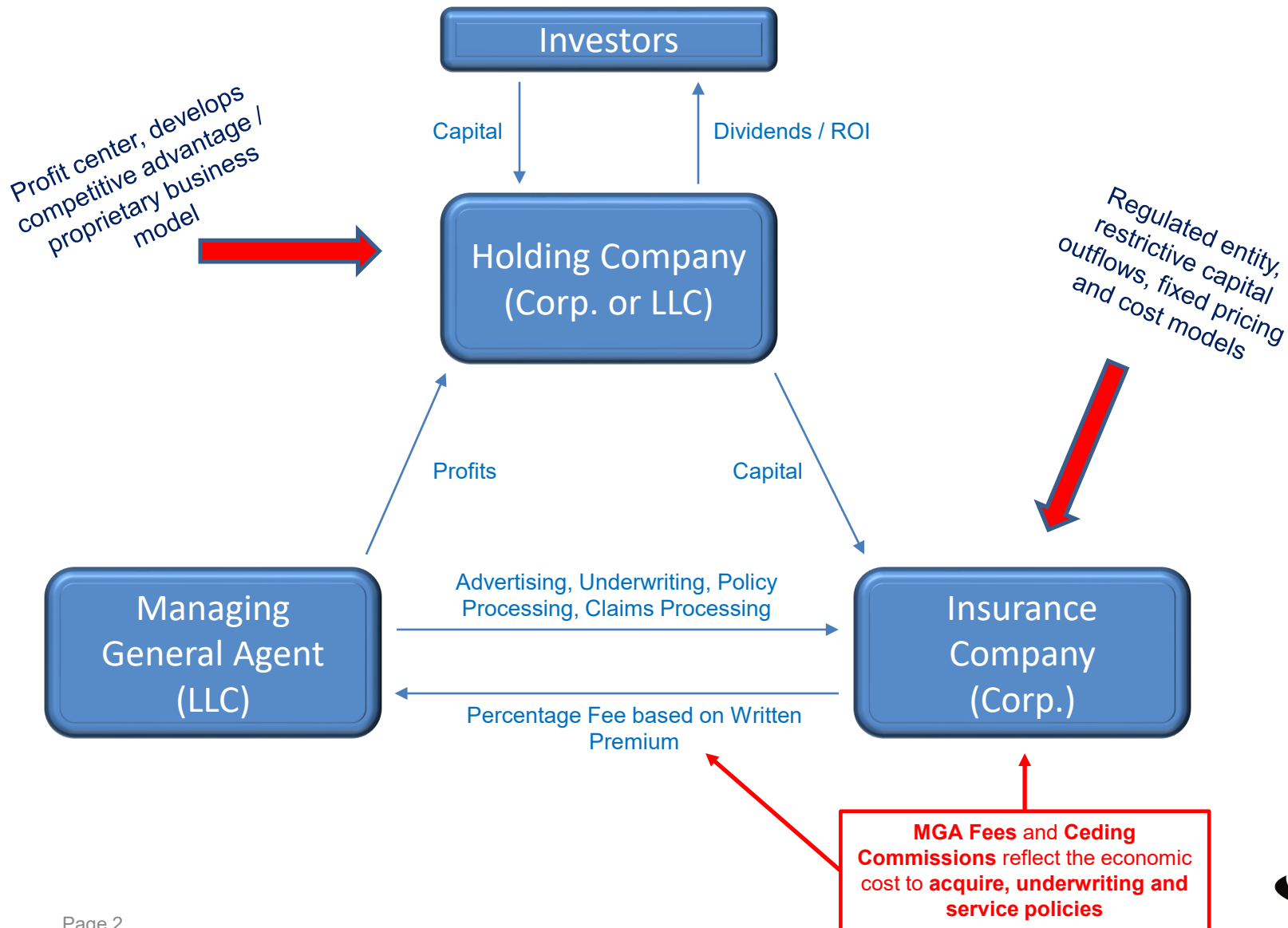


Insurtech Carriers

Board of Governors
December 14, 2021



Typical Holding Company Structure



Selected Insurtech Carriers

Kin:

- Established as a managing general agent (2016) and established as a reciprocal insurer (2019)
- Currently writes business in Florida and Louisiana
- Direct-to-consumer model (in-house agents available)
- Use of technology and data science to increase underwriting efficiency
- No independent agents

Lemonade:

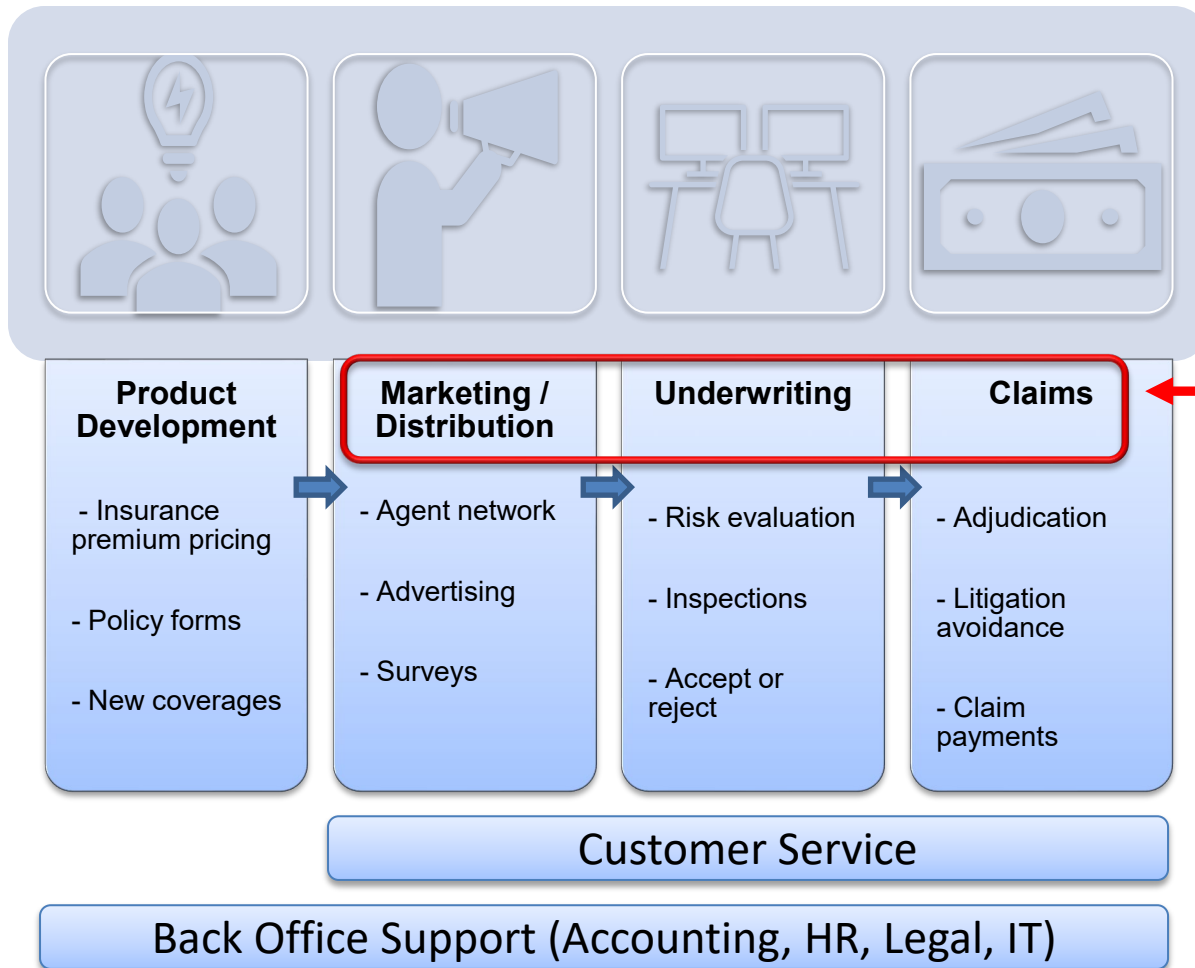
- Currently writes renters and homeowners in multiple states (no homeowners coverage in Florida)
- Automated claims and underwriting processes without the use of agents
- Excess underwriting profits are donated to non-profits selected by policyholders
- Use independent agents

TypTap:

- Part of HCI Group
 - Currently writes homeowners, flood and allied lines in Florida and 5 other states
 - Use of proprietary AI technology to gather public information on properties to increase underwriting efficiency
 - Use independent agents
- Insurtech carriers depend heavily on **growing their customer base (reaching a critical mass)** in order to achieve suitable returns to investors (more on slides 7 and 8)

Source: *Raymond James & Associates, Industry Report, September 3, 2021*

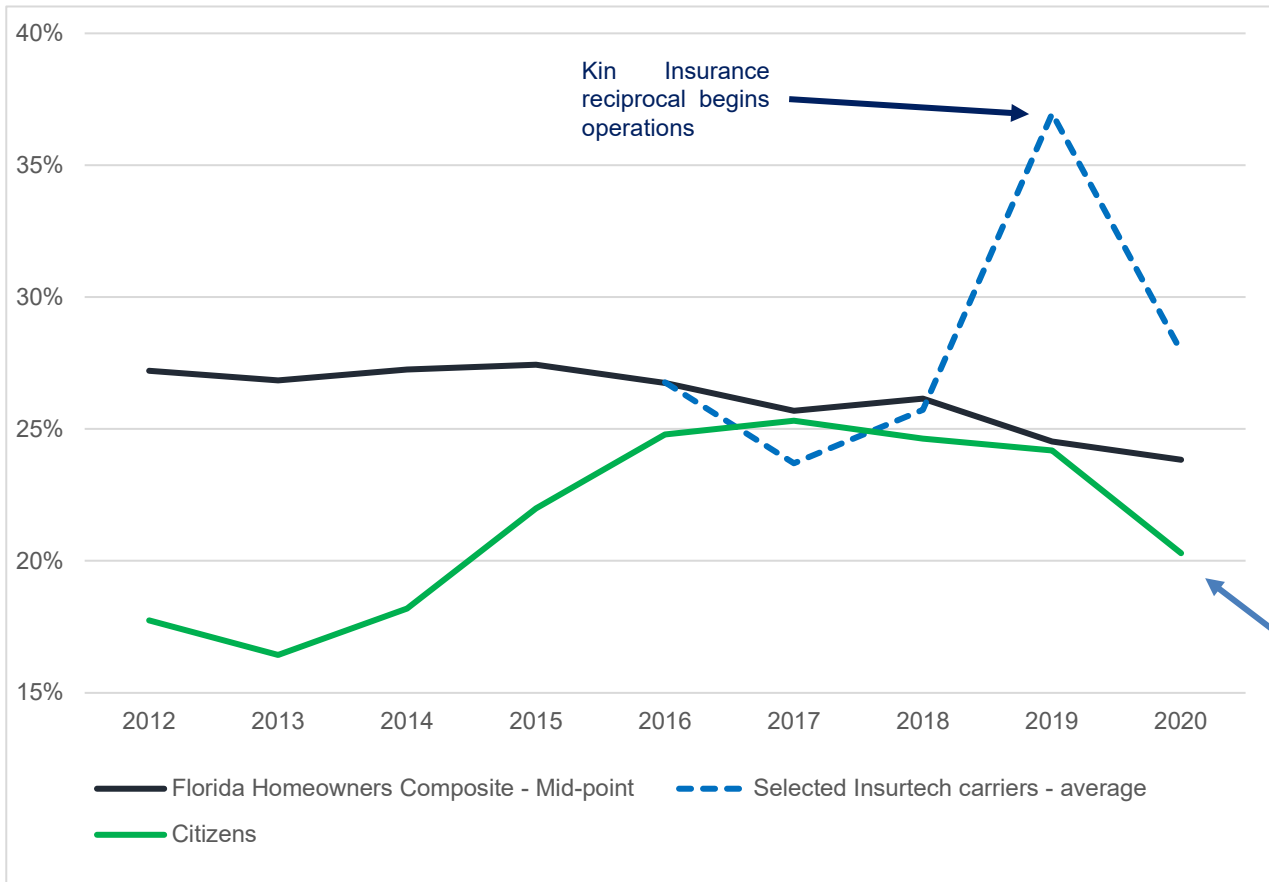
Insurance Company Value Chain (Operating Model)



Insurtech carriers aim to (disrupt):

- Digitize distribution channels
- Go directly to consumers
- Create Artificial Intelligence to process claims, underwriting and back office with little to no human intervention

Expense Ratios



Through periods of policy count growth and contraction, Citizens maintains its operational efficiency – this efficiency is supported by its staffing model that consists of:

- **Full-time staff** for functions that are less impacted by policy count or claim count
- **Contingent workers** to fill seasonal or short-term functions
- **Vendors and agents** with costs that vary in direct proportion to premium / policy count

Citizens' projected **2021** expense ratio is **below 17%**, roughly the same as in **2012**

Source: S&P Global Market Intelligence

Insurtech Carriers – Expense and Selected Ratios

Direct Expense Ratios:

	2016	2017	2018	2019	2020
Kin Interinsurance Network				60.4%	34.6%
Lemonade Insurance Co.			27.1%	26.2%	25.6%
TypTap Insurance Co.	26.8%	23.7%	24.4%	24.3%	23.7%
Composite - Mid-point	26.7%	25.7%	26.2%	24.5%	23.8%
Citizens	24.8%	25.3%	24.6%	24.2%	20.3%

22-25% of direct premium is sent to MGA or affiliated-entities for service fee arrangements

Commissions, advertising and salaries/employee costs as a percentage of Direct Written Premium:

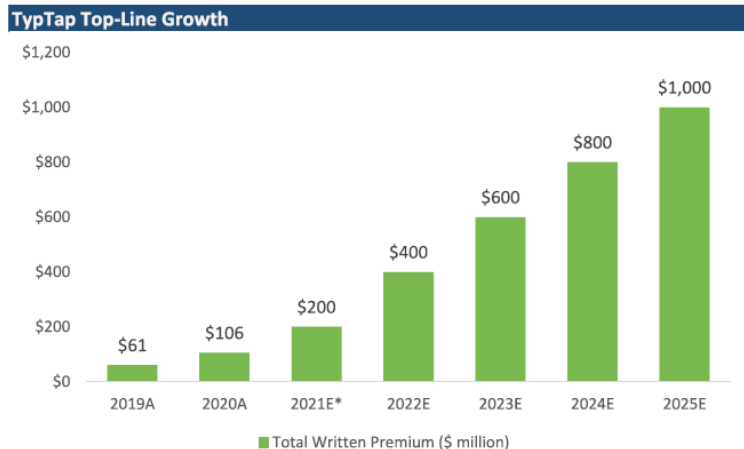
	2016	2017	2018	2019	2020
Kin Interinsurance Network				25.6%	24.9%
Lemonade Insurance Co.			18.7%	17.8%	18.0%
TypTap Insurance Co.	18.6%	18.4%	18.5%	19.7%	19.1%
Citizens	18.0%	18.0%	17.6%	17.6%	15.2%

The average mid-point (2012 – 2020) of the Florida homeowners composite was 20.0%

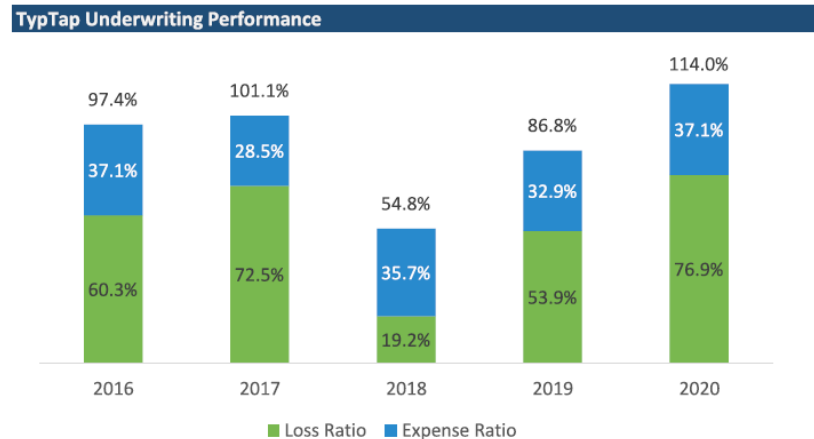
Source: S&P Global Market Intelligence

Insurtech Carriers – Growth is Critical

- Insurtech carriers must still rely on licensed agents, even if agents are employees – as employees, agents represent a fixed cost; in contrast to the agency model (i.e. Citizens) where these costs remain variable and driven entirely by expansion or contraction in policy count
- Policies written by Insurtech carriers tend to be less complex, allowing for more automation and requiring limited information from the policyholder; Citizens policies are broad and diverse, many of which require more extensive underwriting efforts
- Insurtech carriers compete on their ability to select customers that have lower probability of incurring claims (**reducing or eliminating adverse selection**); Citizens does not have this same capability as the insurer of last resort



Includes Homeowners MP (Personal) + Allied (Commercial)
 *TypTap has already achieved TPW of \$200 million in 1H21 and is expected to report TPW significantly above its initial estimate of \$200 M
 Source: Company Reports, Raymond James Research

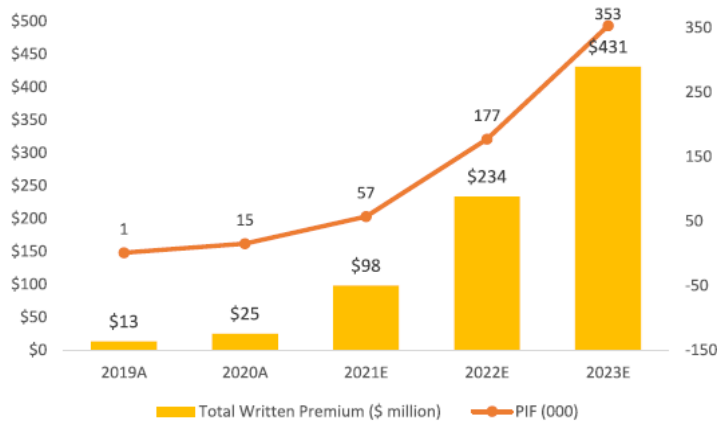


Includes Homeowners MP (Personal) + Allied (Commercial)
 Source: SNL, Raymond James Research

Source: Raymond James & Associates, Industry Report, September 3, 2021

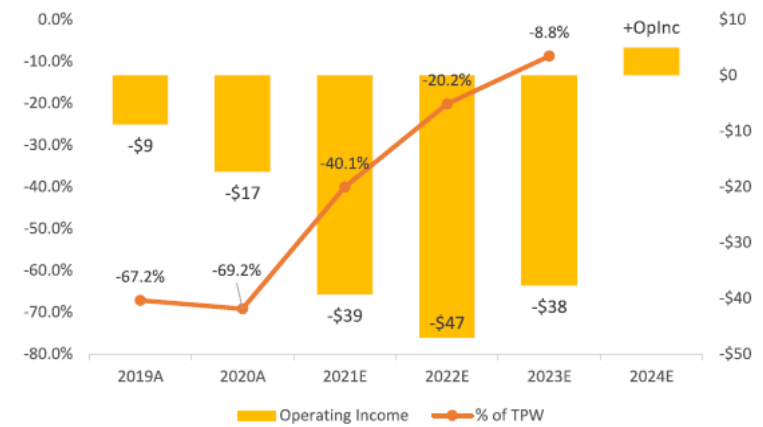
Insurtech Carriers – Growth is Critical

Kin Insurance, Inc. Top-Line Growth



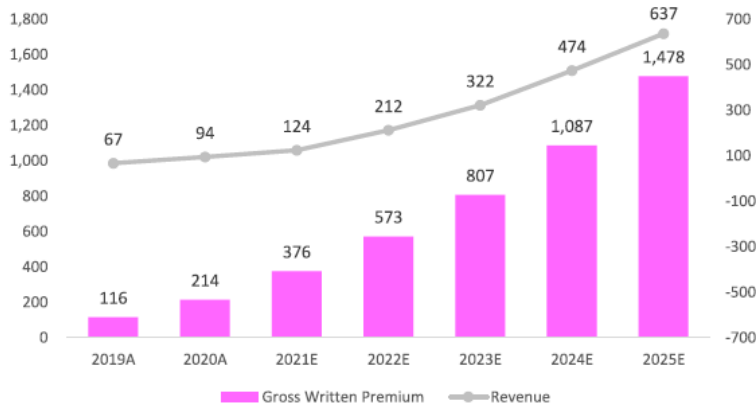
Source: Company Reports, Raymond James Research

Kin Insurance Operating Income



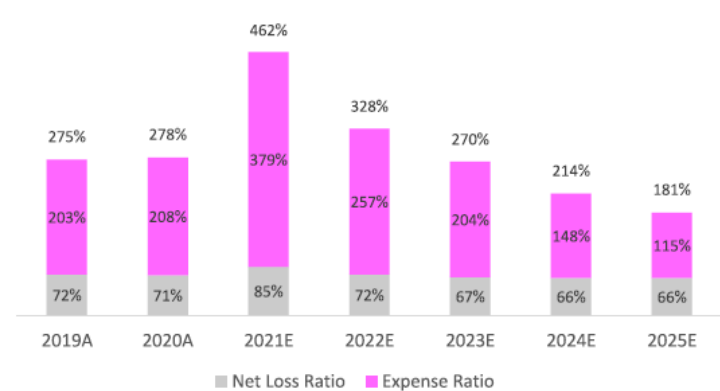
Source: Company Reports, Raymond James Research

LMND Top-Line Growth



Source: Visible Alpha, Raymond James Research

LMND Underwriting Performance



Source: Visible Alpha, Raymond James Research

Source: Raymond James & Associates, Industry Report, September 3, 2021