

UNIVERSAL INSURANCE HOLDINGS, INC.
Form DEF 14A
April 27, 2018
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

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

UNIVERSAL INSURANCE HOLDINGS, INC.

(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:
- (2) Aggregate number of securities to which transaction applies:
- (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):
- (4) Proposed maximum aggregate value of transaction:
- (5) Total fee paid:

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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1110 West Commercial Boulevard, Fort Lauderdale, Florida 33309

(954) 958-1200

April 27, 2018

Dear Shareholder:

You are cordially invited to attend the 2018 Annual Meeting of Shareholders of Universal Insurance Holdings, Inc. We will hold the meeting at 9:00 a.m., Eastern Time, on June 13, 2018 at the Biltmore, 1 Lodge Street, Asheville, North Carolina 28803.

Enclosed you will find a notice setting forth the business expected to come before the meeting, the Proxy Statement, a proxy card and a copy of our Annual Report on Form 10-K for the fiscal year ended December 31, 2017. Your vote is very important to us. We encourage you to vote, regardless of the number of shares you own. Whether or not you plan to attend the meeting in person, please submit your proxy by mail, internet or telephone to ensure that your shares are represented and voted at the meeting. The methods available to vote your shares are described in the Proxy Statement and on your proxy card.

Our 2017 financial results were very strong, highlighted by continued organic growth from both our home state of Florida and our expansion efforts into other states, solid underwriting profitability and meaningful growth in both net income and book value per share. We achieved these excellent results despite the occurrence of Hurricane Irma, which made landfall in Florida on September 10, 2017 as a Category 4 storm on the Saffir-Simpson Hurricane Scale, and caused a wide swath of damage across the entire Florida Peninsula and throughout the Southeastern United States. We demonstrated the true value of our business model in the wake of Hurricane Irma's landfall, and we are proud of how well the entire Universal team responded to this devastating event. Our comprehensive reinsurance program performed as expected, limiting net losses incurred from one of Florida's largest hurricanes in over a decade, while our vertically integrated structure produced various income streams in the months following the storm, and our superior claims handling and catastrophe response teams delivered excellent service to our policyholders, closing claims in a timely and orderly manner. We believe that Universal emerged from this event as a stronger company, and we remain well-positioned to deliver outstanding value to shareholders throughout 2018 and beyond.

I would like to thank you for your continued confidence in our company.

Sincerely,

Sean P. Downes

Chairman and Chief Executive Officer

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UNIVERSAL INSURANCE HOLDINGS, INC.

1110 West Commercial Boulevard

Fort Lauderdale, Florida 33309

(954) 958-1200

www.universalinsuranceholdings.com

NOTICE OF 2018 ANNUAL MEETING OF SHAREHOLDERS

Items of Business

Date and Time	Wednesday, June 13, 2018 9:00 a.m., Eastern Time	Election of ten director nominees named in the Proxy Statement to our Board of Directors for a one-year term
Place	Biltmore 1 Lodge Street Asheville, North Carolina 28803	Advisory vote to approve the compensation paid to our Named Executive Officers
Record Date		Ratification of the appointment of Plante & Moran, PLLC as our independent registered public accounting firm for the 2018 fiscal year
	Only shareholders of record at the close of business on April 16, 2018 are entitled to receive notice of, and to vote at, the meeting.	Transaction of such other business as may properly come before the meeting or any adjournment thereof

Proxy Voting

Please vote promptly. You can vote your shares via the internet, by telephone or by signing, dating and returning the enclosed proxy card in the enclosed postage-paid envelope. Submitting your proxy now will not prevent you from voting your shares at the meeting, as your proxy is revocable at your option.

BY ORDER OF THE BOARD OF DIRECTORS

Stephen J. Donaghy,

Secretary

Fort Lauderdale, Florida

April 27, 2018

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OTHER MATTERS

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This Proxy Statement is furnished in connection with the solicitation by the Board of Directors (Board) of Universal Insurance Holdings, Inc., a Delaware corporation (Company , Universal or UVE), of proxies to be voted at the 2018 Annual Meeting of Shareholders, to be held at the Biltmore, 1 Lodge Street, Asheville, North Carolina 28803, on Wednesday, June 13, 2018, at 9:00 a.m., Eastern Time, and at any and all postponements or adjournments thereof, for the items of business set forth in the accompanying Notice of 2018 Annual Meeting of Shareholders. This Proxy Statement, Notice of 2018 Annual Meeting of Shareholders, accompanying proxy card and our Annual Report on Form 10-K for the fiscal year ended December 31, 2017 are available at <http://www.proxyvote.com>.

To reduce our costs and decrease the environmental impact of our proxy materials, in lieu of mailing our proxy materials, we will send a Notice of Internet Availability of Proxy Materials (the Notice) to certain of our shareholders containing instructions on how to access our proxy materials online. If you receive a Notice, you will not receive a printed copy of the proxy materials in the mail. Instead, the Notice instructs you on how to access and review the proxy materials online and on how to submit your proxy online. If you received a Notice and would like to receive a copy of our proxy materials, follow the instructions contained in the Notice to request a copy electronically or in paper form. The Notice and printed copies of our proxy materials, as applicable, are expected to be mailed to shareholders on or about April 27, 2018.

PROXY SUMMARY**Meeting Agenda and Board Vote Recommendations**

Item		Board Vote Recommendation	Page Reference
1	Election of ten directors named in this Proxy Statement for an annual term ending in 2019	FOR EACH NOMINEE	5 7
2	Advisory vote to approve the compensation paid to the Company's Named Executive Officers	FOR	14 25
3	Ratification of the appointment of Plante & Moran, PLLC as the independent registered public accounting firm of the Company for the fiscal year ending December 31, 2018	FOR	26

Company Overview and Business Strategy

Universal is a Fort Lauderdale, Florida-based insurance holding company that operates through a vertically integrated structure and performs all aspects of insurance underwriting, distribution and claims. Universal has two insurance company subsidiaries:

Universal Property & Casualty Insurance Company (UPCIC) is one of the leading writers of homeowners insurance in Florida and is fully licensed and has commenced operations in 17 states (Alabama, Delaware, Florida, Georgia, Hawaii, Indiana, Maryland, Massachusetts, Michigan, Minnesota, New Hampshire, New Jersey, New York, North Carolina, Pennsylvania, South Carolina and Virginia). UPCIC has also received a Certificate of Authority in Illinois, Iowa and West Virginia.

American Platinum Property and Casualty Insurance Company (APPCIC) currently writes homeowners multi-peril insurance on Florida homes valued in excess of \$1 million and is licensed to write Fire, Commercial Multi-Peril, and Other Liability (collectively, Commercial Residential) lines of business in Florida.

The key tenets of our business strategy include:

Pursue Profitable Growth with a Focus on Organic Development We continue to pursue profitable growth both within Florida and through expansion into other states, while continuing to expand Universal DirectSM and adding new products when prudent (such as the Commercial Residential line of business that we introduced in Florida in late 2016).

Optimize our Reinsurance Program as our Risk Profile Changes We expect to continue to obtain what we believe to be appropriate reinsurance limits, coverage and terms so that our policyholders and shareholders are adequately protected in the event of an active hurricane season.

Continue to Build and Enhance Our Claims Operations We plan to continue to enhance our superior claims division, highlighted by our proprietary claims administration system, which we developed over the last decade and allows us to efficiently process nearly all aspects of claims resolution for our policyholders, as well as by our Fast Track initiative, which expedites the claims settlement process to close certain types of claims in as little as 24 hours.

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PROXY SUMMARY CONTINUED

Maintain an Emphasis on Underwriting Discipline We seek to generate a consistent underwriting profit on the business we write in hard and soft markets through carefully developed underwriting guidelines informed by our experience in evaluating risks and in handling and processing claims.

Provide High Quality Service to our Policyholders We strive to provide excellent customer service to each of our policyholders throughout every aspect of our business. We believe our vertically integrated business model provides a superior level of customer service for our policyholders, enhancing our reputation and increasing the likelihood that our policyholders will renew their policies with us.

Performance Highlights

Key financial achievements for 2017 include:

Direct premiums written overall grew by \$101.3 million, or 10.6%, to \$1,055.9 million compared to 2016. In Florida, direct premiums written grew by \$63.3 million, or 7.4%, to \$924.0 million. Outside of Florida, direct premiums written grew by \$38.0 million, or 40.4%, to \$131.9 million.

Net premiums earned grew by \$56.4 million, or 8.9%, to \$688.8 million compared to 2016.

Total revenues increased by \$66.6 million, or 9.7%, to \$751.9 million compared to 2016.

Net income increased by \$7.5 million, or 7.6%, to \$106.9 million compared to 2016.

Diluted earnings per share increased by \$0.20, or 7.1%, to \$2.99 per common share compared to 2016.

Declared and paid dividends per common share of \$0.69, including a \$0.13 special dividend in December.

Repurchased approximately 771,000 shares in 2017 at an aggregate cost of \$18.1 million.

Generated a Return on Average Equity of 25.7% for 2017.

Although Hurricane Irma caused substantial losses, our vertically integrated structure and comprehensive reinsurance program substantially limited the overall financial impact from this damaging storm.

For further details about our 2017 performance, please see our Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

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Key operational achievements and milestones for 2017 include:

Our Florida business continued to grow in 2017. We received regulatory approval for an overall 3.4% average statewide rate increase in Florida during 2017, which we began using on December 7, 2017 for new business and on January 26, 2018 for renewal business.

We also continued to make progress on our geographic expansion initiative, as we commenced writing homeowners policies in New Jersey and New York, and we received Certificates of Authority from Illinois and Iowa.

We offered Universal DirectSM in all 16 states in which we wrote policies as of December 31, 2017.

Our comprehensive reinsurance program performed as designed and as expected during Hurricane Irma, limiting our exposure to the largest hurricane to make landfall in Florida in the past decade, and enabling us to report an underwriting profit during both the third quarter of 2017 and the full year 2017.

We experienced a meaningful increase in headcount during the year (from 483 full-time employees as of February 14, 2017 to 558 full-time employees at February 9, 2018), with the majority of those increases coming within our claims department. In particular, we added significant headcount in connection with our build-out of the subrogation and litigation teams within our claims department.

The following charts demonstrate the achievements of our executive team since Sean P. Downes, Chairman and Chief Executive Officer, and Jon W. Springer, President, Chief Risk Officer, and Director assumed leadership in February 2013.

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PROXY SUMMARY CONTINUED

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We strive to maintain a committed, engaged Board with the diverse, independent skill set demanded by its oversight role.

Name	Director		Principal Occupation	Nominating & Governance	Committee Membership			
	Age	Since			Compensation	Audit	Investment	Risk
Sean P. Downes (Chairman and CEO)	48	2005	Chairman and Chief Executive Officer, Universal Insurance Holdings, Inc.				X	
Scott P. Callahan	64	2013	President and Managing Member of SPC Global RE Advisors, LLC; Former EVP of Everest Reinsurance Holdings	X				X
Kimberly D. Cooper	40	2017	Chief Information Officer and Chief Administration Officer, Universal Insurance Holdings, Inc.					X
Darryl L. Lewis	53	2013	Trial Attorney with Searcy Denney Scarola Barnhart & Shipley, P.A. Retired Insurance Company	Chair		X		Chair
Ralph J. Palmieri	70	2014	Executive from The Hartford Insurance Group					Chair
Richard D. Peterson	50	2014	CFO of Dermavant Sciences, Inc.; Former CFO of Sienna Biopharmaceuticals, Inc.			X	Chair	
Michael A. Pietrangelo (Lead Independent Director)	75	2010	Lawyer with Pietrangelo Cook, PLC	X		Chair		
Ozzie A. Schindler	49	2007	Lawyer with Greenberg Traurig LLP				X	
Jon W. Springer	48	2013	President and Chief Risk Officer, Universal Insurance Holdings, Inc.					X X
Joel M. Wilentz, M.D.	83	1997	Founding Member of Dermatology Associates and the Centers for Cosmetic Enhancement in Florida	X		X		

 Denotes Board members added since our current management team assumed leadership in 2013.

Governance Highlights

Seven of our ten director nominees are independent.

We added six new directors to the Board since 2013.

Our independent directors elect our lead independent director, who chairs regularly-scheduled executive sessions at which our independent directors discuss matters without management present, including management's performance, succession planning and Board effectiveness.

We have five Board committees: Audit Committee, Compensation Committee, Nominating and Governance Committee, Investment Committee and Risk Committee, with Audit Committee, Compensation Committee and Nominating and Governance Committee comprised exclusively of independent directors. Our directors are elected annually.

We have outreach and engagement with our largest shareholders and have established a telephone hotline to allow shareholders to communicate any concerns to our independent directors on an anonymous basis.

The Board routinely focuses on continuing director education for all directors and Board orientation for new directors.

The Board and each committee conduct an annual evaluation of its performance.

Senior management succession planning is a top Board priority. The Board devotes significant attention to identifying and developing talented senior leaders.

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CORPORATE GOVERNANCE

CORPORATE GOVERNANCE

The Board is responsible for overseeing management and providing sound governance on behalf of our shareholders. The Board selects our executive officers, delegates responsibilities for the conduct of day-to-day operations to such officers and monitors the performance of our officers.

Board Membership Criteria and Nominations

In selecting candidates for di