financial condition and results of operations.

The financial distress or bankruptcy of AmRisc could have a material adverse effect on AmCo s financial condition and results of operations.

Given the concentration of AmCo s business and operations with AmRisc, prevailing regulatory, legal, economic, political, competitive, weather and other conditions impacting the operations and business of AmRisc may have a more pronounced effect on the revenues and profitability of AmCo relative to other insurance companies whose operations are more diversified. If AmRisc experiences financial difficulty, including bankruptcy or insolvency, as a result of such regulatory, legal, economic, political, competitive, weather and other conditions, such financial difficulty could have an adverse effect on AmCo s business due to the potential inability of AmRisc to provide managing general agent services in respect of the subject business. Accordingly, any bankruptcy, insolvency or financial difficulties of AmRisc could have a material adverse effect on AmCo s business, financial condition and results of operations.

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AmCo s success depends significantly on the continued availability of Mr. Peed s services to both AmCo and AmRisc.

Mr. Peed currently serves as the Chief Executive Officer and sole director of AmCo and holds a majority of the outstanding equity of AmCo s sole shareholder, RDX. Mr. Peed is also employed as the Chief Executive Officer of AmRisc and is therefore a significant factor in the commercial relationship between American Coastal and AmRisc. Accordingly, not only would Mr. Peed s services to AmCo be difficult, time-consuming and costly to replace due to his multiple years of service to AmCo, any termination or reduction of Mr. Peed s involvement with either AmCo or AmRisc could also disrupt the commercial relationship between American Coastal and AmRisc. Accordingly, any termination or reduction of the availability of Mr. Peed s services to AmCo or AmRisc could have a material adverse effect on AmCo s business, financial condition and results of operations.

Because the subject business is exclusively in Florida, AmCo s business and financial results depend largely on the regulatory, economic and weather conditions present in that state.

With the exception of AmCo s participation in AmRisc s excess and surplus book of business through BlueLine Re, all of AmCo s business is conducted in respect of risk located in the State of Florida. In particular, all premiums underwritten on behalf of American Coastal in respect of its admitted commercial residential business are for risks located in Florida, with concentrations in coastally exposed areas such as Broward County, Palm Beach County and Dade County. Accordingly, prevailing regulatory, legal, economic, political, competitive, weather and other conditions in Florida have a more pronounced effect on the revenues and profitability of AmCo relative to other insurance companies that are more geographically diversified. AmCo is particularly subject to increased exposure to losses related to catastrophic events, such as hurricanes, in Florida. The occurrence of one or more catastrophic events or other conditions causing losses in Florida may have a material adverse effect on AmCo s results of operations and financial condition.

Deficiencies in AmCo s internal controls over financial reporting could have a material adverse impact on the combined company s ability to produce timely and accurate financial statements.

Maintaining effective internal control over financial reporting is necessary for AmCo and the combined company to produce reliable financial statements and, following the closing, for the combined company to comply with its reporting obligations under securities laws. As a private company, however, AmCo has not historically had internal controls over financial reporting that would comply with the Sarbanes-Oxley Act of 2002. In August 2016, AmCo identified a material weakness in its internal controls due to its failure to properly apply GAAP related to the appropriate application of subsequent event considerations.

Specifically, AmCo determined that it had not considered subsequent events in accordance with GAAP during the preparation of its 2015 financial statements. Prior to 2015, AmCo had never issued GAAP financial statements and had only issued statutory financial statements related to American Coastal. AmCo determined during 2015 that it had approximately $8 million in adverse development related to losses in prior years. As loss reserves are an estimate and the information supporting the increase in losses was not known until 2015, AmCo had originally recorded the additional losses as adverse development during the 2015 year. However, during the preparation of the 2015 GAAP financial statements it was determined that, for GAAP reporting purposes, the adverse development should have been allocated to the prior years based upon the information now known as a first-time filer of GAAP financial statements. The impact of the re-estimation for each year was determined based upon known information determined during the preparation of the financial statements for the year ended December 31, 2015. The subsequent re-estimation of loss and loss adjustment expense (which we refer to as LAE) reserves resulted in a material adjustment to AmCo s consolidated statements of comprehensive income for the years ended December 31, 2014, 2013 and 2012. For additional information on the material weakness, see the section of this proxy statement titled *Business of AmCo Loss Reserves Reserves for Incurred But Not Reported Losses* beginning on page 95.

If AmCo or the combined company identify any material weakness in the future, the correction of such material weakness may require additional remedial measures that would be costly and time-consuming, including material adjustments to, or restatements of, financial statements. In addition, if the combined company is unable to effectively remediate any material weakness or is otherwise unable to maintain adequate internal controls over financial reporting in the future, it may not be able to prepare reliable financial statements or comply with its reporting obligations on a timely basis, which could materially adversely affect its business and subject the combined company to legal and regulatory action.

As a property and casualty insurer, AmCo may experience significant losses and its business and financial results may vary due to its exposure to catastrophic events and severe weather conditions, the incidence and severity of which could be affected by climate change.

AmCo s property and casualty insurance operations are exposed to claims arising from catastrophes. Catastrophes can be caused by various natural events, including hurricanes, windstorms, earthquakes, hail, severe winter weather and fires. They can also be manmade, such as terrorist attacks (including those involving nuclear, biological, chemical or radiological events) or consequences of war or political instability. The losses in connection with claims arising from such catastrophes may exceed the available reinsurance coverage (which would cause AmCo or its subsidiaries to have to pay any excess losses) as well as the losses that were experienced in prior years, projected using third-party catastrophe modeling software or otherwise, or used to develop prices for insurance products.

The incidence and severity of such catastrophes are largely unpredictable, but the frequency and severity of property claims generally increase when catastrophes occur. Climate change, to the extent that it may affect weather patterns, may cause an increase in the frequency or severity of catastrophes or severe weather conditions which, in addition to the attendant increase in claims-related costs, may also cause an increase in reinsurance costs or negatively impact AmCo s ability to provide insurance to policyholders.

Catastrophes, or the accumulation of smaller weather-related events, may cause material adverse effects on AmCo s business or results of operations prior to and after the closing. They may also materially harm AmCo s financial condition, which in turn may materially harm AmCo s liquidity or impair AmCo s ability to raise capital on acceptable terms or at all.

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CAUTIONARY STATEMENT REGARDING

FORWARD-LOOKING STATEMENTS

UIHC has made forward-looking statements in this proxy statement (including financial forecasts), and in documents that are incorporated by reference into this proxy statement, that are subject to risks and uncertainties. These statements are based on the beliefs and assumptions of UIHC s management. Generally, forward-looking statements include information concerning possible or assumed future actions, events or results of operations, including, but not limited to, statements about the benefits of the mergers, future financial and operating results, and the combined company s plans, objectives, expectations and intentions.

Forward-looking statements are not guarantees of performance. You should understand that the following important factors, in addition to the risks, uncertainties and other factors discussed in the section titled *Risk Factors* beginning on page 23 and elsewhere in this proxy statement, and in documents that are incorporated by reference into this proxy statement, could affect the future results of UIHC, AmCo and the combined company after the completion of the mergers and could cause results or other outcomes to differ materially from those expressed or implied in our forward-looking statements:

- regulatory, economic and weather conditions;
- the impact of new federal or state regulations that affect the property and casualty insurance market;
- the cost and viability of reinsurance;
- assessments charged by various governmental agencies;
- pricing competition and other initiatives by competitors;
- UIHC s, AmCo s and the combined company s ability to attract and retain the services of senior management;
- the outcome of litigation pending against UIHC, AmCo or the combined company, including the terms of any settlements;
- dependence on investment income and the composition of UIHC s, AmCo s or the combined company s investment portfolio and related market risks;
- UIHC s, AmCo s and the combined company s exposure to catastrophic events and severe weather conditions;

- downgrades in UIHC s and the combined company s financial strength ratings;

- consolidation in the property and casualty insurance market;

- UIHC s, AmCo s and the combined company s ability to identify and complete acquisitions, manage growth and integrate acquisitions;

- interruption of UIHC s, AmCo s and the combined company s operations due to outside sources;

- AmCo s and the combined company s dependence on key commercial relationships and personnel;

- compliance with existing laws and regulations;

- the combined company s access to sufficient capital to fund its future requirements; and

- other risks and uncertainties described in the section titled *Risk Factors* beginning on page 23.

These statements may include, or be preceded or followed by, the words may, will, should, potential, possible, believe, expect, anticipate, intend, plan, estimate, hope, project, could or similar expressions. We cla of the safe harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995 for all forward-looking statements.

Because forward-looking statements are subject to assumptions and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. You are cautioned not to place undue reliance on such statements, which speak only as of the date of this proxy statement or the date of any document incorporated by reference into this proxy statement.

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All subsequent written and oral forward-looking statements concerning the mergers, the share issuance proposal or other matters addressed in this proxy statement and attributable to UIHC or any person acting on UIHC s behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section. Except to the extent required by applicable law or regulation, UIHC does not take and hereby disclaims any obligation to make any revisions to such forward-looking statements to reflect events or circumstances after the date of this proxy statement or to reflect the occurrence of unanticipated events.

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THE SPECIAL MEETING

Date, Time and Place of the Special Meeting

This proxy statement is being furnished to UIHC s stockholders as part of the solicitation of proxies by the UIHC board for use at the special meeting to be held on **[ ]**, 2016 at **[a.m./p.m. local time]**, at our offices at 800 2nd Avenue S., St. Petersburg, Florida 33701, or at any properly convened meeting following an adjournment or postponement of the special meeting.

Purpose of the Special Meeting

The purpose of the UIHC special meeting is for UIHC s stockholders:

- to consider and vote on the share issuance proposal; and
- to consider and vote on the adjournment proposal.

The UIHC board is not aware of any other matters that are likely to be brought before the UIHC stockholders at the special meeting. However, if any other matters properly come before the stockholders at the special meeting, the persons named in the enclosed proxy or their duly constituted substitutes acting at the special meeting will be authorized to vote or otherwise act thereon in accordance with their judgment on such matters.

A copy of the merger agreement is attached to this proxy statement as Annex A. A copy of the stockholders agreement is attached to this proxy statement as Annex B. A copy of the fairness opinion of Raymond James is attached to this proxy statement as Annex C. Copies of audited annual financial statements and related notes and unaudited interim financial statements and related notes for AmCo are attached to this proxy statement as Annexes D-1 and D-2, respectively. Certain financial statement schedules of AmCo are attached to this proxy statement as Annex D-3. UIHC stockholders should review the merger agreement, the stockholders agreement, the fairness opinion, the audited annual financial statements, the unaudited interim financial statements, the financial statement schedules and this proxy statement carefully and in their entirety before deciding how to vote.

Recommendation of the UIHC Board

The UIHC board carefully reviewed and considered the terms and conditions of the merger agreement, the mergers and the transactions contemplated by the merger agreement, including the share issuance. By a unanimous vote, the UIHC board (a) adopted and declared advisable the merger agreement, the mergers, the share issuance and the consummation by UIHC of the other transactions contemplated by the merger agreement; (b) authorized and approved the execution, delivery and performance of the merger agreement and the consummation by UIHC of the transactions, including the mergers and the share issuance; (c) determined that the mergers and the other transactions contemplated by the merger agreement, including the share issuance, are in the best interests of UIHC and its stockholders; (d) directed that a proposal to adopt the share issuance be submitted to a vote at a meeting of UIHC stockholders; and (e) recommended that UIHC stockholders vote for the share issuance proposal. **Accordingly, the UIHC board unanimously recommends a vote FOR the share issuance proposal. The UIHC board also unanimously recommends a vote FOR the adjournment proposal.** For additional information on the factors that the UIHC board considered in determining to recommend the share issuance proposal, please see the section titled *The Mergers Recommendation of the UIHC Board and Reasons for Recommendation* beginning on page 46.

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Record Date; Outstanding Shares; Shares Entitled to Vote

The UIHC board has fixed the record date for the determination of the number of shares of UIHC common stock issued and outstanding and the stockholders entitled to notice of, and to vote at, our special meeting as of the close of business on **[ ]**. As of such date, there were **[ ]** shares of our common stock outstanding and entitled to vote. Each share of our common stock is entitled to one vote on each of the share issuance proposal and the adjournment proposal.

Quorum; Vote Required for Approval

The presence in person or by proxy of holders of a majority of the shares of UIHC common stock entitled to vote at the special meeting constitutes a quorum for the purpose of considering the proposals. Adoption of both the share issuance proposal and the adjournment proposal requires the approval by the holders of a majority of the shares of UIHC common stock entitled to vote and present in person or represented by proxy at the special meeting. If a quorum is not present or represented by proxy at the special meeting, the holders of a majority of the shares entitled to vote at the special meeting who are present in person or represented by proxy may adjourn the meeting from time to time until a quorum is present.

If you are a UIHC stockholder of record and you vote by mail, through the Internet or in person at the special meeting, then your shares of UIHC common stock will be counted as part of the quorum. If you are a street name holder of shares of UIHC common stock and you provide your bank, broker, trust or other nominee with voting instructions, then your shares will be counted in determining the presence of a quorum. If you are a street name holder of shares and you do not provide your bank, broker, trust or other nominee with voting instructions, then your shares will not be counted in determining the presence of a quorum.

All shares of UIHC common stock held by stockholders of record that are present in person or represented by proxy and entitled to vote at the special meeting, regardless of how such shares are voted or whether such stockholders abstain from voting, will be counted in determining the presence of a quorum.

Abstentions and Broker Non-Votes

Abstentions are counted as present and entitled to vote for the purpose of determining whether a quorum is present. Both the share issuance proposal and the adjournment proposal require approval by the holders of a majority of the shares of UIHC common stock present in person or represented by proxy at the special meeting entitled to vote on such matter. Consequently, the abstention from voting will have the same effect as a vote **AGAINST** either the share issuance proposal or the adjournment proposal.

A broker non-vote occurs when shares held by a bank, broker, trust or other nominee are represented at a meeting, but the bank, broker, trust or other nominee has not received voting instructions from the beneficial owner and does not have the discretion to direct the voting of the shares on a particular proposal but has discretionary voting power on other proposals at such meeting. Accordingly, if your shares are held in street name, your bank, broker, trust or other nominee will **NOT** be able to vote your shares of UIHC common stock on either of the proposals unless you have properly instructed your bank, broker, trust or other nominee on how to vote. Because the approval of each of the share issuance proposal and the adjournment proposal requires approval by the holders of a majority of the shares of UIHC common stock present in person or represented by proxy at the special meeting entitled to vote on such matter, and because your bank, broker, trust or other nominee does not have discretionary authority to vote on either proposal, the failure to provide your bank, broker, trust or other nominee with voting instructions will have no effect on the approval of either proposal, assuming a quorum is present. The failure to cast your vote in person or by proxy will also not affect the outcome of either proposal, assuming a quorum is present.

How to Vote

Stockholders of record as of the close of business on the record date have a choice of voting your shares of UIHC common stock by:

- authorizing a proxy to vote your shares at the special meeting by completing, signing and dating each proxy card you receive and returning it by mail in the enclosed pre-addressed, postage-paid envelope;
- submitting your proxy through the Internet voting instructions printed on each proxy card you receive; or
- appearing and voting in person at the special meeting and voting by ballot.

Proxies submitted by Internet must be received by 11:59 p.m. Eastern Time on the day before the special meeting.

If the enclosed proxy is properly executed and returned prior to voting at the special meeting, the shares represented thereby will be voted in accordance with the instructions marked thereon. **In the absence of instructions, executed proxies will be voted FOR the share issuance proposal and FOR the adjournment proposal.**

Please note that your broker will NOT be able to vote your shares with respect to the share issuance proposal or the adjournment proposal if you have not provided instructions to your broker. We therefore strongly encourage you to submit your proxy and exercise your right to vote as a stockholder.

All stockholders as of the close of business on the record date, or their duly appointed proxy holders, may attend our special meeting. Registration will begin at **[a.m. / p.m. local time]** and persons attending should allow ample time for check-in procedures. If you attend, please note that you may be asked to present valid photo identification, such as a driver s license or passport. If you are a stockholder of record, we will verify your name against the list of our stockholders as of the record date, prior to admittance to our special meeting. Please also note that if you are a street name holder of shares of UIHC common stock, you will need to present a copy of a brokerage statement reflecting your stock ownership as of the record date before you can be admitted to the special meeting.

You may attend our special meeting and vote in person, regardless of whether you have previously voted by proxy card or via the Internet. If you are a street name holder of shares of our common stock and if you obtain a legal proxy from your broker, bank or other holder of record and present it to the Inspector of Elections along with your ballot, you may vote in person at our special meeting. We encourage you to vote your shares in advance of our special meeting, even if you plan on attending. If you have already voted, you may nevertheless revoke your vote in the manner described below and vote in person at our special meeting.

To obtain directions to attend our special meeting and vote in person, please contact our proxy solicitation agent, MacKenzie Partners, Inc., by calling (800) 322- 2885, emailing proxy@mackenziepartners.com or writing MacKenzie Partners, Inc., 105 Madison Avenue, New York, New York 10016.

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Revocation of Proxies

Any proxy given by a UIHC stockholder may be revoked at any time before it is voted at the special meeting by doing any of the following:

- submitting another proxy through the Internet, in accordance with instructions on the proxy card, prior to 11:59 p.m. Eastern Time on the day before the special meeting;
- delivering a signed written notice of revocation bearing a date later than the date on the proxy to our Corporate Secretary at 800 2nd Avenue S., St. Petersburg, Florida 33701;
- submitting a later-dated proxy card relating to the same shares of UIHC common stock; or
- attending the special meeting and voting in person (your attendance at the special meeting will not, by itself, revoke your proxy; you must vote in person at the special meeting).

Street name holders of shares of UIHC common stock should contact their bank, broker, trust or other nominee to obtain instructions as to how to revoke or change their proxies.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed if necessary or appropriate, including to solicit additional proxies in favor of the share issuance proposal. UIHC s by-laws provide that, if a quorum is not present or represented by proxy at any meeting of stockholders, the holders of a majority of the shares entitled to vote at the meeting who are present in person or represented by proxy may adjourn the meeting from time to time until a quorum is present. An adjourned meeting may be held later without notice other than announcement at the meeting, except that if the adjournment is for more than forty-five days, or if after the adjournment a new record date is fixed for the adjourned meeting, notice of the adjourned meeting shall be given personally or by first-class mail to each stockholder of record entitled to vote at the adjourned meeting.

In addition, the UIHC board may adjourn, recess or postpone the special meeting from time to time as determined by the Chairman of the special meeting.

Solicitation of Proxies

The UIHC board is soliciting the proxies accompanying this proxy statement. The UIHC board has also retained MacKenzie Partners, Inc. to assist in the distribution and solicitation of proxies and has agreed to pay MacKenzie Partners, Inc. a fee of $25,000 plus out-of-pocket expenses for these services. We will bear the entire cost of solicitation, including the preparation, assembly, printing, and mailing of this proxy statement, the proxy, and any additional information we furnish to our stockholders. We may solicit proxies through the mail, or our directors, executive officers, and other employees may solicit proxies in person or by telephone. We will not pay any additional compensation to our directors, executive officers, or other employees for their services with regard to proxy solicitation. We will also request brokers, banks, and other stockholders of record to forward proxy materials, at our expense, to the beneficial owners of our shares.

Availability of Documents

Documents incorporated by reference (excluding exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents) will be provided by first class mail without charge to each person to whom this proxy statement is delivered upon written or oral request of such person. See the section of this proxy statement titled *Where You Can Find More Information* beginning on page 127 for more information regarding where you can request any of the documents incorporated by reference in this proxy statement or other information concerning UIHC.

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Presence of Principal Accountants

UIHC expects that representatives from RSM US LLP, its principal accountants for the current fiscal year and most recently completed fiscal year, will be present at the special meeting. Such representatives will have the opportunity to make a statement if they desire to do so and are expected to be available to respond to appropriate questions.

Additional Information

If you have more questions about the mergers, the share issuance proposal, the special meeting or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please contact our proxy solicitation agent, MacKenzie Partners, Inc., at:

MacKenzie Partners, Inc.

105 Madison Avenue

New York, New York 10016

proxy@mackenziepartners.com

Call Collect: (212) 929-5500

or

Toll-Free (800) 322-2885

Email: proxy@mackenziepartners.com

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THE MERGERS

The following discussion contains material information pertaining to the mergers. This discussion is subject, and qualified in its entirety by reference, to the merger agreement, the stockholders agreement, Raymond James fairness opinion, AmCo s audited annual financial statements and related notes, AmCo s unaudited interim financial statements and related notes, and the financial statement schedules of AmCo, which are attached to this proxy statement as Annex A, Annex B, Annex C, Annex D-1, Annex D-2 and Annex D-3, respectively. We urge you to read and review the merger agreement, the stockholders agreement, the fairness opinion and AmCo s audited and unaudited financial statements and financial statement schedules in their entirety as well as the discussion in this proxy statement.

General

On August 17, 2016, the UIHC board unanimously approved the merger agreement, attached as Annex A to this proxy statement. The merger agreement provides that, upon the terms and subject to the conditions set forth therein, Merger Sub will merge with and into AmCo, and AmCo will become a wholly-owned subsidiary of UIHC as a result of the first merger. AmCo, as the survivor of the first merger, will then merge with and into Merger LLC, with Merger LLC surviving the second merger as a wholly-owned subsidiary of UIHC. Merger LLC will be renamed AmCo Holding Company (or a similar name) shortly thereafter. At the effective time of the first merger, each issued and outstanding share of common stock of AmCo will be converted into shares of common stock of UIHC, upon the terms provided in the merger agreement and as described in the section of this proxy statement titled *Merger Agreement Consideration to be Received in the Mergers* beginning on page 71.

Parties to the Mergers

UIHC

800 2nd Avenue S.

St. Petersburg, FL 33701

(727) 895-7737

UIHC is primarily engaged in the homeowners property and casualty insurance business in the United States. UIHC serves as the holding company for United Property & Casualty Insurance Company and its affiliated companies. UIHC conducts its business principally through its wholly-owned operating subsidiaries. Collectively, including UIHC, these entities are referred to as UPC Insurance. UPC Insurance currently writes in Connecticut, Florida, Georgia, Hawaii, Louisiana, Massachusetts, New Jersey, New York, North Carolina, Rhode Island, South Carolina and Texas, and is licensed to write in Alabama, Delaware, Maryland, Mississippi, New Hampshire and Virginia. UPC Insurance s target market currently consists of areas where the perceived threat of natural catastrophe has caused large national insurance carriers to reduce their concentration of policies.

UIHC s common stock is listed on Nasdaq under the symbol UIHC .

For more information about UIHC, please visit the Internet website of UIHC at http://upcinsurance.com. The Internet website address of UIHC is provided as an inactive textual reference only. The information contained on the Internet website of UIHC is not incorporated into, and does not form a part of, this proxy statement or any other report or document on file with or furnished to the SEC. Additional information about UIHC is included in the documents incorporated by reference into this proxy statement. See the section titled *Where You Can Find More Information* beginning on page 127 of this proxy statement.

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Merger Sub

800 2nd Avenue S.

St. Petersburg, FL 33701

(727) 895-7737

Merger Sub, a North Carolina corporation and a wholly-owned subsidiary of UIHC, was formed solely for the purpose of facilitating the mergers. Merger Sub has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the mergers contemplated by the merger agreement. By operation of the first merger, Merger Sub will be merged with and into AmCo, with AmCo surviving the first merger as a wholly-owned subsidiary of UIHC.

Merger LLC

800 2nd Avenue S.

St. Petersburg, FL 33701

(727) 895-7737

Merger LLC, a Delaware limited liability company and a wholly-owned subsidiary of UIHC, was formed solely for the purpose of facilitating the mergers. Merger LLC has not carried on any activities or operations to date, except for those activities incidental to its formation and undertaken in connection with the mergers contemplated by the merger agreement. By operation of the second merger, the surviving corporation after the first merger will merge with and into Merger LLC, with Merger LLC (which will be renamed AmCo Holding Company (or a similar name) shortly thereafter) surviving the second merger as a wholly-owned subsidiary of UIHC.

AmCo

20405 State Highway 249

Suite 430

Houston, TX 77070

(281) 257-5118

AmCo, a North Carolina corporation and an insurance holding company, is the owner of American Coastal. American Coastal is engaged in the commercial residential property and casualty insurance business and writes coverage for Florida condominiums, homeowners associations, apartments and townhomes through AmRisc, its managing general agent. American Coastal has been operating continuously in Florida since 2007, and has successfully managed its business through a number of changes in the commercial residential market in Florida. AmCo is also the owner of BlueLine Cayman Holdings, a Cayman Islands holding company that owns BlueLine Re. BlueLine Re is a protected cell whose sole business is the entry into and performance of quota share agreements to participate in AmRisc s excess and surplus book of business. As a result of the first merger, Merger Sub will be merged with and into AmCo, with AmCo surviving the first merger. As a result of the second merger, AmCo will be merged with and into Merger LLC, with Merger LLC surviving the second merger. At this time, AmCo will cease to exist and Merger LLC, which will be renamed AmCo Holding Company (or a similar name) shortly thereafter, will be a wholly-owned subsidiary of UIHC.

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RDX

20405 State Highway 249

Suite 430

Houston, TX 77070

(281) 257-5118

RDX is a Delaware limited liability company formed for the sole purpose of holding equity interests in AmCo. The holding company group conducts insurance business through its indirect subsidiaries, American Coastal and BlueLine Cayman Holdings. All other activities of RDX are incidental to its formation and ongoing holding of AmCo equity interests.

Peed FLP1

159 Manor Lake Estates Dr.

Spring, TX 77379

(281) 257-0170

Peed FLP1 is a Texas limited liability partnership managed by its general partner Peed Management, LLC. Mr. Peed is the sole limited partner of Peed FLP1. Peed FLP1 was formed for the sole purpose of holding equity interests in certain corporations, limited partnerships and limited liability companies, including RDX. Peed FLP1 has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with holding equity interests.

Mr. Peed

159 Manor Lake Estates Dr.

Spring, TX 77379

(281) 257-0170

R. Daniel Peed is a natural person residing in Texas. Mr. Peed is the sole limited partner of Peed FLP1. Mr. Peed is also the sole member and manager of Peed Management, LLC, which is the sole general partner of Peed FLP1. Mr. Peed is the sole director of RDX, and is the only member of RDX that holds voting shares. Mr. Peed will be a director of UIHC after the closing.

Background of the Mergers

The UIHC board regularly reviews potential strategic opportunities to enhance stockholder value.

On August 27, 2015, Mr. John Forney, President and Chief Executive Officer of UIHC, had an introductory meeting with Mr. Peed, Chief Executive Officer of AmCo and AmRisc, the exclusive managing general agent of American

Coastal, a wholly-owned subsidiary of AmCo, to discuss the respective companies strategic direction and business principles. Shortly following that meeting, Mr. Peed communicated to Mr. Forney that he thought an in-person meeting that included a broader group of representatives would be helpful to further the discussion.

On October 8, 2015, Mr. Forney and Mr. Gregory Branch, Chairman of the UIHC board, met with Mr. Peed and Mr. Andy Gray, Chief Financial Officer of AmCo and RDX, and a representative of TigerRisk Capital Markets & Advisory (which we refer to as TigerRisk), co-financial advisor to AmCo. At that meeting, American Coastal delivered to UIHC a presentation highlighting the merits of a combination of UIHC and American Coastal, and suggesting a stock-for-stock merger with an exchange ratio that would result in members of RDX, the sole shareholder of AmCo, owning 57.2% of the combined company and existing UIHC stockholders owning 42.8% of the combined company.

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On October 14, 2015, UIHC and American Coastal executed a confidentiality agreement to facilitate the exchange of confidential information so both parties could further evaluate this potential combination.

During the month of October 2015, UIHC hired Raymond James as its sole external investment banking advisor to evaluate a potential combination with American Coastal or one of its affiliated entities. During that same month, UIHC and AmCo began to share due diligence information in order to permit each other to evaluate a potential business combination.

On October 28, 2015, members of management of UIHC and AmCo met in person with Raymond James and TigerRisk to discuss the potential business combination between UIHC and AmCo. The meeting included an extensive discussion of the operating history, strategy, business challenges and opportunities of both companies.

On November 2, 2015, AmCo provided UIHC with financial projections through 2018. On November 3, 2015, UIHC provided AmCo with financial projections through 2019.

On November 5, 2015, the UIHC board held a regularly scheduled in-person meeting. During this meeting Raymond James and UIHC management discussed with the UIHC board the business combination proposed by AmCo in which the members of AmCo s sole shareholder, RDX, would receive UIHC stock that on a pro forma basis would result in the RDX members owning approximately 57.2% of the combined company pursuant to the October 8th presentation. Representatives of Raymond James discussed with UIHC various financial measures related to the proposal, the UIHC board and AmCo, including the financial projections provided by each of the parties. Following the discussion, the UIHC board authorized UIHC management and Raymond James to propose to AmCo a business combination in which the members of RDX would receive UIHC stock that on a pro forma basis would result in the RDX members owning less than 50% of the combined company.

Also on November 5, 2015, Raymond James, at the direction of the UIHC board, conveyed to TigerRisk the UIHC board s willingness to continue discussions regarding the proposed business combination between UIHC and AmCo, but at pro forma ownership levels much lower than those proposed by RDX.

On November 19, 2015, Mr. Branch, Mr. Forney and Mr. B. Bradford Martz, Chief Financial Officer of UIHC, met with Messrs. Peed and Gray to discuss further a potential business combination between UIHC and AmCo. Mr. Peed indicated that he would be interested in exploring a potential business combination in which RDX members would own no less than 50% of the combined company on a pro forma basis.

On December 18, 2015, management of UIHC and AmCo and their respective financial advisors met to further discuss the proposed business combination and the business of each party. At this meeting Mr. Peed reiterated his proposal for a business combination in which RDX members would own 50% of the combined company on a pro forma basis and indicated that AmCo would expect to distribute out all 2015 earnings to RDX prior to completion of the proposed combination. At this time, AmCo provided UIHC with revised financial projections through 2018, which were updated for the passage of time.

In late December, UIHC revised its internal financial projections, which were updated to include an increase in expected loss ratio for certain potential high-frequency, low-severity catastrophic losses.

Following the exchange of projections, Messrs. Branch and Forney instructed Raymond James to convey to AmCo a revised proposal for a business combination between UIHC and AmCo in which RDX members would receive UIHC stock that would result in RDX members owning 47% of the combined company on a pro forma basis and AmCo would be permitted to make a $37 million dividend to RDX

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prior to the consummation of the proposed combination. The proposal also contemplated that (a) RDX members would have the right to designate three directors to the UIHC board, (b) Mr. Peed, as the largest member of RDX, would receive UIHC shares issued in the business combination that equaled approximately 40% of the outstanding voting power of the combined company on a pro forma basis, and for two years following the closing, Mr. Peed would be subject to voting restrictions with respect to his UIHC shares such that he would be entitled to vote approximately 19% of the outstanding voting power of UIHC in his sole discretion and the remainder would be voted pro rata in accordance with the votes of UIHC stockholders not affiliated with Mr. Peed and (c) approximately 76% of the shares issued in the proposed combination would be subject to three-year transfer restrictions.

On December 29, 2015, Raymond James conveyed to TigerRisk the revised proposal as directed by Messrs. Branch and Forney.

In early January 2016, TigerRisk informed Raymond James that Mr. Peed was considering UIHC s counterproposal and would respond to UIHC and Raymond James in due course.

On February 5, 2016, TigerRisk, on behalf of AmCo, provided (x) revised AmCo projections through 2018, which were updated for the passage of time and (y) a revised proposal for a business combination in which RDX members would own 49% of the combined company on a pro forma basis and AmCo would be permitted to make a dividend, based on net income, to RDX prior to consummation of the proposed combination, which dividend was estimated at the time to be $31.5 million. The proposal also contemplated that (a) Mr. Peed, as the largest member of RDX, would receive UIHC shares issued in the business combination that equaled approximately 42% of the voting power of the combined company on a pro forma basis and for two years following the closing, Mr. Peed would be subject to voting restrictions with respect to his UIHC shares such that he would be entitled to vote 25% of the outstanding voting power of UIHC in his sole discretion and the remainder would be voted pro rata in accordance with the votes of UIHC stockholders not affiliated with Mr. Peed, provided that Mr. Peed could vote all of his shares in his sole discretion in connection with any proposed change of control transaction of UIHC, (b) RDX members would initially be permitted to designate three directors to the UIHC board, provided that the number would increase to RDX s percentage of the outstanding UIHC voting power following the expiration of the voting agreement described in clause (a), and (c) approximately 72% of the UIHC shares issued in the proposed mergers would be subject to a three year transfer restriction.

On February 17, 2016, the UIHC board held a regularly scheduled in-person board meeting. At the meeting, the UIHC board, management of UIHC and Raymond James discussed the proposed business combination, including the revised projections of each party and a preliminary financial analysis of the proposed combination and the terms proposed by each party. The UIHC board also discussed the strategic rationale for the proposed mergers and other considerations related to the proposed mergers. Following discussion, the UIHC board authorized management and Raymond James to continue negotiations with AmCo on the basis of a 51% / 49% ownership split.

Throughout March of 2016, UIHC, AmCo and their respective representatives engaged in financial and business due diligence. The parties also discussed the status of the audit review of AmCo s financial statements for the year ended December 31, 2015 and any potential issues relating to the audit.

In March of 2016, UIHC engaged the law firm of Sidley Austin LLP (which we refer to as Sidley Austin), to represent UIHC in connection with the proposed mergers. On March 17 and 18, 2016, UIHC, AmCo and their respective financial advisors held in-person meetings to conduct due diligence and provide management presentations to the other. During these meetings, Mr. Peed met with UIHC board members to discuss the proposed combination and his potential role with the combined company.

On March 10, 2016, UIHC provided AmCo with revised projections through 2019, which were updated for the passage of time.

On March 21, 2016, management and Raymond James provided the UIHC board a review of the ongoing financial and business diligence and updated financial analysis based on the revised projections.

On March 28, 2016, UIHC, Raymond James and Sidley Austin met in person to discuss the proposed mergers, including due diligence and potential terms for the proposed mergers.

On March 29, 2016, UIHC, AmCo, Mr. Peed and their respective representatives participated in a conference call during which they discussed potential terms for the proposed mergers.

On March 31, 2016, Sidley Austin, on behalf of UIHC, delivered to Debevoise, counsel for AmCo, a draft outline of proposed key terms for the proposed mergers. The outline contemplated, among other things, that (a) Mr. Peed would be subject to a standstill agreement, (b) the term of the voting restrictions to which Mr. Peed would be subject would be the earlier of five years after the closing of the business combination and the date on which Mr. Peed no longer owned 15% of the outstanding voting power of UIHC, (c) Mr. Peed would be entitled to designate for nomination three directors to the UIHC board until the date Mr. Peed owned less than 15% of the outstanding voting power of UIHC and (d) Mr. Peed (but not the other members of RDX) would be subject to transfer restrictions with respect to the shares of UIHC common stock received in the business combination.

Over the course of April, UIHC, AmCo and their legal and financial advisors negotiated the terms and conditions of the proposed mergers and continued to perform due diligence.

On April 15, 2016, management of UIHC and representatives of Raymond James met with management of AmRisc, the exclusive managing agent of American Coastal, and BB&T Insurance Services, Inc. (which we refer to as BB&T Insurance), the majority owner of AmRisc, to better understand the relationship between American Coastal and AmRisc.

On April 22, 2016, UIHC provided AmCo with revised projections through 2019, which were updated for the passage of time.

On April 27, 2016, the UIHC board held a regularly scheduled in-person meeting. Also present for a portion of the meeting were members of management of UIHC, and representatives of Raymond James and Sidley Austin. Representatives of Sidley Austin discussed with the UIHC board the fiduciary obligations of the members in connection with considering a transaction such as the proposed mergers. Management then discussed with the UIHC board the due diligence efforts and findings to date, including financial and legal due diligence (including that management was waiting for the completed AmCo audit) and AmCo s relationship with AmRisc and BB&T Corporation (which we refer to as BB&T Corp and, together with BB&T Insurance, BB&T). The UIHC board and management discussed the terms of the MGA contract and potential modifications to the MGA contract. The UIHC board also discussed that Mr. Peed was expected to continue as Chief Executive Officer of AmRisc following completion of the proposed business combination. Following questions from members of the UIHC board and discussion, representatives of Sidley Austin discussed with the UIHC board the changes to the proposed terms of the post-transaction stockholders agreement since the terms reviewed with the UIHC board at its February 17, 2016 meeting, including (a) that Mr. Peed would be subject to a standstill agreement until his ownership of UIHC voting power decreased below 15%, (b) the term of Mr. Peed s voting agreement would be extended to the earlier of five years following the closing of the proposed mergers and the date on which Mr. Peed held less than 15% of the outstanding voting power of UIHC, and that the voting agreement would apply to change of control transactions,

(c) Mr. Peed (but not the other members of RDX) would

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be subject to transfer restrictions with respect to the shares he received in the proposed mergers and (d) Mr. Peed would be subject to a non-compete agreement following the closing. The Sidley Austin representatives also discussed with the UIHC board the proposed terms of the merger agreement, including (i) that prior to the UIHC stockholders approving the share issuance proposal, the UIHC board would have the right to negotiate with other parties who made a UIHC takeover proposal that the UIHC board determined was or would reasonably be expected to lead to a superior proposal, and to terminate the merger agreement to accept such as superior proposal, (ii) that the termination fee payable by UIHC if it terminated the merger agreement to accept a superior proposal would be 1.5% of the equity value of the transaction if the merger agreement were terminated in the first forty-five days after signing and thereafter would be 3% of the equity value of the transaction (and that UIHC would in either case have to reimburse AmCo for its expenses incurred in connection with the transaction) and (iii) the conditions to each party s obligation to close the proposed mergers. Following this discussion, representatives of Raymond James discussed with the UIHC board the preliminary financial analysis of the proposed mergers. Throughout the discussion, members of the UIHC board asked questions which management and representatives of Raymond James answered. The UIHC board, management and representatives of Raymond James and Sidley Austin then discussed next steps and the UIHC board authorized management to deliver drafts of the transaction documents to AmCo, RDX and their representatives.

On May 6, 2016, at the direction of the UIHC board, Sidley Austin delivered drafts of the merger agreement and the stockholders agreement to AmCo, RDX and their representatives. Over the course of the next several months until the execution of the definitive agreements, UIHC, AmCo, Sidley Austin and Debevoise negotiated the definitive documents. On May 6, 2016, AmCo also provided UIHC with revised projections through 2018 which were updated for the passage of time and included an increase in expected loss ratio for certain potential high-frequency, low-severity catastrophic losses.

During June and July 2016, Messrs. Forney and Peed met with various insurance regulators to discuss on a confidential basis the proposed mergers.

On June 14, 2016, Sidley Austin, at the direction of UIHC, delivered to Debevoise a draft letter agreement among UIHC, AmRisc, BB&T Corp, BB&T Insurance, Mr. Peed, RDX, AmCo and American Coastal to address certain issues in the MGA contract and other contracts between BB&T Corp or AmRisc and AmCo, Mr. Peed or their respective affiliates in order to facilitate the proposed mergers and Mr. Peed s role with UIHC following the completion of the proposed mergers. Throughout June and to the signing of the definitive agreements, the parties negotiated the proposed letter with AmRisc and BB&T.

On July 11, 2016, UIHC provided to AmCo revised projections, which were updated for the passage of time.

On July 12, 2016, members of management of UIHC and American Coastal, along with representatives of TigerRisk, Raymond James, Sidley Austin and Debevoise, met in UIHC s offices to discuss the terms of the proposed merger agreement and the stockholders agreement, including the ability of Mr. Peed to transfer shares of UIHC common stock received in the mergers, as well as modifications to the MGA contract and the restrictive covenants to which Mr. Peed is subject. Among other things, Mr. Peed agreed to seek from AmRisc and BB&T Insurance an amendment to the MGA contract to extend the term of the MGA contract to five years following the closing of the proposed mergers. The parties also agreed that Mr. Peed could transfer up to 9.9% of the outstanding voting power of the combined company in connection with his marital separation and that these shares would not be subject to the transfer restrictions, but that Mr. Peed would receive an irrevocable proxy to vote such shares.

Following the meeting, Sidley Austin and Debevoise, at the direction of UIHC and AmCo, respectively, negotiated revised drafts of the transaction agreements.

On August 1, 2016, UIHC provided to AmCo projections for 2020. UIHC did not make any revisions to its projections through 2019, which were previously provided.

On August 3, 2016, AmCo provided to UIHC projections for 2019 and 2020. AmCo did not make any revisions to its projections through 2018, which were previously provided.

On August 9, 2016, the UIHC board met with Mr. Peed to discuss the proposed mergers, his role at the combined company and his views on the industry.

On August 10, 2016, the UIHC board held a regularly scheduled in-person meeting. At the meeting, the UIHC board, members of management and representatives of Raymond James and Sidley Austin discussed with the UIHC board the proposed mergers. Representatives of Sidley Austin discussed with the UIHC board the directors fiduciary duties in considering the proposed mergers and the terms of the proposed mergers and changes thereto since the last UIHC board meeting. The representatives of Sidley Austin also described for the UIHC board (a) the terms of the MGA contract and the consents that AmRisc and BB&T would provide under that contract and other agreements with American Coastal and Mr. Peed to facilitate the transaction, and Mr. Peed s potential role with UIHC following completion of the proposed mergers, and (b) the applicable restrictive covenants that would continue in place with AmCo and Mr. Peed following the completion of the proposed mergers, as well as those that would be applicable to UIHC following the completion of the proposed mergers. They also described the proposed amendment to the MGA contract to extend its term to five years after completion of the proposed mergers and the rights and obligations of both AmRisc and American Coastal following the expiration of the MGA contract. The UIHC board, management and representatives of Raymond James and Sidley Austin discussed the impact the various restrictive covenant agreements would have on the combined company as well as alternatives available to the combined company at the expiration of the term of the MGA contract. Management noted that it believed (and understood that Mr. Peed believed) that, although it is difficult to predict the future and there are a number of factors that could have an impact on their predictions, the combined company would be in a favorable position at the expiration of the term of the MGA contract to either renew the agreement or continue on without the AmRisc relationship. Management then reviewed with the UIHC board the projections of UIHC and American Coastal, which had been updated to reflect actual results through the year. Following discussion regarding the projections, representatives of Raymond James then discussed Raymond James preliminary financial analysis of the proposed mergers. Members of the UIHC board asked a number of questions regarding the preliminary analysis. Following discussion, the UIHC board authorized management to proceed to finalize negotiations of the merger agreement, the stockholders agreement and related agreements.

During the next week, UIHC, American Coastal, Sidley Austin and Debevoise worked to finalize the transaction documents and complete due diligence.

On August 12, 2016, AmCo provided to UIHC revised projections, which were updated to include an equity contribution of $5.7 million from RDX and the elimination of certain surplus note interest expenses previously included in the projections.

On August 15, 2016, AmCo received the audit report and report on internal controls over financial reporting from its auditor for AmCo s financial statements for the years ended December 31, 2015, 2014 and 2013. The report indicated that AmCo had a material weakness in its internal controls over financial reporting as described in the section of this proxy statement titled *Risk Factors Risks Relating to the Business of AmCo* beginning on page 28. Management of UIHC and representatives of UIHC s auditor

reviewed with management of AmCo and with representatives of AmCo s auditor the impact of this material weakness on the reported financial results and condition of AmCo reflected in the audited financial statements. Based on the results of these discussions and other due diligence conducted by management of UIHC, management of UIHC determined it believed the financial statements of AmCo were reliable, since ending reserves on the most recent balance sheet were stated accurately, as were cumulative reserves over the three-year period covered by the audit.

On August 17, 2016, the UIHC board held a special telephonic meeting to consider the merger agreement and the other transaction documents. Members of management, as well as representatives of Raymond James and Sidley Austin, were also present. The representatives of Sidley Austin discussed with the UIHC board its fiduciary duties in considering the transaction and reviewed with the UIHC board the changes to the transaction documents since the last UIHC board meeting. Management discussed with the UIHC board the audit report on AmCo s financial statements. They noted that the report included a material weakness regarding AmCo s historic reserving practices and that as part of the audit the auditors had recommended that AmCo s historic reserves be adjusted. Management explained that the adjustments had not impacted AmCo s current reserves and informed the UIHC board that in management s view, the material weakness did not adversely affect management s financial analysis of AmCo or the proposed mergers. Members of the UIHC board asked a number of questions which management and representatives of Raymond James and Sidley Austin answered. Following this discussion, representatives of Raymond James then discussed with the UIHC board the financial analysis of Raymond James with respect to the proposed mergers. Following discussion, Raymond James delivered its fairness opinion that, as of August 17, 2016, and subject to the qualifications and assumptions set forth in the opinion, the exchange ratio in the proposed mergers was fair, from a financial point of view, to UIHC. Management of UIHC confirmed its recommendation in favor of the proposed mergers. The UIHC board then discussed with management and representatives of Raymond James and Sidley Austin the various considerations the UIHC board had reviewed over the course of the negotiations in evaluating the proposed mergers, including the potential benefits and challenges of the proposed mergers. The UIHC board then approved the merger agreement, the stockholders agreement, an amendment to UIHC s Rights Agreement, dated as of July 20, 2012, with Continental Stock Transfer & Trust Company (which we refer to as the UIHC rights agreement), the other transaction documents and the transactions contemplated thereby.

Representatives of Sidley Austin and Debevoise finalized the transaction documents and the applicable parties executed and delivered the merger agreement, the stockholders agreement and the other transaction documents, and UIHC amended the rights agreement. Thereafter, UIHC and AmCo issued a press release announcing the execution of the transaction.

Recommendation of the UIHC Board and Reasons for Recommendation

In evaluating the merger agreement and the transactions contemplated thereby, including the share issuance and the mergers, the UIHC board consulted with UIHC s management team and outside legal and financial advisors and considered and evaluated a variety of factors. Such consideration and evaluation occurred over the course of approximately forty-one weeks and six meetings of the UIHC board. The UIHC board s consideration included the following factors, which the UIHC board believed supported its unanimous determination to approve the terms of the mergers and its unanimous recommendation that the UIHC stockholders vote in favor of the share issuance proposal and the adjournment proposal.

Strategic Case for Combination

Scale. The UIHC board considered the advantages of increased scale for the combined company. The combined company would have greater market presence and influence with distributors, reinsurers, vendors and other market participants. In addition, the UIHC board reviewed information presented by Raymond James suggesting that larger entities may enjoy higher valuation multiples in the public equity markets.

Stability. The UIHC board reviewed earnings history for both companies and the combined company, which showed that the earnings of the combined company, intra- and inter-year, would likely be less volatile than for UIHC as a standalone entity. The UIHC board believes that this greater stability may enhance the valuation of the combined company.

Diversification. The UIHC board considered that the combination will result in a combined company with the opportunity for greater diversification of product offerings, including:

that the combined company will have expanded ability to grow its personal and commercial lines of insurance products, in both admitted and excess and surplus lines markets. This includes the ability to expand American Coastal s offerings to other states through UIHC distribution networks and the ability to leverage American Coastal s customer base in Florida to sell complementary personal lines products; and

that, as a result of the proposed combination, the combined company would have access to a more diversified group of independent retail agents, aggregators and wholesale brokers.

Potential for increased relationship with BB&T. The UIHC board considered the positive aspects of American Coastal s partnership with AmRisc, the largest wind managing general agent in the country, which is owned primarily by BB&T Insurance, the fifth largest distributor of insurance products in the United States. UIHC already does some business with BB&T, but the UIHC board viewed as favorable the ability to strengthen and expand this partnership through the long-term AmRisc relationship and other channels.

Acceleration of UIHC business plan. The UIHC board considered that the combined combination would have the effect of accelerating many of the business plans UIHC already had in place.

Rating agency benefits. The UIHC board concluded that the larger, more diversified and more stable combined company would be better positioned with rating agencies.

Management. The UIHC board believes that the size and scale of the combined company may increase its ability to attract and retain management talent.

Cultural / operational considerations. The UIHC board viewed as favorable the fact that American Coastal has no employees, which would minimize the cultural and operational challenges of integrating the two companies.

Financial Considerations

Accretion to earnings. The UIHC board considered that the mergers are expected to be accretive to earnings in 2017.

Return on equity accretion. The UIHC board reviewed historical returns on equity (which we refer to as ROE) for each entity by itself, and for the pro forma combined company, and concluded that AmCo s historically higher ROE would benefit UIHC by increasing combined ROE over historical levels.

Multiple expansion. The UIHC board considered the potential for valuation multiple expansion as a result of the mergers, after reviewing historical valuation multiples for commercial lines companies, companies with higher ROEs and larger companies.

Capital benefits. The UIHC board believes that AmCo has excess capital, which presents opportunities for deployment of capital in both organic premium growth and potential acquisitions without accessing capital markets.

Reinsurance benefits.

The UIHC board took into account the expected reduction in the aggregate probable maximum loss (which we refer to as PML) for the combined company, which would enhance the combined company s opportunity to reduce its reinsurance spend and / or increase its reinsurance coverage; and

The UIHC board considered the estimated potential $20 million in combined annual savings from the combined company s reinsurance program.

Information Regarding UIHC and AmCo

Due diligence. The UIHC board considered the financial, business and legal due diligence that had been conducted on AmCo over the course of the eleven months of evaluation of the proposed combination. The UIHC board also took into account the projected financial information of AmCo provided to the UIHC board.

Historic stock prices. The UIHC board considered the historic stock prices and trading multiples of UIHC.

Terms and Conditions of the Mergers

Financial terms. The UIHC board considered the fixed exchange ratio for the issuance of UIHC common stock constituting the merger consideration and the cap on the maximum value of the merger consideration, the latter of which would serve to reduce the number of UIHC shares issued when the 30-day trailing VWAP exceeds 130% of $14.81 per share.

Pro forma ownership. The UIHC board took note of the fact that upon consummation of the mergers, current UIHC stockholders and RDX members are expected to own approximately 51% and 49%, respectively, of the combined company based on the number of outstanding shares of UIHC common stock and other equity securities of UIHC and RDX as of the date of the merger agreement.

Other terms of the merger agreement. The UIHC board considered the terms and conditions of the merger agreement, including:

the nature and scope of the closing conditions, as well as the likelihood of satisfaction of these conditions;

that, prior to receipt of the stockholder approval, UIHC is permitted to respond to unsolicited acquisition proposals that the UIHC board determines would be reasonably likely to result in a superior proposal and to terminate the merger agreement because of a superior proposal termination event if UIHC pays the applicable termination fee; and

that the termination fee payable by UIHC if it terminated the merger agreement because of a superior proposal termination event during the first forty-five days after signing would equal $4,655,000 plus up to $1,500,000 of AmCo s and its affiliates expenses, and thereafter would equal $9,311,000 plus up to $1,500,000 of AmCo s and its affiliates expenses. The UIHC board also considered the other circumstances in which a termination fee would be payable or in which UIHC would be required to pay the expense reimbursement, including if the merger agreement is terminated because of a stockholder approval termination event.

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Likelihood of Completion of the Mergers. The UIHC board considered the likelihood of the satisfaction of the closing conditions and its view that the required regulatory approvals would be obtained without a material adverse effect on the respective businesses of UIHC, AmCo or the combined company.

Opinion of UIHC s Financial Advisor. The UIHC board considered the financial analyses reviewed and discussed with the UIHC board by representatives of Raymond James on August 17, 2016, as well as the oral opinion of Raymond James rendered to the UIHC board on August 17, 2016 (which was subsequently confirmed in writing by delivery of a written opinion dated the same date) that, as of August 17, 2016, and based upon and subject to the factors, procedures, assumptions, qualifications and limitations set forth in such written opinion, the exchange ratio was fair to UIHC, taking into account the terms of Raymond James engagement as financial advisor.

Enhanced Relationships; Stockholders Agreement

The UIHC board took into account the relationships, experience and expertise that Mr. Peed may contribute to the combined company as a member of the UIHC board.

The UIHC board considered the terms of the stockholders agreement, including:

the standstill to which the Peed stockholder will be subject;

the voting restrictions to which the Peed stockholder will be subject;

Mr. Peed s right to designate three individuals for nomination or appointment, as applicable, to the UIHC board until such time as the Peed stockholder, its affiliates and permitted transferees cease to own at least 15% of the voting securities;

the five-year non-competition agreement to which the Peed stockholder will be subject; and

the limits imposed on the Peed stockholder s ability to transfer its shares of UIHC common stock.

The UIHC board also considered that it is a condition to the closing that the MGA contract s amendment approval be obtained, thereby providing UIHC with greater certainty that such relationship will continue.

The UIHC board also considered potential negative factors associated with the proposed combination, including the following:

The ownership concentration of Mr. Peed. The UIHC board noted several positive considerations that mitigated the ownership concentration, including that:

- it was likely to provide increased motivation to Mr. Peed to continue to serve as a director of UIHC;
- it was limited by the standstill arrangement and voting restrictions in the stockholders agreement; and
- at least initially, the number of directors of the UIHC board that the Peed stockholder is entitled to designate for nomination or appointment, as applicable, is less than the portion of the pro forma voting power that Mr. Peed would have.

Mr. Peed will continue to serve as the Chief Executive Officer of AmRisc, which, among other things, may distract him from his obligations as a director at UIHC. The UIHC board noted that Mr. Peed s sizable ownership interest in UIHC following the closing was likely to mitigate this concern, and that Mr. Peed s position at AmRisc would be beneficial to the combined company given the important relationship between AmCo and AmRisc.

American Coastal s business is exclusively managed by AmRisc under the MGA contract; therefore, during the term of the MGA contract, the UIHC board will not have complete operational control over AmCo s business. The UIHC board considered as a mitigating factor the fact that Mr. Peed will continue at least in the near term to serve as the Chief Executive Officer of AmRisc and will continue to own a large ownership stake in the combined company.

The potential outcomes, including the potential loss of business, following the expiration or termination of the MGA contract. The UIHC board considered as a mitigating factor that, subject to the receipt of the amendment approval, the term of the MGA contract will be amended to expire five years following the closing, thereby providing UIHC with greater certainty that such relationship will continue.

The restrictive covenants to which Mr. Peed is subject with AmRisc and BB&T, and the restrictive covenants to which UIHC will become subject as a result of the mergers.

The increased concentration and exposure to Florida catastrophe events in the combined company s insurance book. The UIHC board considered that this risk may be mitigated over time by virtue of the anticipated enhanced ability of the combined company to diversify its insurance offerings to geographic locations with the larger platform the combined company will have.

The lack of public information available regarding AmCo to provide valuation points of reference. Notwithstanding the foregoing, the UIHC board noted the financial and legal diligence that had been conducted on AmCo.

The regulatory approval process may take a prolonged period of time.

The potential impact of purchase accounting treatment, including the requirement to record significant intangible assets.

Opinion of UIHC s Financial Advisor

At the August 17, 2016 meeting of the UIHC board, representatives of Raymond James rendered Raymond James oral opinion to the UIHC board that the exchange ratio was fair, from a financial point of view, to UIHC. The oral opinion was subsequently confirmed by Raymond James delivery of its written opinion to the UIHC board, dated August 17, 2016, as to the fairness, as of such date, from a financial point of view, to UIHC of the exchange ratio in the mergers pursuant to the merger agreement, based upon and subject to the qualifications, assumptions and other matters considered in connection with the preparation of its opinion.

The full text of the written opinion of Raymond James is attached as Annex C to this proxy statement. The summary of the opinion of Raymond James set forth in this proxy statement is qualified in its entirety by reference to the full text of such written opinion. Raymond James provided its opinion for the information of the UIHC board (in its capacity as such) in connection with its consideration of the proposed mergers. No limitations were imposed by the UIHC board upon Raymond James with respect to the investigations made or procedures followed in rendering its opinion. The opinion only addresses the fairness, from a financial point of view, to UIHC of the exchange ratio provided for in the merger agreement, and does not address any other term, aspect or implication of the merger agreement, the mergers or any other agreement, arrangement or

understanding entered into in connection therewith or otherwise. Raymond James opinion does not constitute a recommendation to the UIHC board, any stockholder of UIHC or any other party as to how to vote or act on any matter relating to the proposed mergers or otherwise. Furthermore, as provided by the terms of the agreement governing Raymond James engagement by UIHC, Raymond James opinion should not be construed as creating any fiduciary duty on the part of Raymond James to the UIHC board, any stockholder of UIHC or any other party, regardless of any prior or ongoing advice or relationships.

In connection with its review of the proposed mergers and the preparation of its opinion, Raymond James, among other things:

reviewed the financial terms and conditions of the mergers as stated in the draft of the merger agreement dated as of August 16, 2016;

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reviewed certain information related to the historical, current and future operations, financial condition and prospects of UIHC and AmCo made available to Raymond James by UIHC and AmCo, including, but not limited to, projected financial information prepared by the management of UIHC and AmCo relating to UIHC and AmCo for the periods ending December 31, 2016 through 2020, as approved for Raymond James use by UIHC;

reviewed UIHC s recent public filings and certain other publicly available information regarding UIHC;

reviewed financial, operating and other information regarding UIHC and AmCo and the industry in which they operate;

reviewed the financial and operating performance of UIHC and AmCo and that of other selected public companies that Raymond James deemed to be relevant to its analysis;

reviewed the current and historical market prices and trading volume for UIHC s common stock, and the current market prices of the publicly traded securities of certain other companies that Raymond James deemed to be relevant to its analysis;

conducted such other financial studies, analyses and inquiries and considered such other information and factors as Raymond James deemed appropriate;

reviewed a certificate addressed to Raymond James from a member of senior management of UIHC regarding, among other things, the accuracy of the information, data and other materials (financial or otherwise) provided to, or discussed with, Raymond James by or on behalf of UIHC; and

discussed with members of the senior management of UIHC certain information relating to the aforementioned and any other matters that Raymond James deemed relevant to its analysis.

With UIHC s consent, Raymond James assumed and relied upon the accuracy and completeness of all information supplied by or on behalf of UIHC and AmCo or otherwise reviewed by or discussed with Raymond James, and Raymond James did not undertake any duty or responsibility to verify independently, and did not so verify, any of such information. In addition, Raymond James did not make or obtain an independent appraisal of the assets or liabilities (contingent or otherwise) of UIHC or AmCo.

With respect to the projected financial information and other information and data prepared by the management of UIHC and AmCo and provided to or otherwise reviewed by or discussed with Raymond James, Raymond James, with UIHC s consent, assumed that such projected financial information and other information and data were reasonably prepared in good faith on bases reflecting the best available estimates and judgments of management of UIHC and AmCo, and Raymond James relied upon the parties to the merger agreement to advise Raymond James promptly if any information previously provided became inaccurate or was required to be updated during the period of its review. Raymond James was authorized by UIHC to rely upon such projected financial information and expressed no view as to any such projected financial information or other information or data, or the bases or assumptions on which they were prepared. Raymond James relied on all such information without independent verification or analysis and did not in any respect assume any responsibility or liability for the accuracy or completeness thereof. Raymond James assumed that the final form of the merger agreement, when executed by the parties thereto, would be substantially similar to the draft of the merger agreement reviewed by Raymond James, and that the mergers will be consummated in accordance with the terms of the merger agreement without waiver or amendment of any conditions thereto. Furthermore, Raymond James assumed, in all respects material to its analysis, that the representations and warranties of each party contained in the merger agreement are true and correct and that each such party will perform all of the covenants and agreements required to be performed by it under the merger agreement.

Raymond James relied upon and assumed, without independent verification, that (i) the mergers will be consummated in a manner that complies in all respects with all applicable international, federal and state statutes, rules and regulations, (ii) the mergers will constitute a tax-free reorganization and (iii) all governmental, regulatory, and other consents and approvals necessary for the consummation of the mergers will be obtained and that no delay, limitations, restrictions or conditions will be imposed or amendments, modifications or waivers made that would have an effect on the mergers or UIHC that would be material to its analyses or its opinion. Raymond James relied upon, without independent verification, the assessment of UIHC s management and its legal, tax, accounting and regulatory advisors with respect to all legal, tax, accounting and regulatory matters, including, without limitation, that the mergers will qualify as a reorganization within the meaning of Section 368(a) of the code.

Raymond James relied upon and assumed, without independent verification, that there were no changes in the business, assets, liabilities, financial condition, results of operations, cash flows or prospects of UIHC or AmCo since the respective dates of the most recent financial statements and other information, financial or otherwise, provided to Raymond James that would be material to Raymond James analyses or its opinion, and that there is no information or any facts that would make any of the information reviewed by Raymond James incomplete or misleading in any material respect.

Raymond James expressed no opinion as the underlying business decision of the UIHC board to effect the mergers, the structure or tax consequences of the mergers or the availability or advisability of any alternatives to the mergers. Raymond James did not recommend any specific amount of consideration or that any specific consideration constituted the only appropriate consideration for the mergers. Raymond James did not advise UIHC with respect to its strategic alternatives. Raymond James did not express any opinion as to the value of UIHC common stock following the mergers or the likely trading range of UIHC s common stock following the mergers, which may vary depending on numerous factors that generally impact the price of securities or on the financial condition of UIHC at that time.

Raymond James opinion is limited to the fairness, from a financial point of view, to UIHC of the exchange ratio provided for in the merger agreement. Raymond James expressed no opinion with respect to any other reasons, legal, business, or otherwise, that may support the decision of the UIHC board to approve or consummate the mergers. Furthermore, no opinion, counsel or interpretation was intended by Raymond James on matters that require legal, accounting or tax advice. Raymond James assumed that such opinions, counsel or interpretations were or will be obtained from the appropriate professional sources. Furthermore, Raymond James relied, with the consent of the UIHC board, on the fact that UIHC was assisted by legal, accounting and tax advisors and Raymond James, with the consent of the UIHC board, relied upon and assumed the accuracy and completeness of the assessments by UIHC and its advisors as to all legal, accounting and tax matters with respect to UIHC and the mergers.

In formulating its opinion, Raymond James considered only what it understood to be the exchange ratio for the mergers as described in its opinion, and Raymond James did not consider and Raymond James expressed no opinion on the fairness of the amount or nature of any compensation to be paid or payable to any of AmCo s officers, directors or employees, or class of such persons, whether relative to the exchange ratio or otherwise. Raymond James was not requested to opine as to, and its opinion did not express an opinion as to or otherwise address, among other things, the fairness of the mergers, relative or otherwise, to the holders of any class of securities, creditors, or other constituencies of UIHC, or to any other party, except and only to the extent expressly set forth in the last sentence of its opinion. Raymond James did not express any opinion as to the impact of the mergers on the solvency or viability of UIHC or AmCo or the ability of UIHC or AmCo to pay their respective obligations when they come due.

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Material Financial Analyses

The following summarizes the material financial analyses reviewed by Raymond James with the UIHC board during its meeting on August 17, 2016. Unless the context indicates otherwise, the analyses relied upon the closing price of the common stock of the selected companies listed below as of August 16, 2016. Unless otherwise indicated, for each of the following analyses performed by Raymond James, financial and market data and earnings per share estimates for the selected companies were based on the companies filings with the SEC and certain publicly available research analyst estimates for those companies.

Contribution Analysis. Raymond James analyzed the relative contribution of UIHC and AmCo to certain financial and operating metrics for the pro forma combined company resulting from the mergers. Such financial and operating metrics included: (i) cash and invested assets net of any outstanding interest bearing debt; (ii) statutory surplus; (iii) GAAP book value; (iv) GAAP tangible book value; (v) 2015 GAAP net income; (vi) GAAP net income for the last twelve months ended June 30, 2016; and (vii) estimates for 2016 and 2017 GAAP net income based on the projected financial information provided to Raymond James. The relative contribution analysis did not give effect to the impact of any synergies or purchase accounting adjustments as a result of the mergers. The results of this analysis are summarized in the table below:

	Relative Contribution		Implied Exchange
	UIHC	AmCo	Ratio
Net Cash and Invested Assets	67.4%	32.6%	104,776.810x
Statutory Surplus	54.0%	46.0%	184,591.851x
GAAP Book Value	57.2%	42.8%	161,978.288x
GAAP Tangible Book Value	54.4%	45.6%	181,103.213x
2015A Net Income	42.9%	57.1%	288,583.201x
LTM Net Income	47.5%	52.5%	239,449.894x
2016E Net Income	52.1%	47.9%	199,102.358x
2017E Net Income	49.5%	50.5%	221,179.786x
Exchange Ratio in the Mergers			209,563.55x

Selected Companies Analysis. Raymond James reviewed certain data for two selected groups of insurance companies with publicly traded equity securities that it deemed relevant for its analysis. The two selected groups include homeowners specialists and specialty commercial lines insurers. The financial data reviewed included (i) book value per share; (ii) tangible book value per share; (iii) earnings per share, for the last twelve months, or LTM , for which data was available (which was the twelve months ended June 30, 2016); and (iv) publicly available analysts consensus estimates for earnings per share for the fiscal years 2016 and 2017. No company used in the analyses described below is identical or directly comparable to UIHC or AmCo. The selected companies and resulting data are below:

Homeowners Specialists

Universal Insurance Holdings, Inc. (UVE)

Heritage Insurance Holdings, Inc. (HRTG)

Federated National Holding Company (FNHC)

HCI Group, Inc. (HCI)

Kingstone Companies, Inc. (KINS)

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Specialty Commercial Lines

Argo Group International Holdings, Ltd. (AGII)

Navigators Group, Inc. (NAVG)

James River Group Holdings, Ltd. (JRVR)

State National Companies, Inc. (SNC)

Kinsale Capital Group, Inc. (KNSL)

OneBeacon Insurance Group, Ltd. (OB)

	UIHC Multiples		AmCo Multiples	
	Mean	**Median**	**Mean**	**Median**
Book Value	1.4x	1.3x	1.4x	1.3x
Tangible Book Value	1.4x	1.3x	1.5x	1.4x
LTM EPS	8.1x	8.2x	11.9x	12.7x
2016E EPS	8.9x	9.0x	12.3x	12.8x
2017E EPS	6.6x	6.8x	10.8x	10.7x

Taking into account the results of the selected companies analysis, Raymond James applied the mean and median of the price to book value ratio, price to tangible book value ratio and price to earnings per share multiples to corresponding financial data for each of UIHC and AmCo. For UIHC, Raymond James used the means and medians of the homeowners specialist selected company group, which group it deemed to include companies with businesses similar to UIHC, including catastrophe exposed personal lines homeowners risks. For AmCo, Raymond James used a 50% / 50% weighted average of the means and medians of the homeowners specialist and specialty commercial line selected company groups. A 50% / 50% weighted average was used as Raymond James deemed AmCo to have similarities with both selected company groups. AmCo s catastrophe exposed property risk is similar to the risks experienced by the homeowners specialist selected company group, while its competitors, customer type, policy size and regulatory environment are more similar to the specialty commercial line selected company group. Raymond James reviewed the ranges of implied per share values and calculated a range of implied exchange ratios by dividing the higher implied per share value of AmCo by the lower implied per share value of UIHC to calculate the high implied exchange ratio, and by dividing the lower implied per share value of AmCo by the higher implied per share value of UIHC to calculate the low implied exchange ratio. The results of the selected companies analysis are summarized below:

	Implied Equity Value	Implied

	UIHC		AmCo		Exchange Ratio		
	Mean	Median	Mean	Median	Low/High		High/Low
Book Value	$ 16.31	$ 15.19	$ 2,680,124.49	$ 2,560,195.27	156,950.806x	-	176,427.362x
Tangible Book Value	15.19	13.59	2,869,460.68	2,628,765.77	173,014.650x	-	211,193.526x
LTM EPS	13.07	13.15	4,551,177.83	4,887,370.69	346,060.757x	-	374,067.705x
2016E EPS	18.08	18.19	4,964,457.22	5,145,676.51	272,923.071x	-	284,625.691x
2017E EPS	15.18	15.67	5,560,957.70	5,482,328.26	349,771.346x	-	366,271.131x
Exchange Ratio in the Mergers						209,563.55x	

Discounted Cash Flow Analysis. Raymond James performed a discounted cash flow analysis of UIHC and AmCo based on the projected financial information provided to Raymond James and approved for use by UIHC management. In performing this analysis, Raymond James applied three different methodologies for calculating the terminal values for each of UIHC and AmCo. Raymond James applied a range of terminal values using (i) multiples of 8.0x to 12.0x estimated 2020 earnings, (ii) multiples of 1.3x to 2.1x estimated 2020 book value, and (iii) perpetual growth rates of 1.0% to 3.0% applied to estimated 2020 earnings. Raymond James arrived at its terminal value multiple ranges by observing the present and historical trading ranges for both selected company groups. For each of UIHC and AmCo, Raymond James used discount rates ranging from 11.0% to 15.0%. Raymond James arrived at its discount ranges by using the Modified CAPM methodology as presented in the 2016 Duff & Phelps

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Valuation Handbook. Raymond James reviewed the ranges of implied per share values indicated by the discounted cash flow analysis for each of UIHC and AmCo and calculated a range of implied exchange ratios by dividing the maximum implied per share value of AmCo by the minimum implied per share value of UIHC common stock to calculate the maximum implied exchange ratio, and by dividing the minimum implied per share value of AmCo by the maximum implied per share value of UIHC to calculate the minimum implied exchange ratio. The results of the discounted cash flow analysis are summarized in the table below:

	Implied Equity Value				Implied Exchange Ratio		
	UIHC		AmCo				
	Low	High	Low	High	Low/High		High/Low
Net Income Terminal Multiple	$ 20.29	$ 33.33	$ 4,747,331.96	$ 6,935,115.52	142,431.746x	-	341,734.614x
TBV Terminal Multiple	18.06	31.39	3,249,612.75	4,480,910.69	103,517.597x	-	248,046.490x
Perpetual Growth Method	18.64	35.48	4,477,376.16	7,286,080.87	126,203.022x	-	390,833.046x
Exchange Ratio in the Mergers					209,563.55x		

Additional Considerations. The preparation of a fairness opinion is a complex process and is not susceptible to a partial analysis or summary description. Raymond James believes that its analyses must be considered as a whole and that selecting portions of its analyses, without considering the analyses taken as a whole, would create an incomplete view of the process underlying its opinion. In addition, Raymond James considered the results of all such analyses and did not assign relative weights to any of the analyses, but rather made qualitative judgments as to significance and relevance of each analysis and factor.

In performing its analyses, Raymond James made numerous assumptions with respect to industry performance, general business, economic and regulatory conditions and other matters, many of which are beyond the control of UIHC and AmCo. The analyses performed by Raymond James are not necessarily indicative of actual values, trading values or actual future results which might be achieved, all of which may be significantly more or less favorable than suggested by such analyses. The analyses do not purport to be appraisals or to reflect the prices at which companies may actually be sold, and such estimates are inherently subject to uncertainty. The opinion of Raymond James was one of many factors taken into account by the UIHC board in making its determination to approve the mergers. Neither Raymond James opinion nor the analyses described above should be viewed as determinative of positions held by the UIHC board or UIHC management with respect to UIHC, AmCo or the mergers.

Raymond James opinion was based upon market, economic, financial and other circumstances and conditions existing and disclosed to Raymond James as of the date of its opinion. Although subsequent developments may affect the opinion of Raymond James, Raymond James does not have any obligation to update, revise or reaffirm its opinion.

Raymond James is actively engaged in the investment banking business and regularly undertakes the valuation of investment securities in connection with public offerings, private placements, business combinations and similar transactions. UIHC selected Raymond James because it is a nationally recognized investment banking firm that regularly advises companies in connection with mergers and acquisitions and because of its familiarity with UIHC and the financial services industry generally.

For its services as financial advisor to UIHC in connection with the mergers, Raymond James received an initial retainer (which will be credited against any transaction fee) and will receive a customary transaction fee based on the value of the consideration to be received or retained by the UIHC stockholders in the mergers, estimated to be approximately $3.5 million, which fee is contingent upon successful completion of the mergers. Upon the rendering of its opinion, Raymond James became entitled to a fee of $400,000, which fee is not contingent upon the successful completion of the mergers. In addition, UIHC agreed to reimburse Raymond James for its expenses incurred in connection with its services, including the fees and expenses of its counsel, and to indemnify Raymond James and certain related parties against certain liabilities arising out of Raymond James engagement.

Raymond James and its affiliates have in the past provided and are currently providing investment banking and other financial services to UIHC for which Raymond James or its affiliates have received, or would expect to receive, compensation, including serving as UIHC s advisor in its acquisition of Interboro Insurance Company and serving as an underwriter in UIHC s equity offerings in 2012 and 2014. Over the last two years, Raymond James and its affiliates have received fees totaling $700,000 (excluding out-of-pocket expenses reimbursement) from UIHC for its investment banking services. Raymond James and its affiliates have not in the past provided investment banking and other financial services to RDX, AmCo, American Coastal, or Mr. Peed. Raymond James and its affiliates may provide investment banking, financial advisory and other financial services to UIHC, AmCo or certain of their respective affiliates in the future, for which Raymond James and such affiliates may receive compensation. Finally, a member of the Raymond James deal team assigned to this engagement was an owner of 62,777 shares of UIHC common stock at the time Raymond James opinion was delivered.

In the ordinary course of Raymond James business, Raymond James may trade in the securities of UIHC for its own account or for the accounts of its customers and, accordingly, may at any time hold a long or short position in such securities.

Financial Forecasts

UIHC and AmCo do not as a matter of course publicly disclose internal management forecasts or projections as to future financial performance due to the unpredictability of the underlying assumptions and estimates. However, in connection with their respective evaluations of the proposed transactions, (i) UIHC requested, and AmCo s management provided, UIHC and its financial advisors with certain non-public financial forecasts prepared by AmCo s management, and (ii) AmCo requested, and UIHC s management provided, AmCo and its financial advisors with certain non-public financial forecasts prepared by UIHC s management. UIHC has included below a summary of such forecasts (which we refer to collectively as the financial forecasts) to provide its stockholders access to certain non-public unaudited prospective internal financial information that was furnished to the above-listed parties and considered by the parties respective financial advisors in connection with their financial analysis.

The financial forecasts were not prepared for the purpose of public disclosure, nor were they prepared in compliance with published guidelines of the SEC, or the guidelines established by the American Institute of Certified Public Accountants for preparation and presentation of financial forecasts, but, in the view of UIHC management, they were prepared on a reasonable basis, reflect the best currently available estimates and judgments, and present, to the best of UIHC management s knowledge and belief, the expected course of action and the expected future financial performance of UIHC to be derived in connection with the mergers. The inclusion of the financial forecasts should not be regarded as an indication that UIHC or the UIHC board considered, or currently considers, such information to be a reliable predictor of actual future results. Although UIHC management believes there is a reasonable basis for the financial forecasts, UIHC cautions stockholders that future results could be materially different from the financial forecasts. The financial forecasts are not being included in this proxy statement to influence your decision whether to vote for the share issuance proposal or the adjournment proposal; instead, they are included in this proxy statement because the forecasts from which the financial forecasts were derived were made available to UIHC, AmCo and their respective financial advisors and boards of directors for purposes of considering and evaluating the mergers and the merger agreement. Neither UIHC s independent registered public accounting firm, nor any other independent accountant, has

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examined, compiled or performed any procedures with respect to the accompanying prospective financial information or expressed any opinion or any other form of assurance on such information or its achievability.

The financial forecasts are subjective in many respects and, as a result, subject to interpretation. While presented with numeric specificity, the financial forecasts were based on numerous variables and assumptions that are inherently uncertain and may be beyond the control of UIHC management. Important factors that may affect actual results and cause the financial forecasts to not be achieved include, but are not limited to, risks and uncertainties relating to UIHC s, AmCo s or the combined company s businesses (including their ability to achieve strategic goals, objectives and targets over applicable periods), catastrophic events and severe weather conditions, cost and viability of reinsurance, key personnel and commercial relationships, industry performance, the regulatory environment, general business and economic conditions, and other factors described in the section of this proxy statement titled *Risk Factors* beginning on page 23. The financial forecasts also reflect assumptions as to certain business decisions that are subject to change. As a result, actual results may differ materially from the financial forecasts. There can be no assurance that the financial forecasts will be realized or that actual results will not be significantly lower or higher than estimated. Portions of the financial forecasts cover multiple years. Such information by its nature becomes less predictive with each successive year.

None of UIHC, AmCo nor their respective affiliates, advisors, officers, directors or other representatives can provide any assurance that actual results will not differ from the financial forecasts, and none of them undertakes any obligation to update, or otherwise revise or reconcile, the financial forecasts to reflect circumstances existing after the date such forward-looking information was generated or to reflect the occurrence of future events even in the event that any or all of the assumptions underlying the financial forecasts are shown to be in error. Except as required by applicable securities laws, UIHC does not intend to make publicly available any update or other revision to the financial forecasts, even in the event that any or all assumptions are shown to be in error. None of UIHC or its affiliates, advisors, officers, directors or representatives has made or makes any representation to any stockholder or other person regarding UIHC s ultimate performance compared to the information contained in the financial forecasts or that forecasted results will be achieved. UIHC has made no representation to AmCo, in the merger agreement or otherwise, concerning the financial forecasts. **In light of the foregoing, and considering that the UIHC stockholder meeting will be held several months after the financial forecasts were prepared, as well as the uncertainties inherent in any financial forecasts, stockholders of UIHC are cautioned not to rely on these financial forecasts as a predictor of future operating results or otherwise.**

Set forth below is a summary of the most recent financial forecasts that were provided by AmCo to UIHC and to the financial advisors to UIHC and AmCo:

Summary of Financial Forecasts Provided by AmCo

(all amounts are approximate and expressed in $000s)

	For the Period Ended				
	Projected 2016	**Projected 2017**	**Projected 2018**	**Projected 2019**	**Projected 2020**
Net Premiums Written	$ 179,300	$ 222,300	$ 249,000	$ 276,100	$ 301,400
Total Revenue	$ 180,700	$ 224,100	$ 243,000	$ 270,200	$ 294,900
Net Income	$ 40,200	$ 51,300	$ 52,700	$ 60,100	$ 65,900

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Set forth below is a summary of the most recent financial forecasts that were provided by UIHC to AmCo and to the financial advisors to AmCo and UIHC:

Summary of Financial Forecasts Provided by UIHC

(all amounts are approximate and expressed in $000s)

	For the Period Ended				
	Projected 2016	**Projected 2017**	**Projected 2018**	**Projected 2019**	**Projected 2020**
Net Premiums Written	$ 484,095	$ 563,807	$ 624,414	$ 684,233	$ 760,615
Total Revenue	$ 479,200	$ 518,400	$ 636,800	$ 699,400	$ 776,200
Net Income	$ 43,700	$ 50,200	$ 65,100	$ 76,400	$ 84,800

The financial forecasts prepared by each of UIHC and AmCo were developed assuming:

- both businesses are going concern entities that continue to operate in the ordinary course of business with no consideration given to potential future mergers, acquisitions, capital formations or new product lines;
- no major catastrophic events occur; however, each company contemplated limited potential catastrophe losses associated with less severe, non-named events;
- reinsurance and operating costs continue at levels consistent with current market assumptions; and
- AmCo assumed the continuation, at current levels, of its assumption of excess and surplus business from AmRisc, which began in June 2016.

The estimates and assumptions underlying the financial forecasts of AmCo and UIHC involve assumptions and judgments with respect to, among other things, future economic, competitive, regulatory and financial market conditions and future business decisions. These estimates and assumptions may not be realized and are inherently subject to significant business, economic, competitive and regulatory uncertainties, including those risk factors detailed in the sections of this proxy statement titled *Risk Factors* beginning on page 23 and *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 31, all of which are difficult to predict and many of which are beyond the control of AmCo and UIHC and will be beyond the control of the combined company after the mergers. Estimates or projections of the value of businesses or securities do not purport to be appraisals or to reflect the prices at which such businesses or securities might actually be sold. In addition, the financial forecasts prepared by AmCo and UIHC represent each company s own evaluation of its future financial performance on a stand-alone basis, and without reference to transaction-related costs or benefits. Accordingly, actual results could vary materially from those presented in the financial forecasts, and actual value or future results could be significantly more or less favorable than what is suggested by the forecasts. The inclusion of these financial forecasts should not be interpreted as an indication that AmCo or UIHC considers this information a reliable predictor of future results, and this information should not be relied on for any purpose. AmCo and its management did not participate in preparing, and do not express any view on, the UIHC financial forecasts set forth above, or the assumptions underlying such financial forecasts. Likewise, UIHC and its management did not participate in preparing, and do not express any view on, the AmCo financial forecasts set forth above, or the assumptions underlying such financial forecasts.

The prospective financial information of AmCo and UIHC included in this proxy statement has been prepared by, and is the responsibility of, the management teams of AmCo and UIHC, respectively. Neither AmCo s or UIHC s auditors, nor any other independent registered public accounting firm, nor AmCo s or UIHC s financial advisors, has examined, compiled or performed any procedures with respect to these forecasts, nor have they expressed any opinion or any other form of assurance on this information or its achievability.

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Neither AmCo nor UIHC intends to disclose publicly any update or other revision to these forecasts to reflect circumstances existing since their preparation or to reflect the occurrence of unanticipated events or changes in general economic or industry conditions, even in the event that any or all of the underlying assumptions are shown to be in error.

Accounting Treatment

UIHC will account for the mergers under the acquisition method of accounting for business combinations. In determining the acquirer for accounting purposes, UIHC considered the factors required under the FASB s ASC Topic 805 *Business Combinations*, and determined that UIHC will be considered the acquirer of AmCo for accounting purposes.

Regulatory Approvals Required for the Transaction

In accordance with the provisions of the HSR Act, completion of the mergers is conditioned on the filing of premerger notification and report forms with the Antitrust Division of the United States Department of Justice (which we refer to as the DOJ) and the United States Federal Trade Commission (which we refer to as the FTC), and the satisfaction of certain waiting period requirements. On September 13, 2016, UIHC and AmCo filed their respective notification and report forms under the HSR Act with the DOJ and the FTC, which triggered the start of the HSR Act waiting period. On September 30, 2016, UIHC and AmCo received early termination of the HSR Act waiting period. Notwithstanding the early termination of the HSR Act waiting period, the DOJ, FTC or U.S. state attorneys general could take action before or after the effective time of the mergers, including seeking to enjoin the completion of the mergers, conditionally approving the mergers upon the divestiture of UIHC s or AmCo s assets, subjecting the completion of the mergers to regulatory conditions, or seeking other remedies. Private parties may also seek to take legal action under antitrust laws under certain circumstances.

As of September 16, 2016, UIHC and AmCo had made all filings required as conditions to closing the mergers with respect to insurance laws, which filings consisted of:

Form A Statement of Acquisition of Controlling Stock of a Domestic Insurer with the Florida Office of Insurance Regulation in respect of UIHC s acquisition of control of AmCo s subsidiary, American Coastal;

Form A Statement of Acquisition of Controlling Stock of a Domestic Insurer with the Florida Office of Insurance Regulation in respect of RDX s and Mr. Peed s acquisition of control of UIHC s subsidiary, United Property & Casualty Insurance Company;

Section 1506 Application for Approval of Acquisition of Control of a Domestic Insurer with the New York State Department of Financial Services in respect of RDX and Mr. Peed s acquisition of control of UIHC s subsidiary, Interboro Insurance Company;

Form A Statement of Acquisition of Controlling Stock of a Domestic Insurer with the Hawaii Insurance Division in respect of RDX s and Mr. Peed s acquisition of control of UIHC s subsidiary, Family Security Insurance Company, Inc.; and

Form D Application for Non-Disapproval with the Florida Office of Insurance Regulation with respect to the MGA contract amendment.

While we currently expect to obtain all required regulatory approvals prior to or during the first calendar quarter of 2017, we cannot assure you that these approvals will be obtained or that the grant of such approvals will not involve conditions or restrictions that delay or prevent the closing or require changes to the terms of the merger agreement or other material contracts of UIHC or AmCo.

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Listing of UIHC Common Stock

The obligation of each party to the merger agreement to effect the mergers is subject to the satisfaction or waiver of the condition that the shares of UIHC common stock issuable to RDX in the first merger be approved for listing on Nasdaq, subject to official notice of issuance.

Federal Securities Law Consequences; Resale Restrictions

The shares of UIHC common stock to be issued upon the consummation of the first merger to RDX and distributed to the members of RDX immediately following the closing will be issued in a private placement exempt from the registration requirements of the United States Securities Act of 1933, as amended (which we call the Securities Act) pursuant to Section 4(a)(2) of the Securities Act. UIHC has relied on representations made by RDX and its equityholders in determining that the issuance will constitute a private placement, including that RDX and its equityholders are acquiring such shares for the purpose of investment and not with a view to, or for resale in connection with, the distribution thereof in violation of applicable federal or state securities laws, and that RDX and its equityholders are Accredited Investors as defined under Rule 501 of Regulation D of the Securities Act.

The shares of UIHC common stock to be so issued will constitute restricted securities , and the shares issued to Mr. Peed and Peed FLP1 will be subject to restrictions on transfer set forth in the stockholders agreement. Accordingly, no member of RDX that receives shares of UIHC common stock may transfer such shares unless such transfer is pursuant to an effective registration statement under the Securities Act (or an exemption under the Securities Act) and, if applicable, in accordance with the stockholders agreement.

UIHC Board After the Mergers

At the effective time of the first merger, the UIHC board will be increased from seven directors to ten directors. The UIHC board will be comprised of the directors of the UIHC board as of immediately prior to the effective time of the first merger, plus Mr. Michael R. Hogan, Mr. Patrick F. Maroney and Mr. Peed. A brief summary of each of these individuals relevant experience is as follows:

Michael R. Hogan. Mr. Hogan will be appointed to the UIHC board upon the closing. Mr. Hogan has served on the board of directors of American Coastal since October 2015. From 1994 to 1999, Mr. Hogan served on the national agency advisory board of The Travelers Insurance Company. In addition, from 2003 to 2008, Mr. Hogan served on the board of directors of The South Financial Corporation. Mr. Hogan has 42 years of experience as an independent insurance agent, specializing in wind, flood and earthquake insurance as the President and owner of Puckett Sheetz and Hogan Insurance, which received a national Best Practices Award in 2006. Mr. Hogan graduated from Furman University in 1972 with a B.A. in business and economics.

UIHC believes that Mr. Hogan is qualified to serve on the UIHC board because of his significant experience in management and the insurance industry.

Patrick F. Maroney. Mr. Maroney will be appointed to the UIHC board upon the closing. Mr. Maroney has served on the board of directors of American Coastal since October 2015. Mr. Maroney is currently a Professor Emeritus at Florida State University College of Business. From 1996 to 2003, Mr. Maroney served on the board of directors at First Floridian Insurance Company. From 1978 to 1981, Mr. Maroney served as Assistant General

Counsel of the Florida Department of Insurance. Mr. Maroney was also a counsel at Liberty Mutual Insurance Company and CNA Insurance Company and a personal lines manager at West Coast Insurers. Mr. Maroney is a founding director of the Florida Catastrophic Storm Risk Management Center. Mr. Maroney has a B.S. in risk management and insurance from Florida State University and a J.D. from the University of Florida.

UIHC believes that Mr. Maroney is qualified to serve on the UIHC board because of his significant experience as an insurance attorney as well as his significant experience in management and the insurance industry.

R. Daniel Peed. Mr. Peed will be appointed to the UIHC board upon the closing. Mr. Peed has served on the board of directors of American Coastal since the company s founding in 2007. Mr. Peed has been the President and Chief Executive Officer of AmRisc (formerly known as CRC Insurance Services, Inc.) since December 2000. From April 1991 to December 2000, Mr. Peed served as a senior vice president of SOREMA North America Reinsurance Company, Fulcrum Insurance. In addition, from May 1985 to April 1991, Mr. Peed was a supervisor at Factory Mutual Engineering Association. Mr. Peed has a B.S. in petroleum engineering from Texas A&M University and an MBA with a concentration in insurance from the University of North Texas. In addition, Mr. Peed has CPCU and ARe designations and a Professional Engineering designation in Fire Protection.
UIHC believes that Mr. Peed is qualified to serve on the UIHC board because of his significant experience in management and the insurance industry.

Mr. Peed will also serve as the Non-Executive Vice Chairman of the UIHC board.

For additional information on the composition of the UIHC board after the mergers, see the section of this proxy statement titled *Stockholders Agreement Board Representation* beginning on page 87 and the stockholders agreement attached as Annex B to this proxy statement. Information about the current UIHC directors and executive officers can be found in the documents listed in the section of this proxy statement titled *Where You Can Find More Information* beginning on page 127.

No Appraisal Rights

No stockholder of UIHC will be entitled to exercise dissenters rights and demand payment for his, her or its shares in connection with the mergers.

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UIHC AND AMCO UNAUDITED PRO FORMA CONDENSED COMBINED

FINANCIAL STATEMENTS

As discussed in this proxy statement, on August 17, 2016, UIHC entered into the merger agreement with Merger Sub, Merger LLC, AmCo, RDX, Mr. Peed and Peed FLP1, by which, subject to the satisfaction or waiver of the conditions set forth in the merger agreement, UIHC will acquire AmCo by way of a series of mergers. The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2016 and the year ended December 31, 2015 set forth in this section of the proxy statement give effect to the mergers as if they had occurred on January 1, 2015 (which we refer to as the unaudited pro forma statement of operations); the unaudited pro forma condensed combined balance sheet as of June 30, 2016 gives effect to the mergers as if they had occurred on June 30, 2016 (together with the unaudited pro forma statement of operations, the unaudited pro forma financial statements).

The unaudited pro forma financial statements reflect the historical consolidated financial information of UIHC and AmCo, as adjusted to give effect to pro forma events that are (i) directly attributable to the mergers, (ii) factually supportable, and (iii) with respect to the unaudited pro forma statement of operations, expected to have a continuing impact on the combined results. The adjustments to the unaudited pro forma financial statements are for informational purposes only and have been made solely for the purpose of developing the unaudited pro forma financial statements necessary to comply with the applicable disclosure and reporting requirements of the SEC. The unaudited pro forma financial statements are not intended to represent what UIHC s actual consolidated results of operations or consolidated financial position would have been had the mergers occurred on the dates assumed, nor are they necessarily indicative of UIHC s future consolidated results of operations or consolidated financial position. The actual results reported in periods following the closing may differ significantly from the unaudited pro forma financial statements for a number of reasons including, but not limited to, differences in the cost and viability of reinsurance; differences in UIHC s portfolio of investments; differences in key commercial relationships and personnel; differences in the ordinary conduct of the business following the mergers; differences between the assumptions used to prepare these unaudited pro forma financial statements and actual amounts; catastrophic events and severe weather conditions; and potential operating synergies.

The pro forma adjustments and related assumptions are described in the accompanying notes. The pro forma adjustments are based on assumptions relating to the consideration paid and the allocation thereof to the assets acquired and liabilities assumed, based on preliminary estimates of fair value. UIHC believes that the assumptions used to derive the pro forma adjustments are reasonable given the information available; however, as the valuations of acquired assets and liabilities assumed are in process and are not expected to be finalized until after the mergers are completed and information may become available within the measurement period which indicates a potential change to these valuations, the actual purchase price allocation may differ significantly relative to the purchase price allocation reflected in the unaudited pro forma financial statements.

The unaudited pro forma financial statements do not reflect any cost savings from operating efficiencies or any incremental costs that could result from the combined company. The unaudited pro forma financial statements are based on the historical financial statements of UIHC and AmCo, as adjusted for the pro forma effect of the mergers. The unaudited pro forma financial statements should be read in conjunction with the historical financial statements and the accompanying notes of UIHC included in our Quarterly Report Form 10-Q filed with the SEC on August 9, 2016 and our Annual Report on Form 10-K filed with the SEC on March 2, 2016, which are incorporated by reference in this proxy statement. For more information on the documents incorporated by reference in this proxy statement, see the section titled *Where You Can Find More Information* beginning on page 127.

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UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET OF UIHC

AND AMCO AS OF JUNE 30, 2016

U.S. GAAP (IN THOUSANDS)

	UIHC	AmCo	Pro Forma Adjustments (See Note 4)	Unaudited Pro Forma COMBINED
ASSETS				
Investments:				
Fixed maturities, available for sale, at fair value	$ 465,725	$ 190,180		$ 655,905
Equity securities, available for sale, at fair value	27,752	3,333		31,085
Other investments	5,679	1,993		7,672
Total investments	499,156	195,506		694,663
Cash and cash equivalents	136,209	94,802		231,011
Accrued investment income	3,639	1,026		4,665
Premiums receivable	44,414	28,857		73,271
Reinsurance recoverable	22,852	27,630		50,482
Prepaid reinsurance premiums	180,747	116,160		296,907
Property and equipment, net	18,299			18,299
Goodwill	15,544		73,540(a)	89,084
Deferred policy acquisition costs	58,786	36,868	(36,868)(b)	58,786
Other assets	17,114	7,118	58,825(c)	83,057
Total Assets	**$ 996,760**	**$ 507,967**	**$ 95,497**	**$ 1,600,224**
LIABILITIES AND STOCKHOLDERS EQUITY				
Liabilities:				
Unpaid losses and loss adjustment expenses	$ 117,013	$ 53,032		$ 170,045
Unearned premiums	366,521	156,703		523,224
Reinsurance payable	170,426	91,811		262,237
Other liabilities	58,158	12,472	7,599(d)	78,229
Long-term notes payable	25,486			25,486
Total Liabilities	**$ 737,604**	**$ 314,018**	**$ 7,599**	**$ 1,059,221**
Stockholders Equity:				
Common stock	2		2(e)	4
Additional paid-in capital	98,338	55,713	233,731(e)	387,782
Treasury stock	(431)			(431)
Accumulated other comprehensive income (loss)	9,974	2,643	(2,643)(e)	9,974
Retained earnings	151,273	135,593	(143,192)(e)	143,674
Total Stockholders Equity	**$ 259,156**	**$ 193,949**	**$ 87,898**	**$ 541,003**
Total Liabilities and Stockholders Equity	**$ 996,760**	**$ 507,967**	**$ 95,497**	**$ 1,600,224**

See the accompanying notes to the unaudited pro forma financial statements.

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UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF

OPERATIONS OF UIHC AND AMCO

FOR THE SIX MONTHS ENDED JUNE 30, 2016

U.S. GAAP (IN THOUSANDS, EXCEPT PER SHARE DATA)

	UIHC	AmCo	Pro Forma Adjustments (See Note 4)	Unaudited Pro Forma COMBINED
REVENUE:				
Gross premiums written	$ 346,712	$ 168,940	$	$ 515,652
Decrease (Increase) in gross unearned premiums	(35,625)	(24,444)		(60,069)
Gross premiums earned	311,087	144,496		455,583
Ceded premiums earned	(95,538)	(48,069)		(143,607)
Net premiums earned	215,549	96,427		311,976
Net investment income	5,123	1,943		7,066
Net realized gains	372	14		386
Other revenue	7,438			7,438
Total revenue	**$ 228,482**	**$ 98,384**	**$**	**$ 326,866**
OPERATING EXPENSES:				
Losses and loss adjustment expenses	126,869	22,650		149,519
Policy acquisition costs	52,753	38,088		90,841
Operating and underwriting	9,768			9,768
General and administrative expenses	19,430	2,144	1,460(g)	23,034
Interest expense	191			191
Total operating expenses	**$ 209,011**	**$ 62,882**	**$ 1,460**	**$ 273,353**
Income (loss) before other income	19,471	35,502	(1,460)	53,513
Other income	69			69
Income before income taxes	19,540	35,502	(1,460)	53,582
Provision for income taxes	6,748	13,816	(548)(h)	20,016
Net income (loss)	**$ 12,792**	**$ 21,686**	**$ (913)**	**$ 33,565**
Weighted average shares outstanding - basic	21,385,220		20,955,202(i)	42,340,422
Weighted average shares outstanding - diluted	21,584,287		20,955,202(i)	42,539,489
Earnings per share - basic	$ 0.60			$ 0.79
Earnings per share - diluted	$ 0.59			$ 0.79

See the accompanying notes to the unaudited pro forma financial statements.

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UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF

OPERATIONS OF UIHC AND AMCO

FOR THE YEAR ENDED DECEMBER 31, 2015

U.S. GAAP (IN THOUSANDS, EXCEPT PER SHARE DATA)

	UIHC	AmCo	Pro Forma Adjustments (See Note 4)	Unaudited Pro Forma COMBINED
REVENUE:				
Gross premiums written	$ 569,736	$ 308,512	$	$ 878,248
Decrease (increase) in gross unearned premiums	(65,521)	4,786		(60,735)
Gross premiums earned	504,215	313,298		817,513
Ceded premiums earned	(168,257)	(137,887)		(306,144)
Net premiums earned	335,958	175,411		511,369
Net investment income	9,212	2,867		12,079
Net realized gains	827	3		830
Other revenue	11,572			11,572
Total revenue	**$ 357,569**	**$ 178,282**	**$**	**$ 535,851**
OPERATING EXPENSES:				
Losses and loss adjustment expenses	183,108	33,370		216,478
Policy acquisition costs	87,401	75,618	(33,165)(f)	129,855
Operating and underwriting	15,316			15,316
General and administrative expenses	29,852	9,419	37,454(g)	76,725
Interest expense	326			326
Total operating expenses	**$ 316,003**	**$ 118,407**	**$ 4,290**	**$ 438,700**
Income (loss) before other income	41,566	59,875	(4,290)	97,151
Other income	294			294
Income before income taxes	41,860	59,875	(4,290)	97,445
Provision for income taxes	14,502	23,399	(1,609)(h)	36,292
Net income (loss)	**$ 27,358**	**$ 36,476**	**$ (2,681)**	**$ 61,153**
Weighted average shares outstanding - basic	21,218,233		20,232,001(i)	41,450,234
Weighted average shares outstanding - diluted	21,452,540		20,232,001(i)	41,684,541
Earnings per share - basic	$ 1.29			$ 1.48
Earnings per share - diluted	$ 1.28			$ 1.47

See the accompanying notes to the unaudited pro forma financial statements.

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Note 1 - Description of the Transaction

On August 17, 2016, UIHC entered into the merger agreement with RDX, AmCo, Merger Sub, Merger LLC, Mr. Peed and Peed FLP1, by which, subject to the satisfaction or waiver of conditions set forth in the merger agreement, UIHC will acquire AmCo through a series of mergers. RDX, the sole shareholder of AmCo, will receive for each share of AmCo stock that it holds a number of shares of UIHC common stock equal to 209,563.55 multiplied by the lesser of (a) one and (b) a fraction, the numerator of which is 130% of $14.81 and the denominator of which is the 30-day trailing VWAP. Following the issuance of the merger consideration, RDX will distribute the merger consideration to its members. Please see the section of this proxy statement titled *Merger Agreement* beginning on page 70 for additional information.

Note 2 - Basis of Presentation

The unaudited pro forma financial statements were prepared in conformity with GAAP under the provisions of ASC Topic 805 *Business Combinations*.

The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2016 combines the consolidated statements of operations of UIHC and AmCo for the period then ended to give effect to the mergers as if they had occurred on January 1, 2015. The unaudited pro forma condensed combined statement of operations for the year ended December 31, 2015 combines the consolidated statements of operations of UIHC and AmCo for the period then ended to give effect to the mergers as if they had occurred on January 1, 2015.

The unaudited pro forma condensed combined balance sheet as of June 30, 2016 combines the consolidated balance sheets of UIHC and AmCo as of June 30, 2016 to give effect to the mergers as if they had occurred on June 30, 2016.

The pro forma adjustments described herein have been developed based on UIHC management s judgment, including estimates relating to the allocations of purchase price to the assets acquired and liabilities assumed of AmCo based on preliminary estimates of fair value. UIHC management believes that the assumptions used to derive the pro forma adjustments are reasonable given the information available; however, as the valuations of assets acquired and liabilities assumed are in process and are not expected to be finalized until after the mergers completion in 2017, and information may become available within the measurement period which indicates a potential change to these valuations, the purchase price allocations may be subject to adjustment. Moreover, the unaudited pro forma financial statements do not reflect any cost savings from potential operating efficiencies, any other potential synergies or any incremental costs which may be incurred in connection with AmCo or the mergers. UIHC and AmCo also estimate that they will incur approximately $10.0 million of general and administrative expenses, comprised mostly of professional service fees, in order to complete the mergers, but these costs have not been reflected in the unaudited pro forma financial statements.

The unaudited pro forma financial statements are provided for illustrative purposes only and are not intended to represent what UIHC s actual consolidated results of operations or consolidated financial position would have been had the mergers occurred on the dates assumed, nor are they necessarily indicative of UIHC s future consolidated results of operations or consolidated financial position.

Note 3 - Preliminary Purchase Price Calculation and Allocation

UIHC will allocate the purchase price in the mergers to the fair value of AmCo assets acquired and liabilities assumed. The pro forma purchase price allocation below has been developed based on

preliminary estimates of fair value using the historical financial statements of AmCo as of June 30, 2016. In addition, the allocation of the purchase price to acquired intangible assets is based on preliminary fair value estimates and is subject to final management analysis, with the assistance of third party valuation advisers, at the completion of the mergers. The estimated amortizable intangible asset values and their useful lives could be impacted by a variety of factors that may become known to UIHC only upon access to additional information and / or by changes in such factors that may occur prior to the first and second effective times of the mergers. The estimated intangible assets are comprised of the MGA contract with an estimated useful life of ten years (for information regarding risks related to the MGA contract s term, see the section of this proxy statement titled *Risk Factors Risks Relating to the Business of AmCo* beginning on page 28), the value of business acquired with an estimated useful life of one year and a trade name with an estimated useful life of three years. Additional intangible asset classes may be identified as the valuation process continues; however, such items are currently not expected to be material to the overall purchase price allocation. The residual amount of the purchase price after preliminary allocation to identifiable net assets represents goodwill.

Below is a preliminary purchase price calculation:

Preliminary purchase price calculation		**Amount (in thousands, except share and per share data)**
UIHC common shares outstanding at June 30, 2016		21,642,514
UIHC restricted common shares outstanding at June 30, 2016		168,002
UIHC fully diluted common shares outstanding at June 30, 2016		21,810,516
RDX fully diluted pro forma ownership of UIHC		49.0%
Exchange ratio		209,552.02
UIHC common shares to be issued to RDX		20,955,202
Per share market price of UIHC shares on June 30, 2016	$	16.38
Preliminary purchase price before discount	$	343,246
Market price discount on UIHC shares issued to RDX		-15.7%
Preliminary purchase price	$	289,446

As described above, the preliminary purchase price calculation was calculated based on the number of outstanding shares of UIHC common stock and restricted common stock as of June 30, 2016, as disclosed in UIHC s Quarterly Report on Form 10-Q filed with the SEC on August 9, 2016. Based on such amount and RDX s anticipated 49% fully diluted pro forma ownership of UIHC following the closing, UIHC calculated an exchange ratio of 209,552.018 shares of UIHC common stock per share of AmCo common stock, and, by multiplying such exchange ratio by the number of outstanding shares of AmCo common stock, determined that it would have issued 20,955,202 shares of UIHC common stock as the merger consideration had the closing occurred on June 30, 2016. UIHC then multiplied 20,955,202 by $16.38, the price per share of UIHC common stock on Nasdaq at market close on June 30, 2016. Finally, UIHC discounted such amount by 15.673941%, which is the weighted average of the following estimated fair market value discounts reflecting the transfer and voting restrictions applicable to the merger consideration:

Restrictions	RDX Shares	Discount
Freely transferable shares with full voting rights	7,296,630	0.0%
Freely transferable shares after one year with full voting rights	853,751	-10.0%
Freely transferable shares after three years with full voting rights	6,423,154	-20.0%
Freely transferable shares after three years with five years limited voting rights	6,381,667	-30.0%

The estimated consideration expected to be transferred reflected in the unaudited pro forma condensed combined financial information does not purport to represent what the actual consideration transferred

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will be when the mergers are consummated. In accordance with ASC Topic 805 *Business Combinations*, the fair value of the equity securities issued as part of the consideration transferred will be measured at the closing of the mergers at the then-current market price. This requirement will likely result in a per share equity component different from the amount assumed in the unaudited pro forma condensed combined financial information, which difference may be material. UIHC believes that price volatility of as much as 30% in UIHC s common stock price on the closing date of the mergers from $14.81, the closing price on Nasdaq of shares of UIHC common stock on August 16, 2016, is reasonably possible based upon the recent history of the price of UIHC s common stock. While actual UIHC common stock price volatility could exceed this estimate, the number of shares of UIHC common stock constituting the merger consideration would be reduced in the event the 30-day trailing VWAP exceeds 130% of $14.81. The maximum change would increase the consideration expected to be transferred to RDX by approximately $93 million, which would be reflected in UIHC s financial statements as an increase to goodwill. For more information on the exchange ratio in the merger agreement, see the section of this proxy statement titled *Merger Agreement Consideration to be Received in the Mergers* beginning on page 71.

Below is a preliminary allocation of the consideration to be exchanged for the mergers as of June 30, 2016:

Preliminary purchase price allocation		**Amount (in thousands)**
Current assets	$	465,369
Goodwill	$	73,540
Other assets	$	65,943
Total assets acquired	**$**	**603,464**
Unpaid loss and loss adjustment expenses (which we refer to as LAE)	$	53,032
Unearned premiums	$	156,703
Other liabilities	$	104,283
Total liabilities assumed	**$**	**314,018**
Net assets acquired	**$**	**289,446**

Note 4 - Unaudited Pro Forma Financial Statement Adjustments

The following pro forma adjustments have been reflected in the unaudited pro forma financial statements. All adjustments are based on current valuations and assumptions which are subject to change:

(a) *Goodwill* the $73.5 million adjustment to goodwill represents the excess of the fair value of the consideration exchanged over the fair value of AmCo s net assets acquired in the mergers as of June 30, 2016. To the extent the fair value of the consideration exchanged varies resulting from the fluctuation in the price of UIHC common stock, goodwill will also vary.

(b) *Deferred policy acquisition costs* this adjustment entails eliminating AmCo s deferred policy acquisition costs of approximately $36.9 million that are not recognized under GAAP in accordance with ASC 944-805.

(c) *Other assets* these adjustments estimated at $58.8 million represent intangible assets specifically identified during the allocation of the preliminary purchase price. These intangible assets consist of the following:

Intangible Asset	**Estimated Fair Value**		**Estimated Useful Life**
Value of Business Acquired	$	34,534	1 year
Contractual Agreements	$	21,836	10 years
Trade Name	$	2,210	3 years
Licenses	$	245	Perpetual
Total Intangible Assets	$	58,825	

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(d) *Other liabilities* the adjustment for roughly $7.6 million is an estimate for the deferred tax liability related to the intangible assets identified in Notes 4(b) and 4(c) that impact future amortization expense calculated using a federal tax rate of 35.0%.

(e) *Stockholders equity* these adjustments eliminate the stockholders equity of AmCo and account for the issuance of 20,955,202 shares of UIHC common stock to RDX with an estimated fair value of $289.4 million including applicable discounts for transferability and voting restrictions and excluding estimated deferred tax liabilities.

(f) *Policy acquisition costs* this adjustment of $33.2 million removes AmCo s amortization expense related to its deferred acquisition costs that would have been eliminated on January 1, 2015 if the mergers had occurred on January 1, 2015, as they are not recognized under GAAP in accordance with ASC 944-805.

(g) *General and administrative expenses* this adjustment for the year ended December 31, 2015 includes $37.5 million of amortization expense related to the intangible assets identified during the allocation of the preliminary purchase price as if the merger had been completed January 1, 2015; the adjustment of roughly $1.5 million for the six months ended June 30, 2016 represents amortization expense related to the intangible assets identified during the allocation of the preliminary purchase price as if the merger had been completed January 1, 2015.

(h) *Provision for income taxes* this adjustment applies an estimated effective tax rate of 37.5% to the income before taxes related to Note 4(f) and Note 4(g).

(i) *Weighted average shares outstanding* this adjustment adds the 20,955,202 and 20,232,001 shares of UIHC common stock that would have been issued to RDX if the mergers had been completed at June 30, 2016 and January 1, 2015, respectively.

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MERGER AGREEMENT

This section describes the material provisions of the merger agreement. The following description of the merger agreement is subject to, and qualified in its entirety by reference to, the merger agreement, which is attached as Annex A to this proxy statement and forms a part of this proxy statement. We urge you to read the entire merger agreement carefully, as it is the legal document governing the mergers.

The merger agreement and the following summary have been included to provide you with information regarding the terms of the merger agreement and the transactions described in this proxy statement. UIHC does not intend for the text of the merger agreement to be a source of factual, business or operation information about UIHC or AmCo. That information can be found elsewhere in this proxy statement or in the other public documents that UIHC files with the SEC. See the section titled *Where You Can Find More Information* beginning on page 127.

The merger agreement contains representations, warranties, covenants and other agreements that the parties made to each other as of specific dates. Representations and warranties are used as a tool to allocate risks between the respective parties to the merger agreement, including where the parties do not have complete knowledge of all facts, and not necessarily to establish such matters as facts. Furthermore, the representations and warranties in the merger agreement may be modified or qualified by information contained in disclosure letters that the parties exchanged in connection with the execution of the merger agreement or UIHC s SEC filings. Some of these representations and warranties may not be accurate or complete as of a specific date because they are subject to a contractual standard of materiality that may be different from the standard generally applied under federal securities laws. Finally, information concerning the subject matter of the representations and warranties in the merger agreement may have changed since the date of the merger agreement, which may or may not be fully reflected in UIHC s public disclosures.

Structure of the Mergers

The merger agreement provides that, subject to the terms and conditions of the merger agreement, and in accordance with North Carolina law, at the effective time of the first merger, Merger Sub will be merged with and into AmCo and, as a result of the first merger, the separate corporate existence of Merger Sub will cease and AmCo will continue as the surviving corporation and a wholly-owned subsidiary of UIHC. At the effective time of the second merger, subject to the terms and conditions of the merger agreement, and in accordance with North Carolina and Delaware law, AmCo will be merged with and into Merger LLC and, as a result of the second merger, the separate corporate existence of AmCo will cease and Merger LLC (which will be renamed AmCo Holding Company (or a similar name) shortly thereafter) will continue as the surviving limited liability company and a wholly-owned subsidiary of UIHC.

Closing and Effective Time; Organizational Documents

The first merger will become effective upon the filing of the first articles of merger with the Secretary of State of the State of North Carolina or at such later time as is agreed upon by UIHC and AmCo and specified in the first articles of merger. The filing of the first articles of merger will occur on the date of closing, which will take place on a date which will be no later than the third business day after the satisfaction or waiver of the conditions to the closing of the mergers set forth in the merger agreement (other than those conditions that, by their nature, can only be satisfied on the date of the closing) or at such other time as is agreed upon in writing by UIHC and AmCo. AmCo and Merger Sub will make all other filings and recordings required under the North Carolina Business Corporation Act to effectuate the first merger.

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Immediately after the parties have received a file-stamped copy of the first articles of merger, AmCo and Merger LLC will file the Delaware articles of merger with the Secretary of State of the State of Delaware and will make all other filings and recordings required under the Delaware Limited Liability Company Act to effectuate the second merger. Subsequently, and immediately after the parties have received a file-stamped copy of the Delaware articles of merger, AmCo and Merger LLC will file articles of merger with the Secretary of State of the State of North Carolina (together with the Delaware articles of merger, the second articles of merger). The second merger will become effective upon the filing of the second articles of merger with the Secretaries of State of the States of Delaware and North Carolina or at such later time as is agreed upon by UIHC and AmCo and specified in the second articles of merger.

At the effective time of the first merger, the articles of incorporation of the surviving corporation of the first merger will be those of AmCo as in effect immediately prior to the effective time of the first merger, and the bylaws of the surviving corporation will be those of Merger Sub as in effect immediately prior to the effective time of the first merger. At the effective time of the second merger, the certificate of formation and the limited liability company agreement of the surviving limited liability company of the second merger will be those of Merger LLC as in effect immediately prior to the effective time of the second merger.

Consideration to be Received in the Mergers

By virtue of the mergers, at the effective time of the first merger, each issued and outstanding share of common stock of AmCo (other than those owned by AmCo, UIHC, Merger Sub or any of their respective wholly-owned subsidiaries, which shares will automatically be cancelled) will automatically be converted into a number of shares of common stock of UIHC equal to 209,563.55 multiplied by the lesser of (a) one and (b) a fraction, the numerator of which is 130% of $14.81 and the denominator of which is the 30-day trailing VWAP. However, in the event that the outstanding shares of UIHC common stock, shares of AmCo common stock or securities convertible into or exercisable for shares of UIHC common stock or AmCo common stock are changed into a different number of shares or a different class due to any reclassification, stock split, recapitalization, split-up, combination, exchange of shares or readjustment prior to, or any stock dividend with a record date prior to, the effective time of the first merger, the exchange ratio and certain related items will be appropriately adjusted to provide RDX with the same economic effect as contemplated by the merger agreement prior to such event. Immediately following the closing, RDX will effect the distribution.

Each issued and outstanding share of capital stock of Merger Sub will be converted into one share of common stock, par value $0.01, of AmCo.

Representations and Warranties

UIHC, Merger Sub and Merger LLC have made a number of representations and warranties to AmCo, RDX, Mr. Peed and Peed FLP1 regarding aspects of their businesses and other matters pertinent to the mergers. The topics covered by these representations and warranties include the following:

- the due organization, valid existence, qualification, good standing and similar corporate matters of UIHC and each of its subsidiaries;
- the capitalization of UIHC, Merger Sub and Merger LLC;

the authority and power of UIHC, Merger Sub and Merger LLC to execute and deliver the merger agreement and ancillary agreements to which each entity is a party, to consummate the transactions, and to comply with its obligations under the merger agreement and the ancillary agreements;

the enforceability of the merger agreement and the ancillary agreements against UIHC;

the adoption of the merger agreement and the transactions, including the mergers, by the UIHC board, and the resolution by the UIHC board to recommend that UIHC s stockholders approve the share issuance proposal;

the absence of violations of, or defaults under, the organizational documents of UIHC or any of its subsidiaries, any material contracts of UIHC or its subsidiaries, or any material judgment or law applicable to UIHC or its subsidiaries, as a result of UIHC, Merger Sub and Merger LLC entering into the merger agreement, UIHC entering into certain ancillary agreements, or the consummation of the mergers and the other transactions;

regulatory consents and filings required as a result of the execution and delivery of the merger agreement and certain ancillary agreements, performance of the terms of the merger agreement and such ancillary agreements, and the consummation of the transactions;

the SEC filings of UIHC since December 31, 2014 and financial statements contained in such filings, as well as UIHC s disclosure controls and procedures and internal controls over financing reporting;

the statutory financial statements filed by certain subsidiaries of UIHC with insurance regulators for the annual periods ended December 31, 2014 and December 31, 2015 and quarterly periods ended March 31, 2016 and June 30, 2016;

the absence of certain types of undisclosed liabilities and obligations;

the information supplied by UIHC in connection with this proxy statement, as well as this proxy statement s compliance with securities laws and the General Corporation Law of the State of Delaware;

the absence since December 31, 2015 of any Parent Material Adverse Effect (as defined below), and the conduct of UIHC s and its subsidiaries respective businesses since December 31, 2015;

real property owned or leased by UIHC or its subsidiaries and title to such real property;

intellectual property matters;

information technology, security and privacy matters;

certain specified contracts and compliance with the terms of such contracts;

governmental permits of UIHC and its subsidiaries;

insurance policies of UIHC and its subsidiaries and other insurance matters;

the filing of tax returns, the payment of taxes and other tax matters;

the treatment of the mergers as a reorganization within Section 368(a) of the code;

the absence of pending or threatened legal proceedings and certain outstanding judgments;

compliance with applicable laws and judgments;

insurance regulatory matters;

employee benefits and labor matters;

the fairness opinion of Raymond James;

brokers and financial advisors; and

the inapplicability to the mergers of the UIHC rights agreement.

Many of these representations and warranties are qualified by, among other things, concepts of materiality or a Parent Material Adverse Effect . For purposes of the merger agreement, Parent Material Adverse Effect means any event, change, effect, development, state of facts, condition, circumstance or occurrence that is or would reasonably be expected to be materially adverse to the business, assets, liabilities, condition (financial or otherwise) or results of operations of UIHC and its subsidiaries, taken as a whole. The merger agreement provides that a Parent Material Adverse Effect will exclude any event, change, effect, development, state of facts, condition, circumstance or occurrence (a) in or affecting economic conditions (including changes in interest rates), financial or securities markets in the United States or elsewhere in the world, or industries in which UIHC and its subsidiaries operate

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generally (with such exclusions only applying to the extent such effect does not disproportionately adversely affect UIHC and its subsidiaries relative to other participants in the industries in which UIHC and its subsidiaries operate), or (b) resulting from or arising out of:

- the compliance with, or taking of any action required by, the merger agreement or the transactions (subject to certain exceptions);
- any taking of any action at the written request of AmCo;
- any litigation arising from allegations of a breach of fiduciary duty or a violation of other applicable law relating to the merger agreement or the transactions;
- any adoption, implementation, promulgation, repeal, modification, reinterpretation or proposal (occurring after August 17, 2016) of any rule, regulation, ordinance, order, protocol or any other law of or by any national, regional, state or local governmental entity (with such exclusion only applying to the extent such effect does not disproportionately adversely affect UIHC and its subsidiaries relative to other participants in the industries in which UIHC and its subsidiaries operate);
- any changes in GAAP, the statutory accounting practices prescribed or permitted by insurance regulators of the applicable jurisdiction (which we refer to as SAP), or accounting standards or interpretations thereof (with such exclusion only applying to the extent such effect does not disproportionately adversely affect UIHC and its subsidiaries relative to other participants in the industries in which UIHC and its subsidiaries operate);
- any outbreak or escalation of hostilities or acts of war or terrorism (with such exclusion only applying to the extent such effect does not disproportionately adversely affect UIHC and its subsidiaries relative to other participants in the industries in which UIHC and its subsidiaries operate);
- any change in the share price or trading volume of UIHC common stock, in UIHC s credit rating or in any analyst s recommendations, in each case in and of itself, or UIHC s failure to meet projections or forecasts (including analyst s projections), in and of itself (provided that the event, change, effect, development, condition, circumstance or occurrence underlying each change or failure may be taken into account in determining whether there is or would reasonably be expected to be a Parent Material Adverse Effect); or
- the announcement of the execution of the merger agreement, including the threatened or actual impact on relationships with customers, vendors, suppliers, distributors, landlords or employees (subject to certain exceptions, and only to the extent caused by the announcement of the execution of the merger agreement).

AmCo, RDX, Mr. Peed and Peed FLP1 also have made a number of representations and warranties to us regarding various matters pertinent to the mergers. The topics covered by these representations and warranties are similar to the representations and warranties of UIHC, Merger Sub and Merger LLC described above, but also include the following:

- the ownership of shares of UIHC common stock issued in the first merger and immediately following the distribution;
- certain consolidated financial statements of AmCo set forth in a disclosure letter delivered by AmCo prior to the execution of the merger agreement;
- AmCo s or any subsidiary s ownership in other investments greater than $500,000 as of August 17, 2016;
- the inapplicability of the anti-takeover prohibitions under the North Carolina Business Corporation Act to the merger agreement or any of the transactions;
- the absence of certain affiliated person matters relating to AmCo and its subsidiaries;
- AmCo and American Coastal s relationship with, and the operations of, AmRisc; and
- the investment intent and investment experience of RDX, Mr. Peed and Peed FLP1.

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Many of these representations and warranties are qualified by, among other things, concepts of materiality or a Company Material Adverse Effect. For purposes of the merger agreement, Company Material Adverse Effect means any event, change, effect, development, state of facts, condition, circumstance or occurrence that is or would reasonably be expected to be materially adverse to (a) the business, assets, liabilities, condition (financial or otherwise) or results of operations of AmCo and its subsidiaries, taken as a whole, or (b) the benefits expected to be derived by AmCo and its subsidiaries from certain agreements entered into between AmRisc and American Coastal (which we refer to collectively as the AmRisc agreements). The merger agreement provides that the definition of Company Material Adverse Effect will exclude similar events, changes, effects, developments, states of facts, conditions, circumstances or occurrences as the exclusions applicable to the definition of Parent Material Adverse Effect.

None of the representations and warranties of any party will survive the effective time of the first merger. However, this will not limit certain covenants and agreements of the parties regarding certain tax matters and covenants and agreements of the parties that, by their terms, contemplate performance after the effective time of the first merger or the second merger.

Covenants Regarding Conduct of Business by UIHC Prior to the Mergers

In the merger agreement, UIHC has agreed that before the effective time of the second merger, subject to certain exceptions, it will, and will cause each of its subsidiaries to, carry on its business in the usual, regular and ordinary course in substantially the same manner as previously conducted and, to the extent consistent therewith, use commercially reasonable efforts to preserve intact its current business organization, maintain in effect all material permits, keep available the services of its current officers and key employees, and preserve intact its goodwill and ongoing business relationships with policyholders, suppliers, reinsurers, licensors, licensees, distributors and others having business dealings with them.

Before the effective time of the second merger, subject to certain exceptions, UIHC also will not, and will not permit any of its subsidiaries to (or permit any other person acting on behalf of UIHC or any of its subsidiaries to), without the prior written consent of AmCo (which consent will not be unreasonably withheld, conditioned or delayed):

- declare, set aside or pay any dividends or make any distributions in respect of its capital stock, other than dividends and distributions by its direct or indirect wholly-owned subsidiary to its parent or quarterly dividends consistent with past practice;

- reclassify, split or combine any of its capital stock (or issue or authorize the issuance of any other securities in respect of or in substitution for its capital stock);

- redeem, purchase or otherwise acquire any capital stock of UIHC or the stock of any non-wholly-owned subsidiary of UIHC, any other securities of UIHC or a non-wholly-owned subsidiary of UIHC, or other rights, warrants or options to acquire any such securities;

- issue, sell, grant or deliver any shares of capital stock, any voting debt of UIHC or any significant subsidiary of UIHC under Rule 1-02 of Regulation S-X (which we refer to collectively as significant subsidiaries), any other voting securities, or any convertible securities of UIHC or any significant subsidiary, other than pursuant to, or upon the exercise of convertible securities of UIHC or any significant subsidiary in accordance with, the terms of an equity or equity-based compensation plan of UIHC as in effect on August 17, 2016;

amend, authorize or propose to amend UIHC s organizational documents;

adopt or enter into a plan of complete or partial liquidation or dissolution of UIHC or any significant subsidiary;

enter into any agreement to acquire any business or effect a similar transaction that would reasonably be expected to prevent or delay the closing beyond the Outside Date (as defined in the section of this proxy statement titled *Merger Agreement Termination of the Merger Agreement* beginning on page 84) or materially increase the likelihood of a failure to satisfy certain closing conditions related to approvals by governmental entities;

make any changes to accounting methods, principles or practices materially affecting the reported consolidated assets, liabilities or results of operations of UIHC, except insofar as may be required by a change in GAAP or SAP or as advised by UIHC s regular public independent accountant is required by GAAP or SAP;

acquire or agree to acquire (a) by merger or consolidation with, by purchase of a substantial portion of the assets of or any equity interest in, by reinsurance or by any other manner, any business, entity or division, or (b) any assets that are material (individually or in the aggregate) to UIHC and its subsidiaries, taken as a whole;

grant to any executive officer or director of UIHC or any subsidiary of UIHC an increase in compensation other than in the ordinary course of business that exceeds $1,000,000 in the aggregate, subject to certain exceptions (including to the extent required by law or existing plans or arrangements as of the date of the merger agreement);

sell, lease (as lessor), license or otherwise dispose of, or subject to any material lien, any properties or assets;

incur, create, assume or otherwise become liable for, or prepay, any Indebtedness (as defined in the merger agreement) owed to a third party (excluding ordinary course trade payables or performance bonds entered into or provided in the ordinary course of business), or guarantee any such Indebtedness of any third party; issue or sell any debt securities, options, calls, warrants or other rights to acquire any debt securities of UIHC or any of its subsidiaries; guarantee any debt securities of any third party; enter into any keepwell or other agreement to maintain any financial statement condition of any third party or enter into any agreement having the economic effect of any of the foregoing; or amend, modify or refinance any such Indebtedness other than in the ordinary course of business;

make loans, advances or capital contributions to, or investments in, any person other than UIHC or any of its subsidiaries, except to the extent in the ordinary course of business in an amount not to exceed $50,000 in the aggregate;

enter into (including via any acquisition) a new line of business that represents a material change in operations and that is material to UIHC and its subsidiaries as a whole, or make any material change to UIHC or its subsidiaries businesses;

make or agree to make a new capital expenditure or expenditures that, individually or in the aggregate, is greater than $2,500,000 in any fiscal quarter;

settle or compromise any liability for taxes, enter into a closing agreement or similar agreement relating to taxes or otherwise settle any dispute relating to taxes; make a material tax election; prepare or file a tax return inconsistent with past practice; take a material position on any material tax return filed on or after the date of the merger agreement that is inconsistent with positions taken in prior periods; file an amended material tax return; make a change in any method of accounting for tax purposes; or request a ruling or similar guidance with respect to taxes;

make any material change in investment, underwriting, claims management or reinsurance practices, policies and procedures other than in the ordinary course of business;

settle a material action, claim or proceeding relating to claims made under any insurance contracts, policies, binders, slips or certificates issued by UIHC or any of its subsidiaries, other than in the ordinary course of business;

other than in the case of an action, claim or proceeding described in the previous bullet point, compromise, settle or agree to settle an action, claim or proceeding (a) for an amount greater than $1,000,000 individually or in the aggregate, or (b) that would include non-monetary relief that would materially affect the operations of UIHC, its subsidiaries or its affiliates from and after the closing;

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- materially change internal accounting controls or disclosure controls and procedures;

- waive, extend, renew or enter into a non-compete, exclusivity, non-solicitation or similar contract that would materially restrict the operations of UIHC, its subsidiaries or any of their respective subsidiaries or affiliates (whether before or after the closing); or

- authorize any of, or resolve, commit or agree to take any of, the foregoing actions.

These restrictions are subject to various exceptions, including exceptions set forth in a disclosure letter delivered by UIHC immediately prior to the execution of the merger agreement regarding certain actions with respect to employment contracts and capital markets transactions between August 17, 2016 and the effective time of the second merger. The merger agreement generally subjects AmCo and its subsidiaries to similar restrictions between the signing of the merger agreement and the effective time of the first merger (including a restriction on declaring, setting aside or paying any dividends on, or making any distributions in respect of, its capital stock, other than dividends and distributions by a direct or indirect wholly-owned subsidiary of AmCo to its parent, or quarterly dividends not to exceed the aggregate quarterly dividend paid by UIHC to its stockholders in such quarter).

No Solicitation

UIHC has agreed in the merger agreement that, until the earlier of the effective time of the second merger and the termination of the merger agreement, UIHC will not, and will not permit its subsidiaries to, and will not authorize or knowingly permit any of its officers, directors, employees, financial advisors, attorneys, accountants or other agents, advisors or representatives (which we refer to collectively as representatives) to, directly or indirectly:

- solicit, initiate or knowingly facilitate, induce or encourage the submission of any UIHC takeover proposal (as defined below) or any proposal, offer or inquiry that would reasonably be expected to lead to a UIHC takeover proposal;

- enter into a letter of intent, agreement in principle or any contract (subject to limited exceptions) providing for a UIHC takeover proposal, or any proposal, offer or inquiry that would reasonably be expected to lead to a UIHC takeover proposal; or

- enter into, continue or otherwise participate in any third party discussions or negotiations with respect to a UIHC takeover proposal or any proposal, offer or inquiry that would reasonably be expected to lead to a UIHC takeover proposal.

UIHC must advise AmCo promptly (but in any event within thirty-six hours) following the receipt of any UIHC takeover proposal by UIHC, any of its subsidiaries, or any of its or their representatives. Such notice must identify the third party making the UIHC takeover proposal, and (a) if the UIHC takeover proposal is in writing, include a copy of the UIHC takeover proposal and any related draft agreements and other material setting forth the material terms and conditions of the UIHC takeover proposal, and (b) if the UIHC takeover proposal is oral, include a reasonably detailed summary of the UIHC takeover proposal. UIHC also must keep AmCo informed in all material respects on a prompt basis of any change to the material terms of any such UIHC takeover proposal.

The merger agreement generally subjects AmCo, RDX, Mr. Peed and Peed FLP1 to similar restrictions regarding takeover proposals applicable to AmCo or any of its subsidiaries.

Notwithstanding the foregoing prohibitions, nothing in the merger agreement will prevent UIHC or any of its representatives from contacting, prior to the receipt of the stockholder approval, a third party that has made or submitted a UIHC takeover proposal (or such third party s advisor) solely for the purpose of clarifying the UIHC takeover proposal and its material terms and conditions to consummation, in order to determine whether the UIHC takeover proposal would reasonably be expected to lead to a superior proposal (as defined below). Additionally, in the event of a UIHC takeover proposal received after August 17, 2016, nothing in the merger agreement will prevent UIHC or the UIHC board, directly or indirectly through any of its representatives, from taking any action described in the second or third bullet point of the first paragraph of this section prior to the receipt of the stockholder approval if (a) the UIHC takeover proposal was not solicited in violation of the restrictions described in the first bullet point of the first paragraph of this section, (b) the UIHC board determines in good faith (after consultation with outside counsel and financial advisors) that such UIHC takeover proposal is or would reasonably be expected to lead to a superior proposal, and (c) prior to furnishing any non-public information to, or entering into discussions or negotiations with, such third party, UIHC receives an executed confidentiality agreement from the third party with provisions no less favorable in the aggregate to UIHC than those contained in its confidentiality agreement with AmCo.

The merger agreement also provides that, prior to the earlier of the effective time of the second merger and the termination of the merger agreement, UIHC may not terminate, amend, modify or waive any provision of any confidentiality agreement relating to a UIHC takeover proposal or standstill agreement to which UIHC or any of its subsidiaries is party (other than any involving AmCo), except to the extent the UIHC board determines in good faith after consultation with outside legal counsel that the failure to take such action would be inconsistent with its fiduciary obligations under applicable law.

A UIHC takeover proposal is defined in the merger agreement to mean any third party offer or proposal relating to any UIHC acquisition transaction (as defined below).

A UIHC acquisition transaction is defined as any transaction or series of related transactions other than the mergers involving:

- any acquisition or purchase by any third party of more than 20% of the total outstanding voting securities of UIHC or any significant subsidiary;
- any tender offer or exchange offer that, if consummated, would result in any third party beneficially owning more than 20% of UIHC s total outstanding voting securities or those of any of its subsidiaries;
- any merger, amalgamation, plan of arrangement, consolidation, business combination, share exchange, recapitalization or similar transaction involving UIHC or any of its subsidiaries pursuant to which UIHC s stockholders immediately preceding such transaction would hold less than 80% of the equity interests in the surviving or resulting entity of such transaction;
- any direct or indirect acquisition of any business or businesses or of assets (including equity interests in any of UIHC s subsidiaries) that constitute or account for 20% or more of the consolidated net revenues, net income or assets (based on the fair market value thereof) of UIHC and its subsidiaries, taken as a whole; or
- any liquidation or dissolution of UIHC or any of its subsidiaries.

A superior proposal is defined in the merger agreement to mean any bona fide written UIHC takeover proposal that, in the good faith judgment of the UIHC board (after consultation with its outside financial advisors and legal counsel), and taking into account relevant legal, financial and regulatory aspects of the proposal, the identity of the third party making the proposal and its conditions to completion:

- if consummated, would be more favorable to UIHC s stockholders than the mergers, taken together, considering all the terms and conditions of the UIHC takeover proposal and the merger agreement (including any changes to the merger agreement proposed by AmCo in response to such UIHC takeover proposal or otherwise); and

- is reasonably likely to be consummated.

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However, for purposes of the reference to UIHC takeover proposal in the definition of superior proposal, (a) references to 20% in the definition of UIHC acquisition transaction are deemed to be 50% (except in the case of a UIHC takeover proposal by an individual person or group of persons, as described in Rule 13d-5(b)(1) under the United States Securities Exchange Act of 1934, as amended (which we refer to as the Exchange Act), in which case references to 20% are deemed to be 40%), and (b) references to 80% in the definition of UIHC acquisition transactio are deemed to be 50% (except in the case of any UIHC takeover proposal by an individual or group of persons, as described in Rule 13d-5(b)(1) under the Exchange Act, in which case references to 80% are deemed to be 60%).

Recommendation of the UIHC Board

The merger agreement provides that neither the UIHC board nor a committee thereof will:

- withhold or withdraw (or modify in a manner adverse to AmCo), or publicly propose to withhold, withdraw or so modify, (i) its determination that the mergers, the share issuance and the other transactions are fair to and in the best interests of UIHC and its stockholders (which we refer to as the UIHC board determination), or (ii) its recommendation that UIHC stockholders approve the share issuance (which we refer to as the UIHC board recommendation);

- recommend, endorse, adopt or approve, or publicly propose to recommend, endorse, adopt or approve, a UIHC takeover proposal or a letter of intent, agreement in principle or contract providing for a UIHC takeover proposal; or

- take an action to make the provisions of any takeover laws or a restrictive provision of any applicable anti-takeover provision in UIHC s charter or by-laws inapplicable to any transaction contemplated by a UIHC takeover proposal (which, collectively, we refer to as an adverse recommendation change).

Notwithstanding the foregoing, subject to the conditions described below, the UIHC board may, at any time prior to receipt of the stockholder approval of the share issuance proposal, effect an adverse recommendation change and terminate the merger agreement to concurrently enter into a binding definitive agreement to effect a superior proposal if:

- the applicable UIHC takeover proposal was not solicited in violation of the restrictions described in the section of this proxy statement titled *Merger Agreement No Solicitation* beginning on page 76 and constitutes a superior proposal;

- UIHC provides AmCo at least three business days prior written notice of the UIHC board s intent to take such action, which notice will identify the third party making the UIHC takeover proposal and (a) if the UIHC takeover proposal is in writing, include a copy of the UIHC takeover proposal and any related draft agreements and other material setting forth the material terms and conditions of the UIHC takeover proposal, and (b) if the UIHC takeover proposal is oral, include a reasonably detailed summary of the UIHC takeover proposal;

during such three business day period, UIHC and its representatives negotiate in good faith with AmCo regarding any revisions to the merger agreement and the transactions proposed by AmCo in response to the superior proposal;

at the end of such three business day period, the UIHC board determines in good faith, after consultation with outside legal and financial advisors (and taking into account any adjustment or modification of the terms of the merger agreement and the transactions proposed by AmCo), that the UIHC takeover proposal continues to be a superior proposal; and

UIHC pays AmCo the termination fee and the expense reimbursement concurrently with the termination of the merger agreement (or, for the expense reimbursement, as soon thereafter as such amount is determined).

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Any material amendment or modification of any superior proposal will be deemed to be a new UIHC takeover proposal. Accordingly, such an amendment or modification will require notice and negotiations of the type described above, although the notice period and period during which UIHC and its representatives are required to negotiate with AmCo will expire on the second business day after the UIHC board provides notice of such new UIHC takeover proposal to AmCo.

Additionally, nothing in the merger agreement will prohibit or restrict the UIHC board, in circumstances not involving or relating to a UIHC takeover proposal and at any time prior to receipt of the stockholder approval, from withholding or withdrawing (or modifying in a manner adverse to AmCo), or publicly proposing to withhold, withdraw or so modify the UIHC board determination or UIHC board recommendation if:

- the UIHC board concludes in good faith, after consultation with its outside legal and financial advisors, that a failure to make such an adverse recommendation change would be reasonably likely to be inconsistent with its fiduciary duties under applicable laws;

- UIHC provides AmCo at least three business days prior written notice of the UIHC board s intent to take such action, which notice will specify the reasons why the UIHC board is making such adverse recommendation change in reasonable detail;

- during such three business day period, UIHC and its representatives negotiate in good faith with AmCo regarding any revisions to the merger agreement and the transactions proposed by AmCo in response to the UIHC board s conclusion that the failure to take such action would be inconsistent with its fiduciary duties under applicable laws; and

- at the end of such three business day period, the UIHC board determines in good faith, after consultation with its outside legal and financial advisors (and taking into account any adjustment or modification of the terms of the merger agreement and the transactions proposed by AmCo), that the failure to make an adverse recommendation change would be reasonably likely to be inconsistent with its fiduciary duties under applicable laws.

Stockholders Meeting

UIHC has agreed to duly call, give notice of, convene and hold a stockholders meeting as soon as reasonably practicable following the date of the merger agreement, but in no event later than thirty days after distribution of this proxy statement to UIHC s stockholders, for the purpose of seeking the stockholder approval. Notwithstanding the foregoing, UIHC may adjourn, recess or postpone the stockholders meeting from time to time:

- with the prior written consent of AmCo;

- to the extent necessary to ensure that any supplement or amendment to this proxy statement required by applicable law (as determined by UIHC in good faith after consultation with its outside legal counsel) is provided to UIHC s stockholders reasonably in advance of such stockholders meeting;

if, as of the time at which such stockholders meeting is to be held, (a) there is an absence of a quorum (either in person or by proxy) necessary to conduct the business of such stockholders meeting, or (b) it is necessary to solicit additional proxies to obtain approval of the share issuance; or

if required by law or any court of competent jurisdiction.

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Efforts to Consummate the Mergers; Regulatory Matters

The merger agreement requires each of the parties to use its respective commercially reasonable efforts to take promptly, or cause to be taken, all actions, and to do promptly, or cause to be done, and to assist and cooperate with the other parties in doing, all things necessary, proper or advisable under applicable laws to consummate and make effective the mergers and the other transactions, including (subject to certain exceptions):

- obtain all necessary actions or nonactions and consents from governmental entities and Nasdaq, make all necessary registrations and filings and take all steps necessary to obtain an approval or waiver from, or to avoid a proceeding by, any governmental entity or Nasdaq;
- obtain all necessary third party consents; and
- execute and deliver any additional instruments necessary to consummate the mergers and the transactions.

In addition, UIHC and AmCo have agreed to:

- use commercially reasonable efforts to cooperate with each other in determining whether any filings are required to be made with, or consents are required to be obtained from, any third parties or other governmental entities in connection with the mergers, and timely make all such filings and seek all such consents;
- use commercially reasonable efforts to take, or cause to be taken, all other actions and do, or cause to be done, all other things necessary, proper or advisable to consummate and make effective the mergers and the transactions;
- keep each other apprised of the status of matters relating to the completion of the mergers and the transactions; and
- subject to certain limitations, provide counsel for the other party with reasonable opportunity to review in advance, and consider in good faith the views of the other party in connection with, any proposed written communication to any governmental entity, and not participate in any meeting or discussion with any governmental entity in connection with the transactions unless it consults with the other party in advance and gives the other party the opportunity to attend and participate.

Notwithstanding the foregoing, UIHC, AmCo, RDX, Mr. Peed and Peed FLP1 are not required to (and, absent prior written consent, may not) take any action, agree to any limitation or make any concession or other undertaking that would, individually or in the aggregate, be considered a burdensome regulatory action. Under the terms of the merger agreement, a burdensome regulatory action is defined to include any divestiture of assets, provision of any guaranty, contribution of capital, keepwell agreement or capital maintenance arrangement, restriction of dividends or distributions, agreement to divest assets, or consent to, taking of any action or agreement to any limitation, concession or other undertaking, which, individually or in the aggregate, would be reasonably likely to materially and adversely affect:

- the benefits expected to be derived by UIHC or RDX and its members, as applicable, as a result of the mergers;
- the business of UIHC and its subsidiaries, or the business of AmCo and its subsidiaries, in each case as conducted on August 17, 2016; or
- the business of AmCo and its subsidiaries as contemplated to be conducted on a combined basis with UIHC and its subsidiaries following the mergers.

AmRisc Agreements

Prior to the effective time of the first merger, AmCo must, and must cause its subsidiaries to, enforce all of the terms of the AmRisc agreements and comply with the AmRisc agreements. Additionally, prior to the effective time of the first merger, without the prior written consent of UIHC, AmCo may not (and may not permit its subsidiaries to) (a) amend, waive or modify any AmRisc agreement in a manner adverse to AmCo, or (b) terminate any AmRisc agreement. AmCo must keep UIHC informed on a reasonably current basis of any material changes in the relationship with or developments with respect to AmRisc or any of its subsidiaries and must furnish promptly to UIHC such information concerning the status of the relationship with AmRisc and its subsidiaries as UIHC may reasonably request.

UIHC Board

Under the merger agreement, UIHC must use its reasonable best efforts to take all actions as may be necessary to cause, as of the effective time of the first merger, the UIHC board to be increased to ten directors comprised of (a) the directors of the UIHC board as of immediately prior to the effective time of the first merger, and (b) Mr. Peed and two other individuals meeting the requirements of the stockholders agreement. For additional information regarding the members of the UIHC board following the closing, see the section of this proxy statement titled *The Mergers UIHC Board After the Mergers* beginning on page 60.

Transfer Restrictions and Related Covenants

Under the merger agreement, RDX is prohibited from transferring, assigning, pledging, encumbering or disposing of any shares of capital stock of AmCo. Subject to an exception for certain specified permitted transferees, the Peed stockholder is also prohibited from directly or indirectly selling, transferring, assigning, pledging, hypothecating, mortgaging, licensing, gifting, granting a security interest in or lien on, encumbering or otherwise disposing of any securities of RDX held as of August 17, 2016. Additionally, neither RDX nor Peed FLP1 is permitted to issue securities or rights or contracts exercisable or exchangeable for, or convertible into, securities of such party, provided that Peed FLP1 may conduct issuances to permitted transferees or in connection with the exercise of options granted by RDX prior to August 17, 2016.

Moreover, neither Mr. Peed nor Peed FLP1 may, nor may they knowingly permit their affiliates to, (a) acquire, directly or indirectly (of record or beneficially), any shares of capital stock of UIHC or any securities or rights convertible into, or exercisable or exchangeable for, shares of capital stock of UIHC, (b) acquire, directly or indirectly, any economic interest in, or voting control over, any shares of capital stock of UIHC, or (c) attempt to manipulate the price per share of the capital stock of UIHC.

Other Covenants and Agreements

The merger agreement contains other covenants and agreements in regards to, among other items:

- treatment of the mergers as a reorganization under Section 368(a) of the code and related tax matters, which covenants will survive the effective time of the first merger;

rights to indemnification, advancement of expenses and exculpation under the organizational documents of AmCo and its subsidiaries;

access to the parties respective properties, books, contracts, commitments, personnel and records;

the termination of certain affiliated person contracts of AmCo;

the exemption of certain transactions in connection with the mergers under Section 16 of the Exchange Act;

anti-takeover laws; and

public announcements concerning the transactions.

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Conditions to Completion of the Mergers

The parties obligations to effect the mergers are subject to the satisfaction or waiver of each of the following conditions:

- the receipt of the stockholder approval;
- the approval for listing on Nasdaq of the shares of UIHC common stock issuable to RDX under the merger agreement, subject to official notice of issuance;
- the expiration or termination of any waiting period applicable to the mergers under the HSR Act;
- the receipt or occurrence of any consent of or filings with, or termination or expiration of any waiting period imposed by, any governmental entity, the failure of which to obtain, make or occur would cause the mergers or any of the other transactions to be illegal or have, individually or in the aggregate, a Company Material Adverse Effect or a Parent Material Adverse Effect;
- the absence of any temporary restraining order, preliminary or permanent injunction or other order issued by any court or other governmental entity of competent jurisdiction or other legal restraint or prohibition that is in effect and would (i) prevent the consummation of the mergers or the other transactions or constitute or require a burdensome regulatory action, or (ii) prevent, restrain or otherwise limit the performance by any party of any of the ancillary agreements;
- the absence of any pending or threatened proceeding that seeks an order or injunction that would prevent, restrain or otherwise limit the performance by any party of any of the ancillary agreements; and
- the willingness and ability of RDX and its members to effect the distribution, and UIHC s reasonable satisfaction that such distribution will occur immediately following the closing.

UIHC s obligations to effect the mergers are also subject to satisfaction or waiver of each of the following conditions, among others:

- the representations and warranties of AmCo, RDX, Mr. Peed and Peed FLP1 with respect to (a) the capitalization of AmCo and RDX, (b) the absence of a Company Material Adverse Effect since December 31, 2015, and (c) the ownership of UIHC common stock by RDX and the Peed stockholder, shall be true and correct in all respects as of August 17, 2016 and on and as of the date of the closing as if made on and as of such date;

the representations and warranties of AmCo, RDX, Mr. Peed and Peed FLP1 with respect to (a) AmCo s power and authority to execute and deliver the merger agreement and the ancillary agreements, to perform the obligations under those agreements and to consummate the transactions, (b) the enforceability of the merger agreement and ancillary agreements, (c) anti-takeover statutes, (d) information supplied for the proxy statement, (e) brokers and financial advisors, (f) AmCo and American Coastal s relationship with, and the operations of, AmRisc, and (g) the investment intent and experience of RDX and the Peed stockholder, shall be true and correct in all material respects as of August 17, 2016 and on and as of the date of the closing as if made on and as of such date;

the representations and warranties of AmCo, RDX, Mr. Peed and Peed FLP1 (other than those described in the immediately preceding two bullet points), when read without any exception or qualification as to materiality or Company Material Adverse Effect, shall be true and correct as of August 17, 2016 and on and as of the date of the closing as if made on and as of such date, except as such failure to be so true and correct, individually or in the aggregate with respect to all such failures, has not had and would not reasonably be expected to have a Company Material Adverse Effect or would not reasonably be likely to materially adversely affect AmCo s ability to effect the mergers;

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AmCo, Mr. Peed and Peed FLP1 shall have performed in all material respects the obligations required to be performed by them under the merger agreement;

the parties shall have obtained the Form A approvals without the imposition of a burdensome regulatory action;

each of the AmRisc agreements shall be in full force and effect, and no party to the AmRisc agreements shall have materially breached the terms thereof or have the right to terminate any of the AmRisc agreements;

there shall be no temporary restraining order, preliminary or permanent injunction or other order issued by a court or other governmental entity of competent jurisdiction or other legal restraint or prohibition preventing, restraining or otherwise limiting the performance of any of the parties under any of the AmRisc agreements, and there shall be no pending or threatened proceedings seeking any such order or injunction;

AmRisc and American Coastal shall have obtained, without the imposition of a burdensome regulatory action, the amendment approval;

AmCo s minimum tangible net worth, measured as of immediately prior to the closing, shall be no less than $154,500,000;

certain specified affiliated person contracts and obligations of AmCo shall have been terminated in a manner reasonably acceptable to UIHC; and

certain ancillary agreements entered into on or prior to August 17, 2016 shall be in full force and effect as of the closing and all of the representations therein of the parties thereto (other than UIHC) shall be true and correct in all respects as of the closing.

AmCo s obligation to effect the mergers are also subject to satisfaction or waiver of each of the following conditions, among others:

the representations and warranties of UIHC, Merger Sub and Merger LLC with respect to (a) the capitalization of UIHC, Merger Sub and Merger LLC, and (b) the absence of a Parent Material Adverse Effect since December 31, 2015, shall be true and correct in all respects as of August 17, 2016 and on and as of the date of the closing as if made on and as of such date (other than, in the case of the representations with respect to the capitalization of UIHC, Merger Sub and Merger LLC, *de minimis* inaccuracies);

the representations and warranties of UIHC, Merger Sub and Merger LLC with respect to (a) UIHC s power and authority to execute and deliver the merger agreement and the ancillary agreements to which it is a party, to perform the obligations under those agreements and to consummate the transactions, (b) the enforceability of the merger agreement and ancillary agreements, (c) information supplied for the proxy statement, and (d) brokers and financial advisors, shall be true and correct in all material respects as of August 17, 2016 and on and as of the date of the closing as if made on and as of such date;

the representations and warranties of UIHC, Merger Sub and Merger LLC (other than those described in the immediately preceding two bullet points), when read without any exception or qualification as to materiality or Parent Material Adverse Effect, shall be true and correct as of August 17, 2016 and on and as of the date of the closing as if made on and as of such date, except as such failure to be so true and correct, individually or in the aggregate with respect to all such failures, has not had and would not reasonably be expected to have a Parent Material Adverse Effect or would not reasonably be likely to materially adversely affect the ability of UIHC, Merger Sub and Merger LLC to effect the mergers;

UIHC, Merger Sub and Merger LLC shall have performed in all material respects all obligations required to be performed by them under the merger agreement;

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the parties shall have obtained the Form A approvals without the imposition of a burdensome regulatory action;

the 30-day trailing VWAP of UIHC s common stock shall equal no less than $10.367;

certain ancillary agreements entered into on or prior to August 17, 2016 shall be in full force and effect as of the closing and all of the representations of UIHC therein shall be true and correct in all respects; and

RDX shall have received an opinion from Debevoise or another nationally recognized law firm selected by AmCo to the effect that the mergers will qualify as a reorganization within Section 368(a) of the code.

Termination of the Merger Agreement

The merger agreement may be terminated at any time before the effective time of the first merger upon the mutual written consent of UIHC, Merger Sub and AmCo. The merger agreement also may be terminated by UIHC or AmCo if:

the first merger is not consummated on or before May 17, 2017 (subject to an extension of such date in certain circumstances) (which we refer to as the Outside Date), but this right to terminate the merger agreement will not be available to any party if the failure of the first merger to occur on or before the Outside Date is the result of a material breach of such party s representations, warranties, covenants or agreements contained in the merger agreement;

a governmental entity issues an order, decree or ruling or takes any other action that permanently enjoins, restrains or otherwise prohibits the mergers or the other transactions, or imposes (either individually or together with other orders, decrees, rulings or actions) a burdensome regulatory action, and such order, decree, ruling or other action shall have become final and nonappealable (subject to limited exceptions); or

a stockholder approval termination event occurs.

UIHC also may terminate the merger agreement if:

AmCo breaches or fails to perform any of its representations, warranties or covenants contained in the merger agreement or any of such representations and warranties shall have become untrue as of any date subsequent to August 17, 2016, which breach or failure (a) would give rise to a failure of certain of the conditions to closing described in the section of this proxy statement titled *Merger Agreement Conditions to Completion of the Mergers* beginning on page 82, and (b) cannot be or has not been cured within thirty days after UIHC provides AmCo with written notice of such breach or failure; or

a superior proposal termination event occurs.

AmCo also may terminate the merger agreement if:

UIHC, Merger Sub or Merger LLC breaches or fails to perform any of its respective representations, warranties or covenants contained in the merger agreement or any of such representations and warranties shall have become untrue as of any date subsequent to August 17, 2016, which breach or failure (a) would give rise to a failure of certain of the conditions to closing described in the section of this proxy statement titled *Merger Agreement Conditions to Completion of the Mergers* beginning on page 82, and (b) cannot be or has not been cured within thirty days after AmCo provides UIHC with written notice of such breach or failure; or

an adverse recommendation change termination event occurs.

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If the merger agreement is terminated, the merger agreement will be void and have no effect, without any liability or obligation on the part of the parties to the merger agreement, except that the following provisions of the merger agreement will survive such termination: (a) obligations in respect of the termination fee and expense reimbursement (as described in the section of this proxy statement titled *Merger Agreement Transaction and Termination Fees and Expenses* beginning on page 85); (b) provisions related to the effect of the termination of the merger agreement, and (c) certain miscellaneous provisions. Notwithstanding the above, the termination of the merger agreement generally will not relieve any party to the merger agreement from liability for any willful and material breach of a representation or warranty or any willful and material breach of any covenant contained in the merger agreement.

Transaction and Termination Fees and Expenses

Each party will generally pay its own fees and expenses in connection with the mergers and the transactions, whether or not the mergers are consummated.

UIHC will be required to pay RDX the termination fee and / or expense reimbursement in the following circumstances:

Upon a stockholder approval termination event, UIHC will be required to pay the expense reimbursement. UIHC will also be required to pay the termination fee upon a stockholder termination event if: (i) a UIHC takeover proposal (as defined in the section of this proxy statement titled *Merger Agreement No Solicitation* beginning on page 76, except with references to 20% and 80% replaced with 50% is publicly announced and not publicly withdrawn prior to the special meeting; and (ii) concurrently with, or within twelve months after, the stockholder approval termination event, UIHC consummates, or enters into a definitive agreement providing for, a UIHC acquisition transaction (as defined in the section of this proxy statement titled *Merger Agreement No Solicitation* beginning on page 76, except with references to 20% and 80% replaced with 50%), which UIHC acquisition transaction need not be pursuant to the UIHC takeover proposal that was publicly announced and not publicly withdrawn prior to the special meeting.

Upon a superior proposal termination event, UIHC will be required to pay the termination fee and expense reimbursement, provided that the amount of the termination fee would equal $4,655,000 if the merger agreement was terminated prior to October 1, 2016.

Upon an adverse recommendation change termination event, UIHC will be required to pay the termination fee and expense reimbursement.

In the event that either UIHC or AmCo terminates the merger agreement, the merger agreement will become void and have no effect, without any liability or obligation on the part of the parties thereto (other than to pay a termination fee and expense reimbursement and comply with Article X of the merger agreement). Notwithstanding the foregoing, nothing will relieve any of the parties from liability for a willful and material breach of a representation, warranty or covenant in the merger agreement.

Amendment, Extension and Waiver of the Merger Agreement

The merger agreement may be amended by the parties thereto, or by action taken by the parties boards of directors, at any time prior to or after the approval of the matters presented to RDX in connection with the first merger, or the stockholder approval, as long as such amendment is in writing and signed by each of the parties to the merger agreement. If the merger agreement is amended after UIHC receives the stockholder approval, and if such amendment will require further approval by UIHC s stockholders because of applicable law or the requirements of Nasdaq, then the amendment will be effective subject to the approval of UIHC s stockholders by the requisite vote.

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Before the effective time of the first merger, the parties may extend the time for the performance of any obligations or other acts of the other parties under the merger agreement, waive any inaccuracies in the representations and warranties contained in the merger agreement or in any documents delivered pursuant to the merger agreement, and / or waive compliance with any of the covenants, agreements or conditions contained in the merger agreement that may legally be waived. However, if any waiver that takes place after UIHC receives the stockholder approval requires further approval of UIHC s stockholders (either by applicable law or in accordance with the rules and regulations of Nasdaq), the waiver s effectiveness will be subject to the approval of UIHC s stockholders by the requisite vote. Any extension or waiver must be set forth in writing and signed on behalf of each such party to the agreement. For information about risks related to the waiver of provisions of the merger agreement, see the section of this proxy statement titled *Risk Factors Risks Relating to the Mergers* beginning on page 23.

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STOCKHOLDERS AGREEMENT

This section describes the material provisions of the stockholders agreement. The following description of the stockholders agreement is subject to, and qualified in its entirety by reference to, the stockholders agreement, which is attached as Annex B to this proxy statement and forms a part of this proxy statement. We urge you to read the entire stockholders agreement carefully, as it is the legal document governing the terms upon which the Peed stockholder will hold its portion of the merger consideration following the distribution.

The stockholders agreement and the following summary have been included to provide you with information regarding the terms of the stockholders agreement and the transactions described in this proxy statement. UIHC does not intend for the text of the stockholders agreement to be a source of factual, business or operation information about UIHC or AmCo. That information can be found elsewhere in this proxy statement or in the other public documents that UIHC files with the SEC. See the section of this proxy statement titled *Where You Can Find More Information* beginning on page 127.

The stockholders agreement contains representations, warranties, covenants and other agreements that the parties made to each other as of specific dates. Representations and warranties are used as a tool to allocate risks between the respective parties to the stockholders agreement, including where the parties do not have complete knowledge of all facts, and not necessarily to establish such matters as facts. Furthermore, some of these representations and warranties may not be accurate or complete as of a specific date because they are subject to a contractual standard of materiality that may be different from the standard generally applied under federal securities laws. Finally, information concerning the subject matter of the representations and warranties in the stockholders agreement may have changed since the date of the stockholders agreement, which may or may not be fully reflected in UIHC s public disclosures.

Overview

In conjunction with the signing of the merger agreement, UIHC, RDX and the Peed stockholder entered into the stockholders agreement, dated as of August 17, 2016 and effective at and as of the closing. The stockholders agreement governs certain terms and conditions in respect of UIHC s securities that will be held by the Peed stockholder following the closing, including the portion of UIHC s common stock issued as merger consideration to be distributed to the Peed stockholder (which we refer to as the stockholder shares, and which, together with all other voting shares of UIHC that are entitled to vote in the election of directors, and any equity securities in respect of or into which any such common stock or other voting shares are converted or exchanged, we refer to as the voting securities), as well as the Peed stockholder s relationship with and investment in UIHC as of the closing. It is a condition to UIHC s obligation to consummate the transactions that the stockholders agreement be in full force and effect as of the closing.

Board Representation

At the closing, the UIHC board will increase its directors from seven to ten and appoint Mr. Peed and two other individuals as directors. For more information on these individuals, see the section of this proxy statement titled *The Mergers UIHC Board After the Mergers* beginning on page 60. Mr. Peed will also be appointed Non-Executive Vice Chairman of the UIHC board. The Peed stockholder will continue to have the right to designate for nomination or appointment, as applicable, up to three individuals (subject to adjustment in the event of a change to the size of the UIHC board) to be members of the UIHC board (which we refer to as a stockholder designee), until the time that the Peed stockholder, its affiliates and permitted transferees no longer own (beneficially or of record) voting securities representing 15% of the issued and outstanding voting securities. Each stockholder designee must meet certain requirements as described in the stockholders agreement, including, among others, that the individual:

would not be required to disclose information pursuant to Item 2(d) or (e) of Schedule 13D if such person were a filing person under Schedule 13D;

has not engaged in a proxy contest or other activist campaign;

is not disqualified from serving as a director of a public company by the rules of the SEC or Nasdaq;

is not an employee or director, or does not own 5% or more, of any competitor; and

other than in the case of Mr. Peed, is an independent director for purposes of the Nasdaq listing rules.

In addition, UIHC will not be required to nominate any individual for election by the stockholders of UIHC if the UIHC board reasonably determines that recommending such individual for election would be inconsistent with its fiduciary obligations, or if the nominating and corporate governance committee of the UIHC board reasonably determines that recommending such individual for election would be reasonably likely to be inconsistent with its fiduciary obligations. In such case, the Peed stockholder may designate another individual for nomination.

Transfer Restrictions

The right of the Peed stockholder to transfer any voting securities is subject to a number of restrictions, including the following:

Through the first year anniversary of the closing, the Peed stockholder may not transfer any of its voting securities without the UIHC board s prior written consent. From the first through third year anniversary of the closing, the Peed stockholder may transfer up to 25% of its voting securities without the prior written consent of the UIHC board. After the third year anniversary of the closing, the Peed stockholder may transfer the rest of its voting securities without the UIHC s board s prior written consent; and

If the Peed stockholder knowingly transfers its voting securities to a person or group that is not a permitted transferee (as defined in the stockholders agreement), it is limited to transferring up to 4.9% of the total voting securities then outstanding, subject to certain exceptions.

Voting Restrictions

Subject to certain exceptions, the voting provisions in the stockholders agreement limit the number of voting securities of UIHC voted by the Peed stockholder at its discretion to no more than 25% of the total outstanding voting securities of UIHC until the earlier of the five year anniversary of the closing and the date the Peed stockholder beneficially owns less than 25% of UIHC s total outstanding voting securities. Until such time, any shares held by the Peed stockholder in excess of 25% of the voting securities of UIHC must be voted in proportion with the votes cast by UIHC stockholders other than the Peed stockholder and its affiliates. However, if the Peed stockholder has the right to designate the stockholder designees as described in the section of this proxy statement titled *Stockholders Agreement Board Representation* beginning on page 87, the Peed stockholder may vote all of its beneficially owned voting securities in favor of the election of such stockholder designees nominated and recommended by UIHC s board for election or re-election to the UIHC board.

The stockholders agreement also includes customary standstill provisions that prohibit the Peed stockholder and its affiliates from taking certain actions (subject to limited exceptions) until it, its affiliates and permitted transferees no longer beneficially own voting securities representing 15% of the outstanding voting securities. These standstill restrictions prohibit the Peed stockholder and its affiliates from, subject to certain limited exceptions:

purchasing or otherwise acquiring beneficial ownership of any voting securities of UIHC other than (a) the stockholder shares or (b) securities knowingly issued by UIHC directly to either the Peed stockholder or affiliates known by UIHC to be affiliates of the Peed stockholder with the consent or approval of a majority of the full UIHC board;

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- participating in or publicly proposing any effort to acquire UIHC or any of its subsidiaries;
- seeking to or knowingly inducing any third party to propose, offer or participate in any effort to acquire beneficial ownership of voting securities other than the stockholder shares;
- participating in or publicly proposing or offering any tender offer, exchange offer, merger, acquisition, share exchange or other business combination or change of control transaction involving UIHC or any of its subsidiaries, or any recapitalization, restructuring, liquidation, disposition, dissolution or other extraordinary transaction involving UIHC and its subsidiaries;
- seeking to call or calling a special meeting of UIHC s stockholders, making or seeking to make a stockholder proposal at any stockholder meeting or requesting a list of the UIHC stockholders;
- seeking election to the UIHC board or the removal of any director from the UIHC board (in each case other than as contemplated by the stockholders agreement), or otherwise seeking to control or influence the governance or policies of UIHC;
- soliciting proxies, designations or written consents of stockholders, conducting any binding or nonbinding referendum with respect to voting securities, or becoming a participant in any contested solicitation for the election of UIHC directors;
- making or issuing any public disclosure or announcement (i) in support of any statement described in the previous bullet point (other than solicitations on behalf of the UIHC board), (ii) in support of any matter described in the fifth bullet point, (iii) concerning any matter described in the fourth bullet point, or (iv) negatively commenting about UIHC;
- forming, joining or participating in a partnership, limited partnership, syndicate or other group within the meaning of Section 13(d)(3) of the Exchange Act with respect to the voting securities;
- publicly disclosing any intent, purpose or plan to obtain a waiver or amendment of, or consent under, the standstill, voting or non-competition provision of the stockholders agreement; or
- entering into any discussions, negotiations, agreements or understandings with respect to the foregoing.

Registration Rights

Pursuant to the stockholders agreement, the holders of the stockholder shares are provided with customary demand registration rights and piggyback registration rights. Additionally, subject to certain exceptions, UIHC will pay all expenses incidental to its performance of or compliance with the stockholders agreement, including any registration and filing fees, and will indemnify the registration rights holders against certain liabilities relating to or arising out of any registration statement, prospectus, amendment or supplement thereto or document incorporated by reference therein.

Restrictive Covenants; Use of Information

The stockholders agreement contains a customary non-competition provision that restricts the Peed stockholder and its affiliates and remains in effect until the date that is five years after the closing. The stockholders agreement contains customary confidentiality provisions that restrict the Peed stockholder (and any stockholder designee, affiliate or representative that receives confidential information directly or indirectly from or on behalf of the Peed stockholder or UIHC) for as long as such confidential information is not required to be disclosed under specified circumstances.

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Termination

The stockholders agreement (other than the confidentiality provisions) will terminate and be of no further force and effect upon the earlier of (i) the date that is three years after the first date on which the last of the Peed stockholder ceases to beneficially own voting securities representing at least 2% of the voting securities outstanding at such time; (ii) the termination of the merger agreement prior to the effective time of the first merger; and (iii) the consummation of a change of control of UIHC in which all of its voting securities are exchanged for cash consideration.

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BUSINESS OF AMCO

Introduction

As previously described, AmCo is an insurance holding company and is the sole equityholder of American Coastal and BlueLine Cayman Holdings.

American Coastal is engaged in the commercial residential property and casualty insurance business and writes coverage for Florida condominiums, homeowners associations, apartments and townhomes through AmRisc, its managing general agent. AmRisc is a managing general agent focused on middle-market, catastrophe exposed commercial property insurance policies written on both admitted and excess and surplus forms. Because American Coastal has no employees, it relies almost entirely on AmRisc s services in connection with the subject business, including as to the management of assets, implementation of underwriting strategies and pricing of risk. With the exception of certain financial services provided by Peed Management, LLC, AmRisc provides services for all aspects of American Coastal s insurance business, including for the distribution of its insurance policies, as well as for underwriting, claims, marketing and other services that are essential to the overall business, financial condition and results of operations of AmCo and its subsidiaries. For more information about risks related to American Coastal s relationship with AmRisc, see the section of this proxy statement titled *Risk Factors Risks Relating to the Business of AmCo* beginning on page 28. AmRisc manages American Coastal s risk of catastrophic loss utilizing portfolio diversification, a comprehensive catastrophe reinsurance program and a multiple model approach to catastrophe modeling, incorporating a combination of vendor and internal models. American Coastal has been operating continuously in Florida since 2007 and has successfully managed its business through a number of changes in the commercial residential market in Florida. American Coastal believes its association with AmRisc, commercial lines expertise and favorable reinsurance relationships provide American Coastal a competitive advantage as it seeks to grow its business in other states and continues to diversify its portfolio.

BlueLine Cayman Holdings is a Cayman Islands holding company that holds an interest in BlueLine Re and does not hold interests in any other entities. BlueLine Re is a protected cell whose sole business is the entry into and performance of quota share agreements to participate in AmRisc s excess and surplus book of business. BlueLine Re began participating in AmRisc s excess and surplus book of business in June 2016.

AmCo and its subsidiaries have no employees, although two employees of Peed Management, LLC provide certain financial services to AmCo and its subsidiaries on a full-time basis in accordance with management services agreements amended effective February 1, 2016. In light of the relationships with Peed Management, LLC and AmRisc, references to actions or activities of AmCo or American Coastal in this section of the proxy statement and in the section of this proxy statement titled *AmCo Management s Discussion and Analysis of Financial Condition and Results of Operation* beginning on page 100 should be interpreted as actions or activities taken by Peed Management, LLC or AmRisc on behalf of AmCo or American Coastal, as applicable,

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Corporate Information

American Coastal was issued its Certificate of Authority on June 21, 2007 and is a domestic stock insurer with 100,000 authorized shares of common stock, par value $1.00. One hundred shares are currently issued and outstanding, all of which are held by AmCo, a North Carolina corporation and insurance holding company also formed in 2007. AmCo is a wholly-owned subsidiary of RDX, which was formed in 2015.

RDX was formed in order to acquire AmCo and its subsidiaries from BB&T. RDX completed the acquisition of AmCo and its subsidiaries in June of 2015. AmCo and its subsidiaries have no employees, although two employees of Peed Management, LLC provide services to AmCo and its subsidiaries on a full-time basis. Since RDX s acquisition of AmCo, all functions of AmCo and American Coastal other than those conducted by AmRisc have been conducted by entities affiliated with Mr. Peed.

In December 2015, BlueLine Cayman Holdings was formed. BlueLine Cayman Holdings is a Cayman Islands holding company formed to own AmCo s interest in BlueLine Re. BlueLine Re is a protected cell whose sole business is the entry into and performance of quota share agreements to participate in AmRisc s excess and surplus book of business.

AmCo s primary executive office is located at 20405 State Highway 249, Suite 430, Houston, Texas 77070, and AmCo s telephone number at that location is (281) 257-5118.

Strategy

AmCo s mission is to continue to build a sustainable company that delivers quality insurance products in select markets in order to produce above-average risk-adjusted returns for investors. AmCo s strategy is to grow in its target markets by providing agents and policyholders quality insurance products with excellent service and systems; to manage capital to support business growth; and to build and maintain relationships with external partners, such as reinsurers and managing general agents.

AmCo s emphasis on growing in areas with an ongoing threat of natural catastrophes exposes it to risk and volatility. AmCo plans to manage the inherent volatility associated with this risk profile in three primary ways: (1) *strategically*, through geographic and product diversification; (2) *financially*, through the use of reinsurance programs, low financial and operating leverage, and a conservative investment approach; and (3) *operationally*, by leveraging its longstanding relationship with AmRisc.

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To achieve its goals in 2017, American Coastal seeks to expand its product offerings in states outside of Florida and to add new and utilize existing strategic partnerships to expand its distribution and service capabilities.

Competition

American Coastal s competition in its current target market includes commercial residential underwriters active in Florida. The following table summarizes the top ten companies in the Florida commercial residential market as of March 31, 2016 based on total insured value and direct written premium in-force for policies including wind coverage. American Coastal competes to varying degrees with all of these companies and others, including large national carriers:

Rank	Insurer Name	Total $ value of exposure for policies in force that include wind coverage		Direct premium written for policies in force that include wind coverage	
1	**AMERICAN COASTAL INSURANCE COMPANY**	**52,133,301,950**	**30.54%**	**293,277,842**	**37.28%**
2	CITIZENS PROPERTY INSURANCE CORPORATION	27,997,172,446	16.40%	127,416,618	16.20%
3	HERITAGE PROPERTY & CASUALTY INSURANCE COMPANY	25,506,986,725	14.94%	123,890,263	15.75%
4	AMERICAN CAPITAL ASSURANCE CORP	25,236,471,993	14.78%	62,411,559	7.93%
5	QBE INSURANCE CORPORATION	13,233,844,829	7.75%	59,301,354	7.54%
6	WESTON INSURANCE COMPANY	8,144,866,158	4.77%	44,136,907	5.61%
7	UNITED PROPERTY & CASUALTY INSURANCE COMPANY	3,063,847,828	1.79%	24,884,594	3.16%
8	EVEREST NATIONAL INSURANCE COMPANY	1,613,062,739	0.94%	9,960,893	1.27%
9	PHILADELPHIA INDEMNITY INSURANCE COMPANY	1,754,620,402	1.03%	6,043,994	0.77%
10	SERVICE INSURANCE COMPANY	1,698,650,000	1%	5,724,949	0.73%

* The information displayed in the table above is compiled from the Florida Office of Insurance Regulation Market Share Report.

American Coastal competes primarily on the strength of its significant underwriting expertise, the strength of its distribution network, high-quality service to its agents and policyholders and its reputation for long-term financial stability and commitment to policyholders. American Coastal s proven track record, sophisticated multi-model underwriting approach, strong reinsurance program and relationship with AmRisc are why it continues to be the largest provider of policies in the commercial residential market in Florida.

Products and Distribution

Commercial residential policies and related coverage account for the vast majority of the business that American Coastal writes, but American Coastal is seeking to diversify by product as well as geography. American Coastal offers commercial residential and equipment breakdown insurance products.

Product Pricing

The systems employed on behalf of American Coastal allow for risks to be efficiently inspected and verified. AmRisc manages American Coastal s risk by using a sophisticated multiple model underwriting approach to evaluate the impact of each risk on the overall portfolio prior to releasing a quote to a potential policyholder. American Coastal is seeking to optimize its portfolio by diversifying its geographic exposure to limit its PML, total insured value and average annual loss.

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AmRisc has established underwriting guidelines on behalf of American Coastal that provide a uniform approach to American Coastal s risk selection and achievement of underwriting profitability. As part of those guidelines, AmRisc underwriters review property inspection reports when evaluating the risk of a policy, and, if the policy does not meet the underwriting criteria established on American Coastal s behalf, American Coastal may cancel the policy within ninety days.

Distribution

American Coastal currently markets and distributes its policies through AmRisc. AmRisc provides production, underwriting, policy issuance, inspection coordination, portfolio management, claims and catastrophe control services to American Coastal. AmRisc is compensated for these services based on a fixed rate commission (ranging from 22.5% to 27.5%) on premium written and a profit commission based on a percent of pretax underwriting profit on an annual basis.

Business is written through AmRisc s appointed wholesale and retail producers. AmRisc compensates its producers with fixed-rate commissions that are consistent with market practices. American Coastal pays AmRisc a commission pursuant to the MGA contract for its services, which has been filed with and approved by the Florida Office of Insurance Regulation.

Geographic Markets

American Coastal began operations in Florida in 2007, and has operated continuously there since that time.

American Coastal continues to explore opportunities to modify its 2017 business plan by placing greater emphasis on expanding into additional lines and states and placing less emphasis on Florida Condominium and Homeowner Association Coverage using ISO Policy forms. American Coastal plans to continue with the same underwriting discipline and strives to provide stable and secure capacity to its market.

American Coastal has always maintained a conservative reinsurance treaty structure. American Coastal s program consists of traditional reinsurance markets that are AmBest rated A or better and carriers that provide fully collateralized limits, as well as the Florida Hurricane Catastrophe Fund (which we refer to as the FHCF). American Coastal continues to place a strong, reliable reinsurance program that delivers consistent reinsurance protection to its insureds. Since American Coastal began operating in Florida in 2007, its overall reinsurance limit has been well beyond the state-mandated minimum required amount of reinsurance.

For 2016, the maximum single event coverage limit was increased to approximately $1.337 billion for the 2016-2017 wind season. This puts the total coverage limit above the 200 year return period when the AIRv3.0 and RMSv15 wind models project American Coastal s PML. American Coastal elected a 45% reimbursement option for the mandatory FHCF layer, which comprises approximately $401 million of the $1.337 billion total maximum single event coverage limit.

American Coastal s reinsurance program is purchased with an aggregate perspective in mind, allowing for maximum single event coverage while providing significant sideways protection for multiple event coverage through a continuous cascading feature. American Coastal maintains a retention of $25,000,000 for the first event and $10,000,000 for subsequent events.

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American Coastal believes that its individual account-based view of risk, conservative modeling approach and long-term strategy makes it a strong competitor in the admitted Florida domestic insurance marketplace. American Coastal intends to continue its underwriting selection and expertise, while maintaining conservative portfolio management strategies and strong capitalization to allow for future storms and provide secure and sound insurance capacity after any future events.

Loss Reserves

Reserves for Reported Losses

CJW & Associates Inc. (which we refer to as CJW) and AmRisc entered into a claims handling agreement for business insured by American Coastal and its affiliates. AmRisc and American Coastal receive loss notices from brokers and agents, establish a claim number, and file for the claim in accordance with AmRisc s claims handling procedures. They then forward required materials to CJW for handling.

CJW processes and handles claims in accordance with the claims handling agreement and the agreed-upon claims procedures among AmRisc, American Coastal and CJW. CJW establishes an initial loss reserve upon first review of the claim and adjusts reserves as needed as a result of CJW s review. Reserves for losses and LAE are reported weekly to American Coastal through weekly claims feeds received from CJW. Reserves exceeding CJW s authorization threshold of $100,000 are reviewed by AmRisc s chief claims officer monthly for accuracy and reasonableness. General ledger entries to update the reserves are made monthly.

Reserves for Incurred But Not Reported Losses

Reserves for incurred but not reported losses (which we refer to as IBNR) are established using direct earned premium. The established loss ratio is applied to direct earned premium to determine monthly loss expense (excluding managing general agent claims handling expenses). Amounts recorded for reported losses and LAE (excluding managing general agent claims handling expenses) are deducted from the monthly loss expense, the difference of which is recorded as IBNR.

The officers of American Coastal, who are also employees of AmRisc and Peed Management, LLC, regularly review the loss reserves of American Coastal. The reviews are intended to determine the adequacy and appropriateness of such loss reserves and to detect any trends. At least once a year, a report on American Coastal s reserving practices is prepared by such officers for American Coastal s board of directors. American Coastal s board of directors gives final approval to the loss and loss reserve expenses presented in such report. The board of directors also reviews and approves American Coastal s loss reserve policy annually.

On an annual basis, American Coastal s consulting actuary issues a statement of actuarial opinion that documents the actuary s evaluation of the adequacy of its unpaid loss obligations under the terms of its policies. American Coastal reviews the analysis underlying the actuary s opinion and compares the projected ultimate losses set forth in the actuary s analysis to its own projection of ultimate losses to ensure that its reserve for unpaid losses recorded at each annual balance sheet date is based upon its analysis of all internal and external factors related to known and unknown claims against it and to ensure its reserve is within guidelines promulgated by the National Association of Insurance Commissioners (which we refer to as the NAIC).

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The table below shows the analysis of American Coastal s reserve for loss and LAE for each of the last three fiscal years on a GAAP basis:

	Year Ended December 31,		
	2015	**2014**	**2013**
Balance at January 1			
Less: reinsurance recoverable on unpaid losses	$ 51,257,000	$ 38,079,291	$ 40,286,701
Net balance at January 1	27,063,999	21,333,446	29,744,876
Incurred related to:			
Current year	33,369,523	32,463,714	27,527,041
Prior years			
Total incurred	33,369,523	32,463,714	27,527,041
Paid related to:			
Current year	25,620,240	21,703,976	17,544,779
Prior years	5,855,782	3,312,582	3,778,243
Total paid	31,476,022	25,016,558	21,323,022
Net balance at December 31	26,086,502	24,193,001	16,745,844
Plus: reinsurance recoverable on unpaid losses	23,989,891	27,063,999	21,333,447
Balance at December 31	$ 50,076,393	$ 51,257,000	$ 38,079,291

In August 2016, AmCo identified a material weakness in its internal controls due to its failure to properly apply GAAP related to the appropriate application of subsequent event considerations for a first- time issuance of GAAP-based financials. Specifically, AmCo determined that it had not considered subsequent events in accordance with GAAP during the preparation of its 2015 financial statements. AmCo determined during 2015 that it had approximately $8 million in adverse development related to losses in prior years. As loss reserves are an estimate and the information supporting the increase in losses was not known until 2015, AmCo had originally recorded the additional losses as adverse development during the 2015 year. However, during the preparation of the 2015 GAAP financial statements it was determined that, for GAAP reporting purposes, the adverse development should have been allocated to the prior years. The impact of the re-estimation for each year was determined based upon known information determined during the preparation of the financial statements for the year ended December 31, 2015. The subsequent re-estimation of loss and LAE reserves resulted in a material adjustment to AmCo s consolidated statements of comprehensive income for the years ended December 31, 2014, 2013 and 2012. See the section titled *Risk Factors Risks Relating to the Business of AmCo* beginning on page 28 of this proxy statement.

Regulation

American Coastal is subject to extensive regulation in the markets it serves, primarily at the state level, and will be subject to the regulations of any other states in which it seeks to conduct business in the future. In general, these regulations cover all aspects of American Coastal s business and are designed to protect the interests of insurance policyholders, as opposed to the interests of shareholders. These rules have a substantial effect on American Coastal s business and relate to a wide variety of matters, including insurer solvency, reserve adequacy, insurance company licensing and examination, agent and adjuster licensing, policy forms, rate setting, the nature and amount of investments, claims practices, participation in shared markets and guaranty funds, transactions with affiliates, the payment of dividends, underwriting standards, statutory accounting methods, trade practices, and corporate governance. Some of these matters are discussed in more detail below. From time to time, individual states and / or the NAIC propose new regulations and / or legislation that affect American Coastal. AmCo can neither predict whether any of these proposals in various jurisdictions may be adopted, nor what effect, if any, their adoption may have on AmCo s results of operations or financial condition.

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In order to execute American Coastal s plans to expand to additional geographic markets beyond Florida, American Coastal will be required to obtain and maintain the necessary licenses, permits and authorizations to operate in such states, including from the applicable state insurance departments. The process to apply for and obtain such licenses, permits and authorizations can be expensive and time consuming, and there can be no assurances that American Coastal will be granted such licenses, permits and authorizations by the applicable regulatory authorities.

American Coastal provides audited statutory financial statements to the Florida Office of Insurance Regulation. These statutory financial statements are prepared in accordance with SAP, which differs from GAAP. With regard to periodic examinations of an insurance company s affairs, insurance regulatory authorities generally defer to the insurance regulatory authority in the state in which the insurer is domiciled; however, insurance regulatory authorities from any state in which American Coastal operates may conduct examinations at their discretion. American Coastal is domiciled in Florida and examinations occur every year for the first three years of business and every five years thereafter, although the Florida Office of Insurance Regulation may conduct limited or full-scope reviews more frequently.

Florida state law requires American Coastal to maintain adequate surplus as to policyholders on a statutory basis of accounting, such that 90% of written premiums divided by surplus does not exceed the ratio of 10:1 for gross written premiums or 4.5:1 for net written premiums. American Coastal s statutory surplus as regards policyholders of $174,749,292 exceeded the minimum capital of $5,000,000 required by Florida law.

American Coastal is subject to various assessments imposed by governmental agencies or certain quasi-governmental entities. While American Coastal may be able to recover some of the assessments imposed upon it from policyholders, American Coastal s payment of the assessments and American Coastal s recoveries through policy surcharges may not offset each other in the same fiscal period in its financial statements.

Limitations on Dividends by Insurance Subsidiaries

American Coastal is regulated as a property and casualty insurance company and its ability to pay dividends is restricted by the laws of the state of Florida. State insurance laws govern the payment of dividends by insurance companies. The maximum amount of dividends that can be paid by Florida insurance companies without prior approval of the Commissioner of the Florida Office of Insurance Regulation is subject to restrictions relating to statutory surplus. The maximum dividend that may be paid by American Coastal to AmCo without prior approval is limited to the larger of (a) the lesser of 10% of surplus or net income (not including realized capital gains) plus a two-year carryforward, (b) 10% of surplus (with dividends payable constrained to unassigned funds minus 25% of unrealized capital gains) and (c) the lesser of 10% of surplus or net investment income plus a three-year carryforward (with dividends payable constrained to unassigned funds minus 25% of unrealized capital gains), with additional details set forth in the applicable statutes and regulations.

In March 2016, American Coastal s board of directors declared an annual dividend of $32,000,000 payable to AmCo, which then paid the dividend to its parent, RDX.

Risk-Based Capital Requirements

American Coastal is subject to risk-based capital (which we refer to as RBC) requirements. RBC is a method developed by the NAIC to determine the minimum amount of statutory capital appropriate for an insurance company to support its overall business operations in consideration of its size and risk profile.

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The NAIC RBC guidelines generally require an insurer to have capital in excess of 200% of its RBC. Most states, including Florida, have enacted the NAIC guidelines as statutory requirements, and insurers having less statutory surplus than required will be subject to varying degrees of regulatory action, depending on the level of capital inadequacy. The formula for determining the amount of RBC specifies various factors, weighted based on the perceived degree of risk, which are applied to certain financial balances and financial activity. The adequacy of a company s actual capital is evaluated by a comparison to RBC results, as determined by the formula. Companies below minimum RBC requirements are classified within certain levels, each of which requires specified corrective action.

At December 31, 2015, the RBC ratio for American Coastal was 645%.

Insurance Holding Company Regulation

As a holding company of an insurance subsidiary, AmCo is subject to laws governing insurance holding companies in Florida. These laws, among other things, (i) require AmCo to file periodic information with the insurance regulatory authority, including information concerning its capital structure, ownership, financial condition and general business operations, (ii) regulate certain transactions between it and its affiliates, including the amount of dividends and other distributions and the terms of surplus notes and (iii) restrict the ability of any one person to acquire certain levels of its voting securities without prior regulatory approval. Any purchaser of 10% or more of AmCo s outstanding voting shares could be presumed to have acquired control of American Coastal unless the insurance regulatory authority, upon application, determines otherwise.

Insurance holding company regulations also govern the amount any affiliate of the holding company may charge its insurance affiliates for services (e.g., management fees and commissions). The MGA contract between American Coastal and AmRisc provides for management fees to be paid to AmRisc. The Florida Office of Insurance Regulation must approve any changes to this agreement.

Underwriting and Marketing Restrictions

During the past several years, various regulatory and legislative bodies have adopted or proposed new laws or regulations to address the cyclical nature of the insurance industry, catastrophic events and insurance capacity and pricing. These regulations (i) created market assistance plans under which insurers are induced to provide certain coverage; (ii) restrict the ability of insurers to reject insurance coverage applications, to rescind or otherwise cancel certain policies in mid-term, and to terminate agents; (iii) restrict certain policy non-renewals and require advance notice on certain policy non-renewals; and (iv) limit rate increases or decreases permitted to be charged.

Most states, including Florida, also have insurance laws requiring that rate schedules and other information be filed with the insurance regulatory authority, either directly or through a rating organization with which the insurer is affiliated. The insurance regulatory authority may disapprove a rate filing if it finds that the rates are inadequate, excessive or unfairly discriminatory.

Most states, including Florida, require licensure or insurance regulatory authority approval prior to the marketing of new insurance products. Typically, licensure review is comprehensive and includes a review of a company s business plan, solvency, reinsurance, character of its officers and directors, rates, forms and other financial and non-financial aspects of a company. The insurance regulatory authorities may prohibit entry into a new market by not granting a license or by withholding approval.

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Financial Stability Rating

Financial stability ratings are important to insurance companies in establishing their competitive position and such ratings may impact an insurance company s ability to write policies. Demotech maintains a letter-scale financial stability rating system ranging from A** (A double prime) to L (licensed by insurance regulatory authorities). American Coastal has earned a financial stability rating of A Unsurpassed, which is the second highest of six rating levels. With a financial stability rating of A Unsurpassed, American Coastal expects its property insurance policies will be acceptable to the secondary mortgage marketplace and mortgage lenders. This rating is intended to provide an independent opinion of an insurer s financial strength and is not an evaluation directed at its investors. At least annually, based on year-to-date results as of the third quarter, Demotech reviews American Coastal s rating and may revise it upward or downward or revoke it at its sole discretion

Financial stability ratings assigned by rating agencies to American Coastal represent independent opinions of American Coastal s financial strength and its ability to meet ongoing obligations to policyholders. Such ratings are not directed toward the protection of investors.

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AMCO MANAGEMENT S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

You should read the following discussion in conjunction with the sections of this proxy statement titled *Cautionary Statement Regarding Forward-Looking Statements* beginning on page 31, *Business of AmCo* beginning on page 91, *AmCo Selected Historical Financial Information* beginning on page 17, *Summary Selected Unaudited Pro Forma Condensed Combined Financial Information* beginning on page 21, *Unaudited Pro Forma Combined Per Share Information* beginning on page 22, *Risk Factors* beginning on page 23, AmCo s financial statements and related notes attached as Annex D-1 and Annex D-2 to this proxy statement, and the financial statement schedules of AmCo attached as Annex D-3 to this proxy statement. AmCo s fiscal year ends December 31 and, unless otherwise noted, references to years or fiscal years are for fiscal years ended December 31.

Overview

As previously described, AmCo is an insurance holding company and is the sole equityholder of American Coastal and BlueLine Cayman Holdings. AmCo and its subsidiaries have no employees, although two employees of Peed Management, LLC provide services to AmCo and its subsidiaries on a full-time basis in accordance with management services agreements.

BlueLine Cayman Holdings is a Cayman Islands holding company that holds an interest in BlueLine Re and does not hold interests in any other entities. BlueLine Re is a protected cell whose sole business is the entry into and performance of quota share agreements to participate in AmRisc s excess and surplus book of business. BlueLine Re began participating in AmRisc s excess and surplus book of business in June 2016.

American Coastal is engaged in the commercial residential property and casualty insurance business and writes coverage for Florida condominiums, homeowners associations, apartments and townhomes through AmRisc, its managing general agent. Because American Coastal has no employees, it relies entirely on AmRisc s services in connection with the subject business, including as to the management of assets, implementation of underwriting strategies and pricing of risk. For more information about risks related to American Coastal s relationship with AmRisc, see the section of this proxy statement titled *Risk Factors Risks Relating to the Business of AmCo* beginning on page 28. AmRisc manages American Coastal s risk of catastrophic loss utilizing portfolio diversification, a comprehensive catastrophe reinsurance program and a multiple model approach to catastrophe modeling, incorporating a combination of vendor and internal models. American Coastal has been operating continuously in Florida since 2007 and has successfully managed its business through a number of changes in the commercial residential market in Florida. American Coastal believes its association with AmRisc, commercial lines expertise and favorable reinsurance relationships provide American Coastal a competitive advantage as it seeks to grow its business in other states and continues to diversify its portfolio.

Factors Impacting Financial Condition and Results of Operations

The following discussion highlights significant factors influencing the consolidated financial position and results of operations of AmCo. This discussion should be read in conjunction with AmCo s audited consolidated financial statements and related notes attached as Annex D-1 to this proxy statement and AmCo s unaudited interim consolidated financial statements and related notes attached as Annex D-2 to this proxy statement.

The most important factors AmCo monitors to evaluate the financial condition and performance of AmCo include:

for results of operations:

premiums written;

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policies in force;

premiums earned;

retention;

changes in premium rates;

claim frequency (rate of claim occurrence per policies in-force);

severity (average cost per claim);

catastrophes;

loss ratio;

the fixed commission rate paid to AmRisc;

the profit commission, if any, paid to AmRisc for favorable underwriting results;

other expenses;

combined ratio;

underwriting results;

reinsurance costs;

premium to PML; and

geographic concentration.

for investments:

- credit quality;
- maximizing total return;
- investment income;
- cash flows;
- realized gains and losses;
- unrealized gains and losses;
- asset diversification; and
- portfolio duration.

for financial condition:

- liquidity;
- reserve strength;
- financial strength;
- ratings;
- operating leverage;
- book value per share;
- capital preservation;

return on investment; and

return on equity.

2015 Highlights

Consolidated net income was $36,476,044 in 2015, compared to $44,962,888 in 2014.

AmCo s combined ratio (calculated as losses and LAE and operating expenses less interest expense relative to net premiums earned) was 67.5% in 2015, compared to 63.9% in 2014.

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Total revenues were $178,281,722 in 2015, compared to $182,155,575 in 2014.

Investment and cash holdings were $273,669,779 at December 31, 2015, compared to $265,391,041 at December 31, 2014.

Net investment income was $2,667,059 in 2015, compared to $1,948,181 in 2014.

Net realized gains were $3,436 in 2015, compared to none in 2014.

Return on average equity for the twelve months ended December 31, 2015 was 18.1%, compared to 21.6% for the twelve months ended December 31, 2014.

Policies in force were 4,683 at December 31, 2015, compared to 4,335 policies in force at December 31, 2014.

	Years Ended December 31,			Six Months Ended June 30,		Three Months Ended June 30,	
	2015	**2014**	**2013**	**2016**	**2015**	**2016**	**2015**
REVENUE:							
Gross premiums written	$ 308,512	$ 311,397	$ 303,367	$ 168,940	$ 206,464	$ 96,514	$ 119,851
Decrease (increase) in gross unearned premiums	4,786	(1,614)	(17,765)	(24,444)	(53,015)	(25,853)	(42,443)
Gross premiums earned	313,298	309,783	285,602	144,496	153,449	70,661	77,408
Ceded premiums earned	(137,887)	(129,850)	(112,485)	(48,069)	(63,856)	(11,146)	(32,304)
Net premiums earned	175,411	179,933	173,117	96,427	89,593	59,515	45,104
Net investment income	2,867	2,223	2,438	1,943	1,050	999	486
Net realized gains (losses)	4			14		5	
Other revenue							
Total revenue	**$ 178,282**	**$ 182,156**	**$ 175,555**	**$ 98,384**	**$ 90,643**	**$ 60,519**	**$ 45,590**
OPERATING EXPENSES:							
Losses and loss adjustment expenses	33,370	32,464	27,527	22,650	15,786	6,554	7,947
Policy acquisition costs	75,618	74,496	70,019	38,088	38,512	20,083	20,066
Operating and underwriting							