

UNITED INSURANCE HOLDINGS CORP.  
Form DEF 14A  
April 06, 2018

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 Materials 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 the transaction applies:  
(2) Aggregate number of securities to which the transaction applies:  
(3) Per unit price or other underlying value of the 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 the 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:

---

UNITED INSURANCE HOLDINGS CORP.  
800 2nd Avenue S.  
St. Petersburg, FL 33701

April 6, 2018

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders of United Insurance Holdings Corp. (UPC Insurance, the Company, us, our, and we), which will be held at 1:00 p.m. local time on Tuesday, May 8, 2018, at our principal executive offices located at 800 2nd Avenue S., St. Petersburg, Florida 33701.

Kind regards,

/s/ John L. Forney  
John L. Forney, CFA  
President and Chief Executive Officer

---

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS  
TO BE HELD ON MAY 8, 2018

WE HEREBY GIVE NOTICE that the 2018 Annual Meeting of Stockholders ("Annual Meeting") of United Insurance Holdings Corp., will be held at 1:00 p.m., local time, on Tuesday, May 8, 2018, at our principal executive offices located at 800 2nd Avenue S., St. Petersburg, Florida 33701, for the following purposes:

1. To elect Alec L. Poitevint, II, Kern M. Davis, M.D., William H. Hood, III, Sherrill W. Hudson, and Patrick F. Maroney to serve as Class B directors of our Board of Directors until our 2020 annual meeting of stockholders;
2. To ratify the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018; and
3. To transact such other business as may properly come before the Annual Meeting or any adjournment or postponement of the Annual Meeting.

Our Board of Directors ("Board") recommends that our stockholders vote FOR the election of each of the Class B director nominees named above and FOR the ratification of the appointment of RSM US LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

Holders of shares of our common stock at the close of business on March 26, 2018 (the "Record Date") are entitled to notice of, and to vote at, the Annual Meeting and at any adjournment or postponement that may take place. A list of stockholders entitled to vote at the meeting will be made available for the examination of any stockholder at the Annual Meeting and for ten days prior to the Annual Meeting at our principal executive offices located at 800 2nd Avenue S., St. Petersburg, Florida 33701.

We cordially invite you to attend the Annual Meeting. To gain admission, you must have owned shares of our common stock as of the Record Date and present a valid, government-issued, picture identification. If your shares are registered directly in your name, we will compare your name to the list of registered stockholders to verify your share ownership. If your shares are in the name of your broker, bank, or other holder of record, you must bring evidence of your share ownership, such as your most recent account statement or a legal proxy from your broker, bank, or other holder of record. If you do not meet these requirements, we will not admit you to the Annual Meeting. All packages and bags are subject to inspection. No cameras or other recording devices are permitted.

Your vote is extremely important. We appreciate you taking the time to vote promptly. After reading the accompanying proxy statement, please vote at your earliest convenience by Internet or by mailing your completed proxy card. Instructions regarding the voting methods are described in the accompanying proxy statement.

Dated: April 6, 2018 By order of the Board,  
/s/ Kimberly A. Salmon  
Kimberly A. Salmon  
Corporate Secretary

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE  
STOCKHOLDER MEETING TO BE HELD ON MAY 8, 2018.**

To access our Proxy Statement for the 2018 Annual Meeting of Stockholders and our 2017 Annual Report, please visit  
<http://www.proxydocs.com/UIHC>

TABLE OF CONTENTS

GENERAL INFORMATION	<u>1</u>
Concerning the Annual Meeting and Voting	<u>1</u>
Attendance	<u>4</u>
GOVERNANCE	<u>4</u>
Governance Principles	<u>4</u>
Proposal One - Election of Directors	<u>5</u>
Class B Director Nominees	<u>5</u>
Class A Directors Whose Terms Continue Until the 2019 Annual Meeting	<u>7</u>
Director Independence	<u>8</u>
Board Leadership Structure and Board's Role in Strategy and Risk Oversight	<u>9</u>
Meetings and Meeting Attendance	<u>10</u>
Communication with Directors	<u>10</u>
Board Committees	<u>11</u>
Director Compensation	<u>13</u>
AUDIT	<u>14</u>
Proposal Two – Ratification of Appointment of Independent Registered Public Accounting Firm	<u>14</u>
Recommendation of the Board	<u>14</u>
Audit Committee Report	<u>14</u>
Audit Committee's Pre-Approval Policies and Procedures	<u>14</u>
Audit and Related Fees	<u>15</u>
EXECUTIVE OFFICERS	<u>16</u>
COMPENSATION DISCUSSION AND ANALYSIS	<u>17</u>
EXECUTIVE COMPENSATION	<u>23</u>
CEO PAY RATIO	<u>31</u>
BENEFICIAL OWNERSHIP	<u>31</u>
Stock Ownership of Our Directors, Executive Officers and Certain Beneficial Owners	<u>31</u>
Section 16(a) Beneficial Ownership Reporting Compliance	<u>32</u>
POLICIES AND PROCEDURES REGARDING RELATED PERSON TRANSACTIONS	<u>33</u>
CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS	<u>33</u>
DEADLINE FOR THE SUBMISSION OF STOCKHOLDER PROPOSALS AND DIRECTOR NOMINATIONS	<u>35</u>
FOR THE 2019 ANNUAL MEETING OF STOCKHOLDERS	<u>35</u>
DELIVERY OF DOCUMENTS TO STOCKHOLDERS SHARING AN ADDRESS	<u>35</u>
OTHER INFORMATION	<u>35</u>

UNITED INSURANCE HOLDINGS CORP.  
PROXY STATEMENT FOR 2018 ANNUAL MEETING OF STOCKHOLDERS

GENERAL INFORMATION

CONCERNING THE ANNUAL MEETING AND VOTING

You are invited to attend UPC Insurance's 2018 Annual Meeting. This proxy statement ("Proxy Statement") contains information about the Annual Meeting, including meeting logistics, matters up for vote, how to vote, and answers to other frequently asked questions. The Notice of Annual Meeting of Stockholders, this Proxy Statement, the accompanying proxy card, and our 2017 Annual Report, are first being mailed to stockholders on or about April 6, 2018.

MEETING INFORMATION

DATE

May 8, 2018

TIME

1:00 p.m. Eastern Time

LOCATION

800 2nd Avenue South, St. Petersburg, Florida 33701

ATTENDING IN PERSON

To attend our Annual Meeting and vote in person, please follow the instructions described in this Proxy Statement in the section entitled Attendance. We encourage you to register your attendance in advance by contacting Jessica Strathman, Director of Financial Reporting, at (727) 895-7737.

AGENDA

Elect the 5 Class B director nominees named in this Proxy Statement

Your Board recommends a vote FOR each Class B director nominee read more on page 5

Ratify the appointment of RSM US LLP ("RSM") as our independent registered public accounting firm for fiscal 2018

Your Board and the Audit Committee recommend a vote FOR this proposal read more on page 14

CONTACTING THE COMPANY

Unless otherwise noted in the Proxy Statement, requests for documents and/or information, submissions of proposals or nominations, proxy revocations or other official communications should be submitted in writing to the following address:

United Insurance Holdings Corp.  
800 2nd Avenue South  
St. Petersburg, Florida 33701  
Attention: Corporate Secretary

VOTING FAQs

Who is soliciting my proxy?

Our Board is soliciting the proxy accompanying this Proxy Statement. 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 holders of record to forward proxy materials, at our expense, to the beneficial owners of our shares.

Who can vote?

Our Board has fixed the record date for the determination of stockholders entitled to notice of, and to vote at, our Annual Meeting as the close of business on March 26, 2018 (the "Record Date"). As of the Record Date, there were 42,745,937 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 matters to be voted on at the Annual Meeting.

1

---

#### How do I vote?

If you are a stockholder of record, you may vote as follows:

By Internet: You may vote via the Internet, by following the instructions on your proxy card. The proxyholders appointed by the Board will vote your shares in accordance with your instructions.

By mail: You may vote by mail by marking, dating and signing your proxy card and returning it in the pre-paid envelope provided. The proxyholders appointed by the Board will vote your shares in accordance with your instructions.

In person at the Annual Meeting: You may vote in person by ballot at the Annual Meeting. Please note that even if you plan to attend the Annual Meeting, we encourage you to submit a proxy in advance to ensure your shares are represented.

If you hold your shares beneficially in “street name,” through a broker, bank, or other holder of record, you may vote by following the instructions provided with the proxy materials. Stockholders who hold their shares in street name may vote in person at the Annual Meeting only if they provide a legal proxy, executed in their favor, from the holder of record of their shares, as described below in the subsection entitled Attendance.

#### Can I revoke my proxy?

If you are a stockholder of record, you may revoke your proxy at any time before the vote at our Annual Meeting by submitting written notice as described above under Contacting the Company, by delivering a proxy bearing a later date prior to the Annual Meeting or by attending the Annual Meeting and voting in person. If you hold your shares in street name, you must follow the instructions provided by your broker, bank, or other nominee to revoke your proxy.

#### How many votes must be present to hold the Annual Meeting?

The presence of the holders of a majority of the outstanding shares of our common stock entitled to vote at the Annual Meeting, present in person or represented by proxy, is necessary to constitute a quorum. Abstentions, withhold votes, and “broker non-votes” are counted as present and entitled to vote for the purpose of determining whether a quorum is present. A “broker non-vote” occurs when a broker, bank or other holder of record, holding shares for a beneficial owner, does not vote on a particular proposal because that holder does not have discretionary voting power for that particular item and has not received instructions from the beneficial owner. Brokers may not vote on behalf of their clients with respect to the election of directors (Proposal One) if their clients do not provide voting instructions. Brokers have discretionary voting power with respect to Proposal Two.

#### What is the required vote for each proposal?

Proposal One (Election of Directors): Our By-Laws, as amended (the “By-Laws”), provide for a plurality voting standard for the election of directors, under which the director nominees receiving the greatest number of “for” votes are elected. Therefore, the five Class B director nominees receiving the most votes in favor of his election will be elected as Class B directors. Withheld votes and broker non-votes will not affect the outcome of the vote on Proposal One.

Proposal Two (Ratification of the Appointment of our Independent Registered Public Accounting Firm): Our Second Amended and Restated Certificate of Incorporation (the “Certificate of Incorporation”) provides that holders of a majority of the outstanding shares of our common stock entitled to vote at the Annual Meeting, present in person or represented by proxy, may ratify any act submitted to the stockholders for ratification. Accordingly, the appointment of RSM as our independent registered public accounting firm for the fiscal year ending December 31, 2018 will be ratified if the number of “for” votes cast on Proposal Two exceeds the number of “against” and “abstain” votes. Abstentions will be included in the calculation of the number of shares represented and entitled to vote at the Annual Meeting and will therefore count as votes against the ratification of the appointment of RSM. Brokers will have discretionary authority to vote on Proposal Two.

Even if stockholders ratify the appointment of RSM, our Audit Committee in its discretion may appoint a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the Company's best interest and, thus, in our stockholders' best interest.

What is the Board's voting recommendation?

The Board recommends a vote FOR the election of each of the Class B director nominees named in this Proxy Statement (Proposal One) and FOR the ratification of the appointment of RSM as the Company's independent registered public accounting firm for fiscal 2018 (Proposal Two).

Are there any other matters to be presented at the Annual Meeting?

The Company does not know of any other matter to be raised at the Annual Meeting. If any other matters are properly presented at the Annual Meeting for consideration and you authorize a proxy to vote your shares, the persons named in the proxy will have the discretion to vote on those matters for you.

What happens if I sign and return a blank proxy card or voting instruction card?

If you are a stockholder of record and you properly mark, date, sign, and return a proxy card or use Internet voting procedures, as applicable, to authorize the named proxies to vote your shares, and your proxy card or other proxy authorization is received by the Company in time to be voted at the Annual Meeting, it will be voted as specified, unless it is properly revoked prior to the Annual Meeting.

If you are a stockholder of record and you date, sign and return a proxy card without giving specific voting instructions, your shares will be voted:

•“FOR” the election of the five Class B director nominees named in this Proxy Statement; and

•“FOR” the ratification of the appointment of RSM as our independent registered public accounting firm for fiscal 2018.

If you hold your shares in street name via a broker, bank, or other nominee and do not provide the broker, bank, or other nominee with voting instructions (including by dating, signing and returning a blank voting instruction card), your shares:

•Will be voted in accordance with the broker's discretion on “routine” matters, which includes only Proposal Two; and

•Will not be counted in connection with Proposal One.

#### INSPECTOR OF ELECTIONS AND STOCKHOLDER LIST

We have appointed an Inspector of Elections for our Annual Meeting who will tabulate all of the votes at our Annual Meeting. For a period of ten (10) days prior to the Annual Meeting, any stockholder may appear at our principal executive offices, located at the address listed above, to examine a list of our stockholders entitled to vote at our Annual Meeting.



## ATTENDANCE

All stockholders as of the close of business on the Record Date, or their duly appointed proxy holders, may attend our Annual Meeting. Registration will begin at 12:30 p.m. Eastern Time and persons attending should allow ample time for check-in procedures. If you attend, please note that you must 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 Annual Meeting. If you are a beneficial holder and hold your shares in street name through a broker, bank or other holder of record, you will need to present a copy of a brokerage statement or a legal proxy from your broker, bank, or other holder of record, reflecting your stock ownership as of the Record Date before you can be admitted to our Annual Meeting.

If you are a stockholder of record, you may attend our Annual Meeting and vote in person, regardless of whether you have previously voted by proxy card or via the Internet. If you are a beneficial holder 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 Annual Meeting. We encourage you to vote your shares in advance of our Annual Meeting, even if you plan on attending. If you have already voted, you may nevertheless revoke your vote in the manner described above and vote in person at our Annual Meeting.

## CORPORATE GOVERNANCE AND BOARD OF DIRECTORS INFORMATION

The Board oversees and monitors our management in the interest and for the benefit of our stockholders. We have posted our Corporate Governance Guidelines on our website at [investors.upcinsurance.com](http://investors.upcinsurance.com). In addition to our Corporate Governance Guidelines, the Company has adopted a Code of Conduct and Ethics, which is applicable to our directors, officers, and employees. The Code of Conduct and Ethics is also posted on our website at [investors.upcinsurance.com](http://investors.upcinsurance.com). Although the information contained on or connected to our website is not part of this Proxy Statement, you can view additional information on our website, such as the reports that we file with the Securities and Exchange Commission ("SEC"). Copies of these documents may also be obtained free of charge by contacting Company.

In 2017, in connection with our acquisition of AmCo Holding Company ("AmCo"), the size of our Board of Directors was increased from seven to ten directors and Messrs. Peed, Hogan, and Maroney were appointed to the Board pursuant to the Stockholders Agreement, dated as of August 17, 2016, by and among the Company, RDX Holding LLC, R. Daniel Peed and Peed FLP1, Ltd., L.L.P. (the "Stockholders Agreement"). For additional information regarding our acquisition of AmCo and the terms of the Stockholders Agreement, see the section entitled Certain Relationships and Related Person Transactions.

Our Board is currently comprised of ten directors, divided into two classes of even size. In accordance with our Certificate of Incorporation, each class of directors is elected for a two year term. The term of office for our Class B directors will expire at our Annual Meeting. The term of office for our Class A directors will expire at our 2019 annual meeting of stockholders.

The following table provides information regarding each of our current directors:

	AGE	POSITION	CURRENT TERM EXPIRES	DIRECTOR SINCE
<b>CLASS A</b>				
Gregory C. Branch	70	Chairman of the Board	2019	2008
R. Daniel Peed	55	Vice Chairman of the Board	2019	2017
John L. Forney	56	President, CEO, and Director	2019	2012
Michael R. Hogan	68	Director	2019	2017
Kent G. Whittemore	70	Director	2019	2008
<b>CLASS B</b>				
Alec L. Poitevint, II	70	Lead Director	2018	2008
Kern M. Davis, M.D.	63	Director	2018	2012
William H. Hood, III	57	Director	2018	2012
Sherrill W. Hudson	75	Director	2018	2013
Patrick F. Maroney	68	Director	2018	2017

## PROPOSAL ONE – ELECTION OF DIRECTORS

### PROPOSAL

Our Board has nominated as Class B directors for re-election at the Annual Meeting Alec L. Poitevint, II, Kern M. Davis, M.D., William H. Hood, III, and Sherrill W. Hudson, and has nominated for election Patrick F. Maroney, who was appointed to the Board in April 2017 pursuant to the Stockholders Agreement. Each director nominee elected as a Class B director at our Annual Meeting will serve a two-year term until his successor is elected and qualified at our 2020 annual meeting of stockholders.

Unless authority to vote for any of these nominees is withheld, the shares represented by the enclosed proxy will be voted “FOR” the election of each of Alec L. Poitevint, II, Kern M. Davis, M.D., William H. Hood, III, Sherrill W. Hudson, and Patrick F. Maroney as Class B directors. All of these nominees have agreed to serve if elected and have consented to being named in this Proxy Statement. In the event that any nominee becomes unable or unwilling to serve, the shares represented by the enclosed proxy will be voted for the election of such other person as the Board may recommend in his place. We have no reason to believe that any nominee will be unable or unwilling to serve as a director.

Our By-Laws provide for a plurality voting standard for the election of directors, under which the director nominees receiving the greatest number of "for" votes are elected. Therefore, the five Class B director nominees receiving the most votes in favor of his election will be elected as Class B directors. Withheld votes and broker non-votes will not affect the outcome of the vote on the election of directors.

### RECOMENDATION OF THE BOARD

Our Board unanimously recommends that you vote FOR the election of Alec L. Poitevint, II, Kern M. Davis, M.D., William H. Hood, III, Sherrill W. Hudson, and Patrick F. Maroney as Class B directors, each to serve a two-year term ending on the date of the 2020 annual meeting of stockholders and until his successor is duly elected and qualified. Each of the nominees is currently a director of the Company. The Board's recommendation is based on the extent of each candidate's demonstrated excellence and success in his chosen career and the specific skills the candidate adds to the Board, as further described below.

### CLASS B DIRECTOR NOMINEES

ALEC L. POITEVINT, II  
LEAD DIRECTOR  
AGE: 70  
DIRECTOR SINCE: 2008

5

---

Alec L. Poitevint, II has served as a member of our Board since September 2008, and prior to that served as a director of our predecessor company, United Insurance Holdings, L.C. (UIH) since 2001. Mr. Poitevint has served as Chairman and President of Southeastern Minerals, Inc. and its affiliated companies, headquartered in Bainbridge, Georgia, since 1981. Southeastern Minerals manufactures and distributes mineral ingredients. He joined Southeastern Minerals in 1970. Mr. Poitevint previously served as a director (from 1989 to 2010), Vice Chairman (from 1994 to 2010), and President (2006) of First Port City Bank of Bainbridge. Mr. Poitevint served as a director of Agri-Nutrition/Virbac Corporation from 1996 to 2006, and at various times during his tenure he held the positions of Chairman of the Board and Chairman of the Audit Committee. Mr. Poitevint has also served as the Chairman of American Feed Industry Insurance Company since 2002 and is the former Chairman of the American Feed Industry Association and National Feed Ingredients Association. Mr. Poitevint served on the Republican National Committee (RNC) as Committeeman or Chairman for Georgia from 1989 to 2012 and served as RNC Treasurer from 1997 to 2001.

Our Board selected Mr. Poitevint to serve on our Board based upon his experience in the insurance industry and his diverse management experience.

KERN M. DAVIS, M.D.  
DIRECTOR  
AGE: 63  
DIRECTOR SINCE: 2012

Kern M. Davis, M.D. has served as a member of our Board since March 2012. Dr. Davis is the son of one of the original founders of our predecessor company, UIH, and served as a director of UIH from 2006 to 2008. Dr. Davis earned a B.A. in Chemistry from the University of Florida in 1976, and a medical degree from the University of South Florida in 1980; he completed his residency at the University of Florida in 1985. In 1985, Dr. Davis joined Pathology Associates, P.A., an anatomic and clinical pathology professional services firm, and has served as its President since 1992. In 1993, Dr. Davis became a medical director for St. Anthony's Hospital Laboratory, and currently holds this position. Dr. Davis received an M.B.A. from the University of South Florida in 1993. Dr. Davis has been a National Association of Corporate Directors ("NACD") Governance Fellow since 2013.

Our Board selected Dr. Davis to serve on our Board based upon his prior experience with UIH and his educational and professional business experience.

WILLIAM H. HOOD, III  
DIRECTOR  
AGE: 57  
DIRECTOR SINCE: 2012

William H. Hood, III has served as a member of our Board since March 2012 and, prior to that, served as a director of our predecessor company, UIH, from 2000 to 2008. In 1984, Mr. Hood formed Special Data Processing Corporation, a national partnership marketing company, and served as its Chief Executive Officer and Chairman from 1984 to 2006. Mr. Hood sold the company in 1999 to a private equity firm, and he continued to manage the company until he retired in 2006. In 2001, Mr. Hood formed Hall Estate Management LLC, now known as Hall Capital Holdings LLC, and, as the sole member of the firm, Mr. Hood manages his investments and entrepreneurial interests.

Our Board selected Mr. Hood to serve on our Board based upon his prior experience with UIH and his entrepreneurial experience in building and forming a national marketing company.

SHERRILL W. HUDSON  
DIRECTOR  
AGE: 75  
DIRECTOR SINCE: 2013

Sherrill W. Hudson has served as a member of our Board since May 2013. Mr. Hudson served as Chairman of the Board for TECO Energy, an energy-related holding company, from January 2003 to July 2016. Mr. Hudson served as TECO's Chairman and Chief Executive Officer from July 2004 to August 2010 and Executive Chairman from August 2010 to December 2012. Prior to his employment with TECO, Mr. Hudson worked for Deloitte & Touche LLP, an audit, financial advisory, tax and consulting firm. In August 2002, Mr. Hudson retired from Deloitte after having worked for the firm for over 37 years. Mr. Hudson currently serves on the board of directors of Lennar Corporation and CBIZ, Inc. He serves as Chairman of the Florida Chapter of the NACD. He also served on the board of directors of Publix Super

6

---

Markets from January 2003 to April 2015. Mr. Hudson is a member of the Florida Institute of Certified Public Accountants, which recognized him as the 2006 Outstanding CPA in Business and Industry. He received his B.A. and graduated cum laude from Ashland University in Ashland, Ohio.

Our Board selected Mr. Hudson to serve on our Board based upon his professional background in auditing and financial reporting and diverse business experience. Mr. Hudson serves as our Audit Committee's financial expert.

PATRICK F. MARONEY  
DIRECTOR  
AGE: 68  
DIRECTOR SINCE: 2017

Patrick F. Maroney has served as a member of our Board since April 2017. Mr. Maroney served on the board of directors of American Coastal Insurance Company (ACIC) from October 2015 to April 2017. 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 the 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.

Our Board selected Mr. Maroney to serve on our Board based upon his significant experience as an insurance attorney as well as his significant experience in management and the insurance industry.

#### CLASS A DIRECTORS WHOSE TERMS CONTINUE UNTIL THE 2019 ANNUAL MEETING

GREGORY C. BRANCH  
CHAIRMAN OF THE BOARD  
AGE: 70  
DIRECTOR SINCE: 2008

Gregory C. Branch has served as the Chairman of our Board since September 2008 and, prior to that, served as the Chairman and Chief Executive Officer of our predecessor company, UIH, from its inception in 1999 to 2008. Mr. Branch has served as the Chairman, President and owner of Branch Properties, Inc., a manufacturer and distributor of equine feed, since 1986. From 1994 to 1998, Mr. Branch served as Chairman of Summit Holding Southeast, Inc., an insurance holding company that completed its initial public offering in 1997 and was acquired by Liberty Mutual in 1998. Mr. Branch has served as a director of Prime Holdings, Inc. since 2001 and of Raffles Insurance Company since 2003. Mr. Branch was the founding Chairman of Sunz Insurance Holding, a Florida workers compensation company that was sold in 2008. Mr. Branch was a founding member and former Chairman of, and remains a director of American Feed Industry Insurance Company RRG. Mr. Branch operated as an underwriting member of Lloyd's of London from 1986 to 2004. Mr. Branch graduated from the University of Florida with a B.S. in Agriculture Economics and served at the rank of Captain in the U.S. Army.

Our Board selected Mr. Branch to serve on our Board based upon his substantial experience in the insurance industry and his broad entrepreneurial skills obtained by owning his own business.

R. DANIEL PEED  
VICE CHAIRMAN OF THE BOARD

AGE: 55

DIRECTOR SINCE: 2017

R. Daniel Peed has served as a member of our Board since April 2017. Mr. Peed served on the board of ACIC from 2007 to 2017. Mr. Peed has been the President and Chief Executive Officer of AmRisc, LLC (formerly known as "CRC Insurance Services, Inc."), the managing general agent of our subsidiary ACIC, since December 2000. From 1991 to 2000, Mr. Peed served as a senior vice president of SOREMA North America Reinsurance Company, Fulcrum Insurance. In addition, from 1985 to 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 M.B.A. with a concentration in insurance from the University of North Texas. In addition Mr. Peed has the Chartered Property & Casualty Underwriter ("CPCU") and Associate in Reinsurance ("ARe") designations and a Professional Engineering designation in Fire Protection.

7

---

Our Board selected Mr. Peed to serve on our Board based upon his significant experience in management and the insurance industry.

JOHN L. FORNEY  
PRESIDENT, CEO, AND DIRECTOR  
AGE: 56  
DIRECTOR SINCE: 2012

John L. Forney has served as our Chief Executive Officer (CEO) and a member of our Board since June 2012. He assumed the additional role of President in July 2013. From 2002 until he joined our Company, Mr. Forney served in a number of different capacities at Raymond James, a financial services holding company based in St. Petersburg, Florida. He last served as managing director in Raymond James' public finance department, where he managed the department and led the firm's investment banking efforts in catastrophe insurance financing. Mr. Forney received a B.A. in Economics from Princeton University and an M.B.A. in Finance from the Wharton School at the University of Pennsylvania. He also holds the Chartered Financial Analyst designation.

Our Board selected Mr. Forney to serve on our Board based upon his in-depth knowledge of the Company's business and his 24-year background of executive experience, including a balanced mix of investment banking and private sector executive leadership positions with a focus on the insurance market.

MICHAEL R. HOGAN  
DIRECTOR  
AGE: 68  
DIRECTOR SINCE: 2017

Michael R. Hogan has served as a member of our Board since April 2017. Mr. Hogan served on the board of directors of ACIC from 2015 to 2017. 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, Sheets, 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.

Our Board selected Mr. Hogan to serve on our Board based upon his significant experience in management and the insurance industry.

KENT G. WHITTEMORE  
DIRECTOR  
AGE: 70  
DIRECTOR SINCE: 2008

Kent G. Whittemore has served as a member of our Board since September 2008 and, prior to that, served as a director of our predecessor company, UIH, from 2001 to 2008. Mr. Whittemore has served as the President of, and is a shareholder of, The Whittemore Law Group, P.A., a law firm located in St. Petersburg, Florida that he co-founded in 1987. The primary focus of his practice is in the areas of personal injury, insurance litigation, and business and real estate litigation. Mr. Whittemore served as President of the St. Petersburg Bar Association from 1996 to 1997, and served as President of the Tampa Bay Trial Lawyers Association from 2003 to 2004. Mr. Whittemore currently serves as a director of the Southern Trial Lawyers Association and formerly served as a director of the Academy of Florida



Trial Lawyers. He also served on St. Petersburg's Charter Review Commission. Mr. Whittemore received a B.S. in Business Administration from the University of Florida and a J.D. from Stetson College of Law.

Our Board selected Mr. Whittemore to serve on our Board based upon his insurance industry experience and his legal expertise.

#### DIRECTOR INDEPENDENCE

The following table shows the directors who are considered independent in accordance with Nasdaq Rule 5605(a)(2) as well as their formal committee assignments:

8

---

INDEPENDENT DIRECTORS	COMMITTEES			
	AUDIT	COMPENSATION AND BENEFITS	NOMINATING AND CORPORATE GOVERNANCE	FINANCE AND INVESTMENT
Branch				
Davis	ü		ü*	
Hood				ü
Hogan			ü	
Hudson	ü*	ü		
Maroney	ü			ü
Poitevint		ü		ü*
Whittemore		ü*	ü	

\*Committee Chair

R. Daniel Peed is not considered independent in accordance with Nasdaq Rule 5605(a)(2). As our Vice-Chairman is not independent, we have elected Alec L. Poitevint, II, as our independent Lead Director.

As described below, our Board has an Audit Committee, a Compensation and Benefits Committee, a Nominating and Corporate Governance Committee, and a Finance and Investment Committee. All of the members of all of these committees qualify as independent directors. In addition, all of the committee members qualify as independent directors under the independence standards specific to their committees.

#### BOARD LEADERSHIP STRUCTURE

Our Board has a non-executive Chairman and a non-executive Vice Chairman. The Chairman, Gregory C. Branch, sets the agendas for and presides over the Board meetings. The Vice Chairman, R. Daniel Peed, assists the Chairman in his duties and responsibilities and would serve as Chairman in the event of Mr. Branch's incapacity until the directors selected a new Chairman. The Chairman and Vice Chairman both communicate regularly with our CEO on matters of significance. The CEO, John L. Forney, is a member of the Board and participates in meetings.

Our Board also has a Lead Director, Alec L. Poitevint, who was appointed by the independent directors. The Lead Director provides additional leadership and organization in meetings of independent directors separately and apart from management and non-independent directors. In the event of Mr. Poitevint's incapacity, the chair of the Nominating and Corporate Governance Committee would serve as the Lead Director until the independent directors selected a new Lead Director.

The Board believes that this leadership structure is appropriate for our Company at this time because it allows for independent oversight of management, increases management accountability, and encourages an objective evaluation of management's performance.

#### BOARD'S ROLE IN RISK MANAGEMENT AND OVERSIGHT

The Board reviews and approves the Company's strategic plan as presented by management and monitors our performance throughout the year against the plan.

The Board regularly devotes time during its meetings to review and discuss the most significant risks we face and management's process for identifying, prioritizing and responding to those risks. During these discussions, our CEO and our Chief Financial Officer (CFO) present management's process for the assessment of risks, a description of the

most significant risks we face and any mitigating factors, plans or policies in place to address those risks. The Board also delegates certain of its risk oversight responsibilities to its committees.

The Audit Committee bears responsibility for oversight of our policies with respect to risk assessment and risk management. The Audit Committee Members analyze major financial risk exposures which we face and the steps we have taken to monitor and control such exposures. The Audit Committee also oversees our compliance with legal and regulatory requirements, areas which generate many of the most significant risks we face.

The Compensation and Benefits Committee reviews our compensation structure, policies and practices to determine whether incentive compensation arrangements would be reasonably likely to have a material adverse effect on the Company.

The Compensation and Benefits Committee addresses risk exposures we face with respect to compensation, with appropriate reporting of these risks to be made to the full Board. The Compensation and Benefits Committee assesses the potential risks arising from our compensation policies and practices and considers safeguards against incentives to take excessive risks.

The Finance and Investment Committee bears responsibility for oversight of policy decisions about risk aggregation and minimization, including credit risk. The Finance Committee is also responsible for oversight of the capital structure and financing arrangements in support of our plans to ensure consistency with our risk tolerances and oversight of management's investment of our assets.

#### MEETINGS AND MEETING ATTENDANCE

Our Board held four meetings during 2017. Each of our directors attended at least 95% of all meetings of the Board and Board committees on which they served for the periods in which they served during 2017. All of our directors attended our 2017 annual meeting of stockholders. We do not have a formal policy with respect to director attendance at annual meetings of stockholders; however, we encourage all of our directors to attend such meetings.

#### COMMUNICATION WITH DIRECTORS

Stockholders may contact an individual director, our Board as a group, our independent directors as a group, or a specified Board committee by sending correspondence addressed to our Secretary to the address listed in the subsection entitled Contacting the Company or to [InvestorRelations@upcinsurance.com](mailto:InvestorRelations@upcinsurance.com). Each communication should specify the applicable addressee or addressees to which the communication is directed, as well as the general topic of the communication. We will initially receive and process communications before forwarding them to the addressee. We also may refer communications to other departments as applicable. We generally will not forward to our directors a communication that is primarily commercial in nature, relates to an improper or irrelevant topic, or is a request for general information.

## BOARD COMMITTEES

**AUDIT COMMITTEE.** Our Audit Committee consists of Mr. Hudson (Chair), Dr. Davis, and Mr. Maroney. Our Board has determined that Mr. Hudson is an audit committee financial expert. All members of our Audit Committee are "independent" under both the general independence standards and the audit committee independence standards set forth in the Nasdaq Marketplace Rules.

Our Audit Committee operates under a formal written charter adopted by our Board that governs its duties and conduct. The committee reviews its charter annually for appropriate revisions. Interested parties can obtain copies of the charter free of charge on our website at [investors.upcinsurance.com](http://investors.upcinsurance.com), or by contacting our Corporate Secretary at the address listed in the subsection entitled Contacting the Company.

Our Audit Committee assists our Board in its oversight of the quality and integrity of our accounting, auditing, and reporting practices. Our Audit Committee's role includes overseeing:

- the integrity of our financial statements,
- our compliance with legal and regulatory requirements,
- the independent auditor's qualifications and independence,
- the performance of our independent auditors,
- our business practices and ethical standards, and
- our risk assessment and risk management policies.

Our Audit Committee met six times during 2017.

**COMPENSATION AND BENEFITS COMMITTEE.** Our Compensation and Benefits Committee consists of Mr. Whittemore (Chair), Mr. Hudson, and Mr. Poitevint.

All members of our Compensation and Benefits Committee are "independent" under both the general independence standards and the compensation committee independence standards set forth in the Nasdaq Marketplace Rules.

Our Compensation and Benefits Committee operates under a formal written charter adopted by our Board that governs its duties and conduct. The committee reviews its charter annually for appropriate revisions. Interested parties can obtain copies of the charter free of charge on our website at [investors.upcinsurance.com](http://investors.upcinsurance.com), or by contacting our Secretary at the address listed in the subsection entitled Contacting the Company.

Our Compensation and Benefits Committee assists our Board in its oversight employee compensation, benefit plans and employee stock programs and the compensation of our senior management and CEO. Our Compensation and Benefits Committee's responsibilities include the following:

- oversee our overall compensation structure, policies and programs,
- administer and determine our Company's equity- and incentive-based compensation plans that require approval from our Board of Directors,
- review and approve (i) executive and senior management compensation programs, and (ii) corporate goals and objectives relevant to the compensation of our senior management CEO, evaluate our CEO's performance in light of

those goals and objectives and set the CEO's compensation level based on this evaluation,  
oversee the evaluation of the other executive officers and set the compensation of other executive officers based upon  
the recommendation of the CEO,  
review and recommend employment agreements and severance and change of control arrangements for our executive  
officers,

11

---

assist the Board in reviewing the outcome of stockholder votes on say on pay and the frequency of say on pay, and periodically assess the risks associated with our compensation policies and practices.

Our Compensation and Benefits Committee met four times during 2017.

**NOMINATING AND CORPORATE GOVERNANCE COMMITTEE.** Our Nominating and Corporate Governance Committee consists of Dr. Davis (Chair), Mr. Hogan, and Mr. Whittemore. All members of our Nominating and Corporate Governance Committee are "independent" under the general independence standards set forth in the Nasdaq Marketplace Rules.

Our Nominating and Corporate Governance Committee operates under a formal written charter that governs its duties and conduct. The committee reviews its charter annually for appropriate revisions. Interested parties can obtain copies of the charter free of charge on our website at [investors.upcinsurance.com](http://investors.upcinsurance.com), or by contacting our Secretary at the address listed in the subsection entitled Contacting the Company.

Our Nominating and Corporate Governance Committee assists our Board by, among other things:

- identifying qualified individuals to become directors,
- reviewing the independence of our Board members,
- determining membership on Board committees,
- recommending changes to our corporate governance guidelines and other governing instruments,
- overseeing annual self-evaluations by our Board, and
- reporting annually to our Board regarding the CEO succession plan.

Our Nominating and Corporate Governance Committee met four times during 2017.

#### SELECTION OF DIRECTOR NOMINEES

Our Board selects the director nominees to stand for election at our annual stockholder meetings and to fill vacancies occurring on our Board based on the recommendations of the Nominating and Corporate Governance Committee. Our Nominating and Corporate Governance Committee selects nominees for director on the basis of experience, integrity, skills, the ability to make independent analytical inquiries, an understanding of our business environment and the willingness to devote adequate time to Board duties, all within the context of an assessment of the perceived needs of the Board at a given point in time. In addition to the individual attributes of our directors discussed above, we highly value the collective business experience and qualifications of the directors. We believe that the collective experiences, viewpoints and perspectives of our directors result in a Board with the commitment and energy to advance the interests of our stockholders.

Our Nominating and Corporate Governance Committee may consider current members of our Board for re-election unless they have notified our Board that they do not wish to stand for re-election. Our Nominating and Corporate Governance Committee may also consider candidates for our Board recommended by current members of our Board or members of management. In addition, our Nominating and Corporate Governance Committee will consider director candidates recommended by our stockholders in the same manner as it would consider any other recommended nominees. If our Nominating and Corporate Governance Committee determines that a stockholder-recommended

candidate is suitable for Board membership, it will include the candidate in the pool of candidates under consideration for nomination upon the occurrence of the next Board vacancy or in connection with the next annual meeting of our stockholders.

Pursuant to the above procedures, once our Nominating and Corporate Governance Committee identifies prospective nominees, it will solicit background information on the candidates, then interview and evaluate the candidates. The Nominating and Corporate Governance Committee will then report its recommendations to the Board.



Our Nominating and Corporate Governance Committee recommended the five incumbent director nominees for election at our Annual Meeting, and our Board approved the recommendation.

## DIRECTOR COMPENSATION

The following table describes the compensation received by each of our non-employee directors during the fiscal year ended December 31, 2017. Mr. Forney does not receive any additional compensation for his service as a director. His compensation is disclosed under the subsection entitled Executive Compensation.

During fiscal year 2017, we offered the following compensation program for our non-employee directors: (i) a annual base retainer of \$75,000 and an award of 5,000 shares of restricted stock, (ii) a additional annual retainer of \$40,000 and 35,000 shares of restricted stock for the Chairman of the Board, (iii) a additional annual retainer of \$20,000 to our Audit Committee Chairman and (iv) a an additional annual retainer of \$10,000 to the Chairmen of Compensation and Benefits Committee, the Nominating and Corporate Governance Committee, and the Finance and Investment Committee.

	FEES		
	EARNED	STOCK	TOTAL
	OR PAID	AWARDS <sup>(1)</sup>	COMPENSATION
	IN CASH		
Gregory C. Branch <sup>(2)</sup>	\$ 115,000	\$ 596,400	\$ 711,400
R. Daniel Peed <sup>(3)</sup>	56,250	—	56,250
Alec L. Poitevint, II <sup>(4)</sup>	85,000	74,550	159,550
Kern M. Davis, M.D. <sup>(4)</sup>	85,000	74,550	159,550
Michael R. Hogan <sup>(3)</sup>	56,250	—	56,250
William H. Hood, III	75,000	74,550	149,550
Sherrill W. Hudson <sup>(5)</sup>	95,000	74,550	169,550
Patrick F. Maroney <sup>(3)</sup>	56,250	—	56,250
Kent G. Whittemore <sup>(4)</sup>	85,000	74,550	159,550

<sup>(1)</sup> Represents the grant date fair value of stock awarded to our directors. Includes restricted stock award granted to Mr. Branch pursuant to his Non-Executive Chairman Agreement, which resulted in a grant of 40,000 shares of our common stock, which will vest on the date of the Annual Meeting. Includes restricted stock awards granted to Messrs. Poitevint, Whittemore, Davis, Hood, and Hudson pursuant to the Non-Employee Director Agreement, which resulted in grants to each of these directors of 5,000 shares of our common stock in 2017, which will vest on the date of the Annual Meeting. The values of the stock awards were computed in accordance with Financial Accounting Standards Board Codification Topic 718, Compensation - Stock Compensation. See Note 20 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017, for a discussion of the relevant assumptions used in calculating the value of the awards granted prior to December 31, 2017.

<sup>(2)</sup> Mr. Branch received \$75,000 for his services as director and \$40,000 for serving as the Chairman of the Board.

<sup>(3)</sup> Messrs. Peed, Hogan, and Maroney joined our Board on April 3, 2017, and therefore only received compensation for three quarters of 2017.

<sup>(4)</sup> Each of Messrs. Poitevint, Whittemore, and Davis received \$75,000 for their services as directors and \$10,000 for serving as Chairmen of our Board Committees.

<sup>(5)</sup> Mr. Hudson received \$75,000 for his services as director and \$20,000 for serving as the Chairman of the Audit Committee.



## PROPOSAL TWO – RATIFICATION OF APPOINTMENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Our Audit Committee has approved the engagement of RSM as the independent registered public accounting firm to perform an audit of our consolidated financial statements for the fiscal year ending December 31, 2018. RSM has served as our auditor since 2009. RSM has advised our Audit Committee that neither it, nor any of its members, has any direct financial interest in UPC Insurance as a promoter, underwriter, voting trustee, director, officer or employee. Though we do not expect a representative of RSM to attend our Annual Meeting, if an RSM representative does attend, the representative will respond to appropriate questions and will have the opportunity to make a statement if the representative desires to do so.

The Board is asking our stockholders to ratify our Audit Committee’s appointment of RSM as our independent registered public accounting firm for the 2018 fiscal year. The appointment of RSM as our independent registered public accounting firm for the fiscal year ending December 31, 2018 will be ratified if the number of “for” votes cast on Proposal Two exceeds the number of “against” and “abstain” votes. Abstentions will be included in the calculation of the number of shares represented and entitled to vote at the Annual Meeting and will therefore count as votes against the ratification of the appointment of RSM. Brokers will have discretionary authority to vote on Proposal Two.

Although none of our Certificate of Incorporation, our By Laws, or any other document or agreement requires ratification, the Board submits the appointment of RSM to our stockholders for ratification because we value our stockholders’ views on the appointment of our independent registered public accounting firm. If our stockholders do not ratify the appointment of RSM, we will consider such result as a direction from the stockholders to our Audit Committee to consider the appointment of a different firm and our Audit Committee will reconsider whether to retain RSM. In such event, our Audit Committee may retain RSM notwithstanding the fact that the stockholders did not ratify the appointment, or may appoint another accounting firm without re-submitting the matter to a stockholder vote. Even if stockholders ratify the appointment, our Audit Committee in its discretion may appoint a different independent registered public accounting firm at any time during the year if it determines that such a change would be in the Company’s best interest and, thus, in our stockholders’ best interest.

## RECOMMENDATION OF THE BOARD

The Board and the Audit Committee recommend a vote FOR the ratification of the appointment of RSM as our independent registered public accounting firm for the fiscal year ending December 31, 2018.

## AUDIT COMMITTEE REPORT

As part of its oversight responsibility, the Audit Committee reviewed and discussed the audited financial statements, the adequacy of financial controls and the effectiveness of UPC Insurance’s internal control over financial reporting with management and RSM. The Audit Committee also has discussed with RSM the matters required to be discussed by the applicable requirements of the Public Company Accounting Oversight Board and the SEC. The Audit Committee has received the written disclosures and the letter from RSM required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant’s communications with the audit committee concerning independence. The Audit Committee also has discussed with RSM that firm’s independence.

Based on these reviews and discussions, the Audit Committee has recommended to the Board, and the Board has approved, the inclusion of the audited financial statements in UPC Insurance’s Annual Report on Form 10-K for the fiscal year ended December 31, 2017 for filing with the SEC.

Sherrill W. Hudson, Chairman  
Patrick F. Maroney  
Kern M. Davis, M.D.

AUDIT COMMITTEE'S PRE-APPROVAL POLICIES AND PROCEDURES

Our Audit Committee requires that management obtain the prior approval of the Audit Committee for all audit and permissible non-audit services that our independent registered public accounting firm will provide. At regular meetings or as needed during the year, the Audit Committee reviews and approves proposals for such services, including the

14

---

estimated fees the independent registered public accounting firm will charge. The Audit Committee Chairman may approve permissible non-audit services in an amount up to \$10,000, and notifies the full Audit Committee of such approvals at its next scheduled meeting.

AUDIT AND RELATED FEES

The following table summarizes the approximate fees RSM billed us for services rendered during fiscal years 2017 and 2016, which were pre-approved by our Audit Committee in accordance with the procedures described above.

	2017	2016
Audit Fees	\$760,030 <sup>(1)</sup>	\$511,935 <sup>(2)</sup>
Audit-Related Fees	—	—
Tax Fees	—	31,200 <sup>(3)</sup>