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Homeowners Choice, Inc.  
Form FWP  
March 02, 2011

**Filed Pursuant To Rule 433  
Issuer Free Writing Prospectus dated March 2, 2011  
Relating to Registration Statement on Form S-3  
Registration No. 333-165139**



## **Forward Looking Statements**

This presentation includes certain forward-looking statements and information, including statements regarding plans, strategies, and expectations of Homeowners Choice, Inc. When used in this presentation, words such as believes, anticipates, expects, estimates, or words of similar meaning are generally intended to identify forward-looking statements. All statements other than statements of historical fact included in this presentation are forward-looking statements. These forward-looking statements are subject to risks, uncertainties, assumptions, and other factors, many of which are beyond the control of Homeowners Choice Inc. Important factors that could cause actual results to differ materially from those expressed or implied by the forward-looking statements are described in the company's filings with the Securities and Exchange Commission, including within the Risk Factors section of the company's prospectus filed July 24, 2008 and its Annual Report on Form 10-K filed March 30, 2010.

## HCI Facts

Clearwater Florida-based property and casualty company

Raised \$13 million equity capital in April 2007

Began operations in July 2007

Raised \$10 million in July 2008 IPO

Book value per share increased to \$7.74 from \$2.43 in 3 years

Initiated quarterly dividend

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## **Our Business**

Homeowners Insurance

Condominium Owners Insurance

Renters Insurance

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## Current Status

59,000 policies \*

\$120 million in annualized  
premiums \*

Well positioned for significant  
growth via strategy that leverages  
management expertise and Florida  
regulatory programs

\* At 9/30/10

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## **The Florida Market Opportunity**

4.4 million in personal residential and condo owners policies

\$6.9 billion in premiums

Diminishing presence by certain competitors

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## Florida Major Hurricane History

<b>1964</b>	<b>None</b>	<b>1980</b>	<b>None</b>	<b>1996</b>	<b>None</b>
1965	1	<b>1981</b>	<b>None</b>	<b>1997</b>	<b>None</b>
<b>1966</b>	<b>None</b>	<b>1982</b>	<b>None</b>	<b>1998</b>	<b>None</b>
<b>1967</b>	<b>None</b>	<b>1983</b>	<b>None</b>	<b>1999</b>	<b>None</b>
<b>1968</b>	<b>None</b>	<b>1984</b>	<b>None</b>	<b>2000</b>	<b>None</b>
<b>1969</b>	<b>None</b>	1985	1	<b>2001</b>	<b>None</b>
<b>1970</b>	<b>None</b>	<b>1986</b>	<b>None</b>	<b>2002</b>	<b>None</b>
<b>1971</b>	<b>None</b>	<b>1987</b>	<b>None</b>	<b>2003</b>	<b>None</b>
<b>1972</b>	<b>None</b>	<b>1988</b>	<b>None</b>	2004	3
<b>1973</b>	<b>None</b>	<b>1989</b>	<b>None</b>	2005	2
<b>1974</b>	<b>None</b>	<b>1990</b>	<b>None</b>	<b>2006</b>	<b>None</b>
1975	1	<b>1991</b>	<b>None</b>	<b>2007</b>	<b>None</b>
<b>1976</b>	<b>None</b>	1992	1	<b>2008</b>	<b>None</b>
<b>1977</b>	<b>None</b>	<b>1993</b>	<b>None</b>	<b>2009</b>	<b>None</b>
<b>1978</b>	<b>None</b>	<b>1994</b>	<b>None</b>	<b>2010 -</b>	<b>None</b>
<b>1979</b>	<b>None</b>	1995	1		



## **Risk Transferred via Reinsurance**

New comprehensive reinsurance catastrophe program in June 2010

Small single event retention of approximately \$7 million

Coverage of approximately \$386 million is in excess of 1-in-100 year Probable Maximum Loss (PML)

All Reinsurers are either A.M. Best A- rated or fully collateralized

## **Progress**

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## 2009 Highlights

Gross premiums earned up 78% to \$110.0 million

Net premiums earned up 38% to \$65.3 million

Net income of \$10.9 million, or \$1.52 per share (diluted)

Profitable in Q3 and Q4 despite rising reinsurance costs

Cash, short-term and other liquid investments of \$92 million

Book value per share rose 29.7% to \$7.03

Repurchased approximately 452,000 shares through 12/31

## **Nine-month 2010 Highlights**

Gross premiums earned up 7% year over year at \$89.7 million

Cash, short-term and other liquid investments of \$111 million

Book value per share rose 10% to \$7.74 from year end 2009

Conservative investment portfolio

Repurchased 215,969 shares in first nine months

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## Looking Ahead

Growth opportunities include acquisition and/or organic growth

Recurring revenue stream of \$120M +

Anticipate improved 2011 profitability through policy optimization and reduced reinsurance costs

14% rate increase in effect from April 2010

Quarterly and annual dividend

Planned expansion into Alabama

## HCII Compared to Public Peers

<b>Public Peers</b>	<b>Ticker</b>	<b>Price 2/14/11</b>	<b>Market Cap (\$Mil)</b>	<b>EPS Q409</b>	<b>EPS Q110</b>	<b>EPS Q210</b>	<b>EPS Q310</b>	<b>Price/Book</b>
<b>Universal Insurance</b>	<b>UVE</b>	<b>5.88</b>	<b>230.29</b>	<b>(0.07)</b>	<b>0.21</b>	<b>0.27</b>	<b>0.36</b>	<b>1.66</b>
<b>21<sup>st</sup> Century Holding</b>	<b>TCHC</b>	<b>3.22</b>	<b>25.58</b>	<b>(0.93)</b>	<b>(0.12)</b>	<b>(0.30)</b>	<b>(0.16)</b>	<b>0.41</b>
<b>United Insurance</b>	<b>UIHC</b>	<b>2.95</b>	<b>31.19</b>	<b>(0.12)</b>	<b>(0.35)</b>	<b>0.02</b>	<b>(0.03)</b>	<b>0.83</b>
<b>Homeowners</b>								
<b>Choice</b>	<b>HCII</b>	<b>8.30</b>	<b>52.04</b>	<b>0.12</b>	<b>0.10</b>	<b>0.19</b>	<b>0.25</b>	<b>1.07</b>

Source: Yahoo Finance

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## Statistics

### HCI / HCIW

Nasdaq (Common/Warrants):

Recent Price (1/12/11) **\$8.30 (Warrants \$ 0.88)**

Market Cap: **\$ 52.04 Million\*\***

Range: **\$ 5.15 - \$ 9.15**

Shares Outstanding: **6.2 Million\*\***

Fully Diluted Shares: **6.7 Million\***

Book Value: **\$ 7.74\***

Inside Ownership: **30%\*\***

Cash, Short-term & Other Liquid  
Investments: **\$ 111 Million**

Revenue TTM: **\$ 59.4 Million**

**\$ 0.66\***

**Diluted EPS TTM:**

**Price Book:** **1.07x**

**P/E TTM:** **12.75x**

\* At 9/30/10

\*\* Approximately

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## Thank You

### Office Location

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### Investor Information

Direct all inquiries for investor relations information, including copies of the Company's Form 10-K and other reports filed with the SEC, to: Jay Madhu

Vice President Marketing and Investor Relations

Homeowners Choice, Inc.

2340 Drew Street, Suite 200

Clearwater, FL 33765

Phone: (727) 213-3660

[jmadhu@hcpci.com](mailto:jmadhu@hcpci.com)

### Independent Registered Public Accounting Firm

Hacker, Johnson & Smith PA  
Tampa, Florida

### Registrar and Transfer Agent

American Stock Transfer and Trust Company  
6201 15th Avenue

Brooklyn, NY 11219

Tel (800) 937-5449

The issuer has filed a registration statement (including a prospectus) with the Securities and Exchange Commission ( SEC ) for the offering to which this communication relates. Before you invest, you should read the prospectus in that registration statement and other documents that the issuer has filed with the SEC for more complete information about the issuer and this offering. You may obtain these documents for free by visiting EDGAR on the SEC web site at [www.sec.gov](http://www.sec.gov). Alternatively, a written prospectus related to the offering may be obtained from Anderson & Strudwick, Incorporated, the placement agent in the offering, by calling 1-800-767-2424.