

UNITED INSURANCE HOLDINGS CORP.
Form DEFM14A
December 29, 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):

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

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(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):

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(1) Amount previously paid:

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(4) Date Filed:

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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 (as amended from time to time, 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 December 28, 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 23, 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 to a later date or time if necessary or appropriate, including to solicit additional proxies in support of the share issuance proposal if there are insufficient votes at the time of the special meeting to approve the share issuance proposal (which we refer to as the **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 February 3, 2017 at 1:00 p.m. (local time) at our offices at 800 2nd Avenue S., St. Petersburg, Florida, 33701 (such meeting, the special meeting).

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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.**

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

This proxy statement is dated December 29, 2016 and is first being mailed to UIHC stockholders on or about January 4, 2017.

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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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 FEBRUARY 3, 2017

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 1:00 p.m. local time at 800 2nd Avenue S., St. Petersburg, Florida, 33701 on February 3, 2017, 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 (as amended from time to time, 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 consider and vote on a proposal to adjourn the special meeting until a later date or time if necessary or appropriate, including to solicit additional proxies in support of the share issuance proposal if there are insufficient votes at the time of the special meeting to approve the share issuance proposal (the adjournment proposal).

The board of directors of UIHC (the UIHC board) has fixed the close of business on December 28, 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,

/s/ Gregory C. Branch
Gregory C. Branch
Chairman of the Board of Directors

St. Petersburg, FL

December 29, 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 (as amended from time to time, 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 adjournment of the special meeting until a later date or time, if necessary or appropriate, including to solicit additional proxies in support of the share issuance proposal if there are insufficient votes at the time of the special meeting to approve the share issuance proposal (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 February 3, 2017, at 1:00 p.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 December 28, 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.

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.

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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.

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.

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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

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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 80.

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 83.

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 evidence of your ownership of UIHC common stock as of the record date, such as your most recent account statement or a legal proxy from your broker, bank or other holder of record, 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 124.

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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

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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 124. 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 37)

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

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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 37)

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 70)

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).

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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 February 3, 2017, starting at 1:00 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 December 28, 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 21,646,614 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 Recommendation (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.**

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.

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Opinion of UIHC's Financial Advisor (see page 49)

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 85)

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;

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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. See the section of this proxy statement titled *Business AmCo Products and Distribution Distribution through AmRisc* beginning on page 91 for more information regarding the terms of the MGA contract, as well as the section of this proxy statement titled *Risk Factors Risks Relating to the Business of AmCo* beginning on page 28 for information regarding risks related to American Coastal's and Mr. Peed's relationship with AmRisc.

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 letter agreement (which we refer to as the "AmRisc letter 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 59)

At the effective time of the first merger, the UIHC board will be increased from seven directors to ten directors. The UIHC board is expected to 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 85 and *The Mergers UIHC Board After the Mergers* beginning on page 59.

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Regulatory Approvals (see page 78)

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. On October 17, 2016, Mr. Peed and RDX received the Form A approval from the State of Hawaii.

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 78, *The Mergers Regulatory Approvals Required for the Transaction* beginning on page 58 and *Risk Factors Risks Relating to the Business of AmCo* beginning on page 28.

Conditions to Completion of the Mergers (see page 80)

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 78).

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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 80.

No Solicitation of Alternative Transactions; Adverse Recommendation Change (see page 75)

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 75). 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 75). 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 75.

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 77). 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 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.

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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 77.

Termination of the Merger Agreement (see page 83)

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 75 (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).

Termination Fees (see page 83)

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 75, except with references to 20% and 80% replaced with 50%)

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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 75, 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 83.

Accounting Treatment (see page 58)

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 120)

As of the record date, the directors and executive officers of UIHC beneficially owned in the aggregate approximately 4,676,807 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 60)

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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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 nine month periods ended September 30, 2016 and 2015 and as of September 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 97, 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,				Nine Months Ended		
	2015	2014	2013	2012 (unaudited)	2011 (unaudited)	September 30, 2016 (unaudited)	2015 (unaudited)
Revenue:							
Gross premiums written	\$ 308,512	\$ 311,397	\$ 303,367	\$ 259,348	\$ 233,349	\$ 210,590	\$ 248,460
Gross premiums earned	313,298	309,783	285,602	248,005	222,388	212,710	234,631
Net premiums earned	\$ 175,411	\$ 179,933	\$ 173,117	\$ 133,113	\$ 123,134	\$ 131,995	\$ 133,386
Net investment income and realized gains	2,871	2,223	2,438	1,990	2,070	3,092	1,906
Total revenue	\$ 178,282	\$ 182,156	\$ 175,555	\$ 135,103	\$ 125,204	\$ 135,087	\$ 135,292
Expenses:							
Losses and loss adjustment expenses	33,370	32,464	27,527	23,550	22,061	27,707	24,759
	85,037	82,429	76,885	67,307	58,076	60,512	61,865

Other operating expenses							
Total expenses	\$ 118,407	\$ 114,893	\$ 104,412	\$ 90,857	\$ 80,137	\$ 88,219	\$ 86,624
Income before income taxes	59,875	67,263	71,143	44,246	45,067	46,868	48,668
Provision for income taxes	23,399	22,300	24,938	17,068	17,386	16,681	19,020
Net Income	\$ 36,476	\$ 44,963	\$ 46,205	\$ 27,178	\$ 27,681	\$ 30,187	\$ 29,648
Return on average equity ⁽¹⁾	18.1%	21.6%	24.9%	17.5%	18.7%	15.4%	14.9%
Ceded ratio ⁽²⁾	44.0%	41.9%	39.4%	46.3%	44.6%	37.9%	43.2%
Ratios to net premiums earned:							
Loss and loss adjustment expense	19.0%	18.0%	15.9%	17.7%	17.9%	21.0%	18.5%
Expenses	48.5%	45.8%	44.4%	50.6%	47.2%	45.8%	46.4%
Combined Ratio	67.5%	63.8%	60.3%	68.3%	65.1%	66.8%	64.9%

- 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.

Table of Contents**Balance Sheet Data**

(Dollars in thousands)

	As of December 31,				As of September 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	\$ 318,269	\$ 297,692
Prepaid reinsurance premiums	67,699	79,381	85,155	49,495	58,940	81,972	101,437
Other assets	95,521	90,605	91,755	85,763	71,786	76,653	76,716
Total Assets	\$ 436,890	\$ 435,377	\$ 434,013	\$ 373,107	\$ 341,047	\$ 476,894	\$ 475,845
Unpaid loss and loss adjustment expenses	\$ 50,076	\$ 51,257	\$ 38,079	\$ 40,287	\$ 36,213	\$ 41,404	\$ 48,014
Unearned premiums	132,259	137,045	135,431	117,666	106,323	130,139	150,874
Reinsurance payable	45,561	30,081	37,922	41,113	32,678	82,309	71,899
Other liabilities	13,172	9,603	13,791	11,214	17,795	20,678	15,503
Total Liabilities	\$ 241,068	\$ 227,986	\$ 225,223	\$ 210,280	\$ 193,009	\$ 274,530	\$ 286,290
Total Stockholders Equity	\$ 195,822	\$ 207,391	\$ 208,790	\$ 162,827	\$ 148,038	\$ 202,364	\$ 189,555

Table of Contents**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 nine month periods ended September 30, 2015 and September 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 November 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 three 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,					Nine Months Ended	
	2015	2014	2013	2012	2011	September 30,	2015
						2016	
Revenue							
Gross Premiums written	\$ 569,736	\$ 436,753	\$ 381,352	\$ 254,909	\$ 203,806	\$ 541,053	\$ 425,183
Gross premiums earned	504,215	400,695	316,708	226,254	180,837	484,607	364,897
Net premiums earned	335,958	264,850	197,378	121,968	90,080	335,770	242,503
Net investment and other income	21,611	15,380					