SECURITIES & EXCHANGE COMMISSION EDGAR FILING

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549

Form 10-Q

x QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2009

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission File Number

001-34126

Homeowners Choice, Inc.

(Exact name of Registrant as specified in its charter)

Florida	**20-5961396**
(State of Incorporation)	***(IRS Employer Identification No.)***

2340 Drew Street, Suite 200
Clearwater, FL 33765
(Address, including zip code of principal executive offices)

(727) 213-3600
(Registrant's telephone number, including area code)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No ☐

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes ☐ No ☐

Indicate by check mark whether the Registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer ☐	Accelerated filer ☐
Non-accelerated filer ☐	Smaller reporting company x

Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes ☐ No x

The aggregate number of shares of the Registrant's Common Stock, no par value, outstanding on May 8, 2009 was 6,870,852.

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

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PART I – FINANCIAL INFORMATION

ITEM 1 – *FINANCIAL STATEMENTS*

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets
(Dollars in thousands)

	At March 31, 2009 (Unaudited)	At December 31, 2008
Assets		
Cash and cash equivalents	$ 79,493	81,060
Short-term investments	33,762	27,582
Accrued interest and dividends receivable	64	63
Premiums receivable	29,403	5,021
Note receivable	450	450
Ceded reinsurance balances receivable	—	157
Prepaid reinsurance premiums	5,393	7,122
Deferred policy acquisition costs	9,887	6,292
Property and equipment, net	183	267
Deferred income taxes	2,997	3,563
Other assets	184	412
Total assets	$ 161,816	131,989
Liabilities and Stockholders' Equity		
Losses and loss adjustment expenses	18,659	14,763
Unearned premiums	75,285	67,219
Ceded reinsurance balances payable	9,906	6,136
Accrued expenses	5,054	1,535
Income taxes payable	7,986	4,704
Other liabilities	1,141	239
Total liabilities	118,031	94,596
Stockholders' equity:		
Preferred stock (no par value 20,000,000 shares authorized, no shares issued or outstanding)	—	—
Common stock, (no par value, 40,000,000 shares authorized, 6,893,607 and 6,892,668 shares issued and outstanding at March 31, 2009 and December 31, 2008, respectively)	—	—
Additional paid-in capital	23,891	23,783
Retained earnings	19,894	13,610
Total stockholders' equity	43,785	37,393
Total liabilities and stockholders' equity	$ 161,816	131,989

See accompanying Notes to Condensed Consolidated Financial Statements.

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Earnings
(Unaudited)
(Dollars in thousands, except per share amounts)

	Three Months Ended March 31,	
	2009	2008
Revenue		
Net premiums earned	$21,330	10,441
Net investment income	358	346
Other	635	119
Total revenue	22,323	10,906
Expenses		
Losses and loss adjustment expenses	10,022	2,274
Policy acquisition and other underwriting expenses	1,100	1,612
Other operating expenses	1,064	704
Total expenses	12,186	4,590
Income before income taxes	10,137	6,316
Income taxes	3,853	2,392
Net income	$ 6,284	3,924
Basic earnings per share	$ .91	.76
Diluted earnings per share	$ .87	.76
Dividends per share	$ —	—

See accompanying Notes to Condensed Consolidated Financial Statements.

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Cash Flows
(Unaudited)
(Dollars in thousands)

	Three Months Ended March 31,	
	2009	2008
Cash flows from operating activities:		
Net income	$ 6,284	3,924
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	121	108
Depreciation and amortization	13	—
Loss on disposal of property and equipment	82	—
Deferred income taxes (benefit)	566	(202)
Changes in operating assets and liabilities:		
Premiums receivable	(24,382)	(3,102)
Ceded reinsurance balances receivable	157	(349)
Prepaid reinsurance premiums	1,729	—
Accrued interest and dividends receivable	(1)	(40)
Other assets	228	(301)
Ceded reinsurance balances payable	3,770	202
Deferred policy acquisition costs	(3,595)	(1,523)
Losses and loss adjustment expenses	3,896	1,160
Unearned premiums	8,066	9,591
Income taxes payable	3,282	1,316
Accrued expenses and other liabilities	4,421	789
Net cash provided by operating activities	4,637	11,573
Cash flows from investing activities:		
Purchase of property and equipment, net	(11)	3
Purchase of short-term investments, net	(6,180)	(8,020)
Net cash used in investing activities	(6,191)	(8,017)
Cash flows from financing activities:		
Proceeds from the exercise of common stock options	20	—
Repurchases of common stock	(37)	—
Excess tax benefit from common stock options exercised	4	—
Net cash used in financing activities	(13)	—
Net (decrease) increase in cash and cash equivalents	(1,567)	3,556
Cash and cash equivalents at beginning of period	81,060	15,729
Cash and cash equivalents at end of period	$ 79,493	19,285
Supplemental disclosure of cash flow information:		
Cash paid for income taxes	$ —	1,278
Cash paid for interest	$ —	—

See accompanying Notes to Condensed Consolidated Financial Statements.

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Condensed Consolidated Statement of Stockholders' Equity

Three Months Ended March 31, 2009

(Dollars in thousands)

	Common stock		Additional Paid-In Capital	Retained Earnings	Total
	Shares	Amount			
Balance at December 31, 2008	6,892,668	$ —	23,783	13,610	37,393
Net income	—	—	—	6,284	6,284
Excess tax benefit from stock options exercised	—	—	4	—	4
Repurchases and retirement of common stock	(7,061)	—	(37)	—	(37)
Exercise of stock options	8,000	—	20	—	20
Stock-based compensation	—	—	121	—	121
Balance at March 31, 2009	6,893,607	$ —	23,891	19,894	43,785

See accompanying Notes to Condensed Consolidated Financial Statements.

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements
(unaudited)

Note 1 – Basis of Presentation

The accompanying unaudited, condensed consolidated financial statements for Homeowners Choice, Inc. and its subsidiaries (collectively, the "Company"), which consist of Homeowners Choice Property & Casualty Insurance Company, Inc. ("HCPC"), Homeowners Choice Managers, Inc., Southern Administration, Inc., and Claddaugh Casualty Insurance Company, Ltd. ("Claddaugh"), have been prepared in accordance with accounting principles generally accepted in the United States of America ("GAAP") for interim financial information, and the Securities and Exchange Commission ("SEC") rules for interim financial reporting. Certain information and footnote disclosures normally included in financial statements prepared in accordance with GAAP have been condensed or omitted pursuant to such rules and regulations. However, in the opinion of management, the accompanying financial statements reflect all normal recurring adjustments necessary to present fairly the Company's financial position as of March 31, 2009 and the results of operations and cash flows for the periods presented. The results of operations for the interim periods presented are not necessarily indicative of the results of operations to be expected for any subsequent interim period or for the fiscal year ending December 31, 2009. The accompanying unaudited condensed consolidated financial statements and notes thereto should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2008 included in the Company's Form 10-K, which was filed with the SEC on March 13, 2009.

In preparing the interim unaudited condensed consolidated financial statements, management was required to make certain estimates and assumptions that affect the reported amounts of assets, liabilities, revenues, expenses and related disclosures at the financial reporting date and throughout the periods being reported upon. Certain of the estimates result from judgments that can be subjective and complex and consequently actual results may differ from these estimates.

Material estimates that are particularly susceptible to significant change in the near-term relate to the determination of loss and loss adjustment expense reserves, reinsurance balances payable, the recoverability of deferred policy acquisition costs, the determination of federal income taxes, and the net realizable value of reinsurance recoverables. Although considerable variability is inherent in these estimates, management believes that the amounts provided are reasonable. These estimates are continually reviewed and adjusted as necessary. Such adjustments are reflected in current operations.

All significant intercompany balances and transactions have been eliminated.

(continued)

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements, Continued
(unaudited)

Note 2 – Recent Accounting Pronouncements

In December 2007, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 141(R), *Business Combinations* ("SFAS 141(R)"). SFAS 141(R) is effective for fiscal years beginning after December 15, 2008 and early implementation is not permitted. SFAS 141(R) requires the acquiring entity in a business combination to recognize all (and only) the assets acquired and liabilities assumed in the transaction; establishes the acquisition date fair value as the measurement objective for all assets acquired and liabilities assumed; and requires the acquirer to disclose to investors and other users all of the information they need to evaluate and understand the nature and financial effect of the business combination. Acquisition related costs including finder's fees, advisory, legal, accounting valuation and other professional and consulting fees are required to be expensed as incurred. The impact of adoption had no effect on the Company's consolidated financial statements.

In December 2007, the FASB issued SFAS No.160, *Noncontrolling Interests in Consolidated Financial Statements* ("SFAS 160"). SFAS 160 requires the Company to establish accounting and reporting standards for the noncontrolling interest in a subsidiary and for the deconsolidation of a subsidiary. This Statement is effective for fiscal years, and interim periods within those fiscal years, beginning on or after December 15, 2008 and earlier adoption is prohibited. The impact of adoption had no effect on the Company's consolidated financial statements.

In February 2008, the Financial Accounting Standards Board ("FASB") issued FASB Staff Position No. FAS 157-2, "*Effective Date of FASB Statement No. 157*" ("FSP FAS 157-2"). FSP FAS 157-2 delays the effective date of FAS 157 for all nonfinancial assets and nonfinancial liabilities, except those that are recognized or disclosed at fair value on a recurring basis (at least annually) to fiscal years beginning after November 15, 2008. The impact of adoption had no effect on the Company's consolidated financial statements.

In March 2008, the FASB issued SFAS No. 161, "*Disclosures about Derivative Instruments and Hedging Activities – an amendment of FASB Statement No. 133*" ("SFAS 161"). SFAS 161 changes the disclosure requirements for derivative instruments and hedging activities. Entities are required to provide enhanced disclosures about a) how and why an entity uses derivative instruments, b) how derivative instruments and related hedged items are accounted for under Statement 133 and its related interpretations, and c) how derivative instruments and related hedged items affect an entity's financial position, financial performance, and cash flows. Companies are required to adopt SFAS 161 for fiscal years beginning after November 15, 2008. The impact of adoption had no effect on the Company's consolidated financial statements.

(continued)

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued
(unaudited)

Note 2 – Recent Accounting Pronouncements, continued

In May 2008, the FASB issued FASB Statement No. 163 ("SFAS 163"), "*Accounting for Financial Guarantee Insurance Contracts*," an interpretation of SFAS Statement No. 60. SFAS 163 requires that an insurance enterprise recognizes a claim liability prior to an event of default (insured event) when there is evidence that credit deterioration has occurred in an insured financial obligation. SFAS 163 also clarifies how Statement 60 applies to financial guarantee insurance contracts, including the recognition and measurement to be used to account for premium revenue and claim liabilities. Those clarifications will increase comparability in financial reporting of financial guarantee insurance contracts by insurance enterprises. SFAS 163 also requires expanded disclosures about financial guarantee insurance contracts. SFAS 163 is effective for financial statements issued for fiscal years and interim periods beginning after December 15, 2008. The impact of adoption had no effect on the Company's consolidated financial statements.

In May 2008, the FASB issued SFAS No. 162, "*The Hierarchy of Generally Accepted Accounting Principles*" ("SFAS 162"). SFAS 162 identifies the sources of accounting principles and the framework for selecting the principles to be used in the preparation of financial statements of nongovernmental entities that are presented in conformity with GAAP in the United States (the GAAP hierarchy). The FASB concluded that the GAAP hierarchy should reside in the accounting literature established by the FASB and issued SFAS 162 to achieve that result. SFAS 162 is effective 60 days following the SEC's approval of the Public Company Accounting Oversight Board amendments to AU Section 411, "The Meaning of Present Fairly in Conformity With Generally Accepted Accounting Principles." Management does not anticipate the pending adoption will have a material effect on the Company's consolidated financial condition or results of operations.

In December 2008, the FASB issued SFAS No. 140-4 and FASB Interpretation No. 46(R)-8, "Disclosures by Public Entities (Enterprises) about Transfers of Financial Assets and Interests in Variable Interest Entities (SFAS 140-4 and FIN 46(R)-8)." SFAS 140-4 and FIN 46(R)-8 requires public entities to provide additional disclosures about transfers of financial assets and their involvement with variable interest entities. SFAS 140-4 and FIN 46(R)-8 is effective for financial statements issued for any reporting period ending after December 15, 2008. The impact of adoption had no effect on the Company's consolidated financial statements.

(continued)

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued
(unaudited)

Note 3 – Reinsurance

The Company cedes a portion of its homeowners insurance exposure to other entities under catastrophe excess of loss reinsurance treaties. The Company remains liable with respect to claims payments in the event that any of the reinsurers are unable to meet their obligations under the reinsurance agreements. Thus, the Company continually monitors the financial condition of its reinsurers and periodically confirms the credit rating of its reinsurers by inquiry of and discussion with its reinsurance brokers.

The impact of the catastrophe excess of loss reinsurance treaties on premiums written and earned is as follows (dollars in thousands):

	Three Months Ended March 31,	
	2009	2008
Premiums Written		
Direct	$41,157	8,629
Assumed	(2,754)	12,924
Gross written	38,403	21,553
Ceded	(9,007)	(1,521)
Net premiums written	29,396	20,032
Premiums Earned		
Direct	$ 9,573	1,141
Assumed	20,764	10,821
Gross earned	30,337	11,962
Ceded	(9,007)	(1,521)
Net premiums earned	$21,330	10,441

During the three months ended March 31, 2009 and 2008, there were no recoveries pertaining to reinsurance contracts that were deducted from losses incurred. At March 31, 2009, prepaid reinsurance premiums related to excess catastrophe reinsurance treaties. At March 31, 2009, there were no amounts receivable with respect to reinsurers. Thus, there were no concentrations of credit risk associated with reinsurance receivables and prepaid reinsurance premiums as of March 31, 2009.

(continued)

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Notes to Consolidated Financial Statements, Continued
(unaudited)

Note 4 – Losses and Loss Adjustment Expenses

The liability for losses and loss adjustment expenses ("LAE") is determined on an individual case basis for all claims reported. The liability also includes amounts for unallocated expenses, anticipated future claim development and losses incurred, but not reported.

Activity in the liability for unpaid losses and LAE is summarized as follows (dollars in thousands):

	Three Months Ended March 31,	
	2009	2008
Balance, beginning of period	$14,894	$ 1,688
Less reinsurance recoverables	(131)	—
Net balance – beginning of period	14,763	1,688
Incurred related to:		
Current period	10,368	2,821
Prior period	(346)	(547)
Total incurred	10,022	2,274
Paid related to:		
Current period	(2,279)	(556)
Prior period	(3,847)	(558)
Total paid	(6,126)	(1,114)
Balance, end of period	$18,659	2,848

The Company writes insurance in the State of Florida, which could be exposed to hurricanes or other natural catastrophes. Although the occurrence of a major catastrophe could have a significant effect on our monthly or quarterly results of operations, the Company believes that such an event would not be so material as to disrupt the overall normal operations of the Company. However, the Company is unable to predict the frequency or severity of any such events that may occur in the near term or thereafter.

Note 5 – Income Taxes

During the three months ended March 31, 2009 and 2008, the Company recorded approximately $3.9 million and $2.4 million of income tax expense, respectively, which resulted in estimated annual effective tax rates of approximately 38.0% for 2009 and 37.9% for 2008. The Company's estimated annual effective tax rate differs from the statutory federal income tax rate due to state income taxes, stock-based compensation and other nondeductible items.

(continued)

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements, Continued
(unaudited)

Note 6 – Earnings Per Share

Basic earnings per share is computed on the basis of the weighted-average number of common shares outstanding. Diluted earnings per share is computed based on the weighted-average number of shares outstanding and reflects the assumed exercise or conversion of dilutive securities, such as stock options and warrants, computed using the treasury stock method. A summary of the numerator and denominator of the basic and fully diluted earnings per share is presented below (dollars and shares in thousands, except per share amounts):

	Three Months Ended March 31,	
	2009	2008
Numerator -		
Net earnings	$ 6,284	3,924
Denominator:		
Weighted average shares - basic	6,894	5,182
Effect of dilutive securities:		
Stock options	361	—
Shares issuable upon conversion of warrants	—	—
Weighted average shares - diluted	7,255	5,182
Earnings per share–basic	$ .91	.76
Earnings per share–diluted	$ .87	.76

For the three months ended March 31, 2009, there were 40,000 options and 1,771,668 warrants to purchase an aggregate of 978,334 shares of common stock excluded from the computation of diluted earnings per share because the exercise price of $7.00 specific to the options and $9.10 specific to the warrants exceeded the average market price of the Company's common stock.

Note 7 – Stockholders' Equity

Reverse Common Stock Split

On May 29, 2008, the Company effected a 1 for 2.50 reverse split of its issued and outstanding common stock. The accompanying consolidated financial statements, notes and other references to share and per share data have been retroactively restated to reflect the reverse stock split for all periods presented.

(continued)

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements, Continued
(unaudited)

Note 7 – Stockholders' Equity, continued

Common Stock

On July 24, 2008, the Company completed the sale of 1,666,668 units consisting of one share of the Company's common stock and one warrant. Two warrants may be exercised to acquire one share of common stock at an exercise price equal to $9.10 per share on or before July 30, 2013. In addition, the Company's placement agents with respect to the offering received an aggregate of 166,666 warrants to purchase 166,666 shares of common stock at an exercise price of $9.10 per share. These placement agent warrants are exercisable beginning on January 27, 2009 through their expiration date of July 30, 2013. In December 2008, a total of 61,666 of the placement agent warrants were forfeited. Thus, the Company has reserved 938,334 shares of common stock for issuance upon exercise of the warrants. At any time after January 30, 2009 and before the expiration of the warrants, the Company at its option may cancel the warrants in whole or in part, provided that the closing price per share of the Company's common stock has exceeded $11.38 for at least ten trading days within any period of twenty consecutive trading days, including the last trading day of the period. The placement agents also have the option to effect a cashless exercise in which the warrants would be exchanged for the number of shares which is equal to the intrinsic value of the warrant divided by the current value of the underlying shares.

Effective March 18, 2009, the Company's Board of Directors authorized a plan to repurchase up to $3.0 million (inclusive of commissions) of the Company's common shares. The repurchase plan permits the Company to repurchase shares from time to time through March 19, 2010. The shares may be purchased for cash in open market purchases, block transactions and privately negotiated transactions in accordance with applicable federal securities laws. The share repurchase plan may be modified, suspended, terminated or extended by the Company any time without prior notice. During the quarter ended March 31, 2009, the Company repurchased and retired a total of 7,061 shares at an average price of $5.19 per share and a total cost, inclusive of fees and commissions, of $37,000, or $5.24 per share, under this authorized repurchase program. At March 31, 2009, a total of $2,963,000 is available in connection with this plan.

(continued)

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements, Continued
(unaudited)

Note 8 – Stock-Based Compensation

Stock Option Plan

The Company accounts for stock-based compensation under the fair value recognition provisions of SFAS No. 123-R, "Share-Based Payment."

The Company's 2007 Stock Option and Incentive Plan (the "Plan") provides for granting of stock options to employees, directors, consultants, and advisors of the Company. Under the Plan, options may be granted to purchase a total of 6,000,000 shares of the Company's common stock. At March 31, 2009, options to purchase 4,810,000 shares are available for grant under the Plan. The options vest over periods ranging from immediately vested to five years and are exercisable over the contractual term of ten years.

A summary of the activity in the Company's stock option plan is as follows (dollars in thousands, except per share amounts):

	Number of Options	Weighted-Average Exercise Price	Weighted-Average Remaining Contractual Term	Aggregate Intrinsic Value
Outstanding at December 31, 2008	1,146,000	$ 2.66		
Exercised	(8,000)	2.50		
Outstanding at March 31, 2009	1,138,000	$ 2.66	8.2 years	$ 3,063
Exercisable at March 31, 2009	626,000	$ 2.50	8.2 years	$ 1,747

No options were granted during the three months ended March 31, 2009 and 2008.

At March 31, 2009, there was approximately $548,000 of total unrecognized compensation expense related to nonvested stock-based compensation arrangements granted under the plan, which the Company expects to recognize over a weighted-average period of eighteen (18) months. The total fair value of shares vesting and recognized as compensation expense was approximately $121,000 and $108,000, respectively, for the three months ended March 31, 2009 and 2008 and the associated income tax benefit recognized was $43,000 and $37,000 respectively. The total intrinsic value of options exercised during the quarter ended March 31, 2009 was $22,000 and the income tax benefit recognized was $4,000.

(continued)

HOMEOWNERS CHOICE, INC. AND SUBSIDIARIES

Notes to Condensed Consolidated Financial Statements, Continued
(unaudited)

Note 9 – Deferred policy acquisition costs

Deferred policy acquisition costs incurred and amortized are as follows (dollars in thousands):

	Three Months Ended March 31,	
	2009	2008
Balance, beginning of period	$ 6,292	$ 3,163
Costs deferred during the period	6,358	3,435
Amortization charged to expense	(2,763)	(1,912)
Balance, end of period	$ 9,887	4,686

Report by Independent Registered Public Accounting Firm

Hacker, Johnson & Smith, PA, the Company's independent registered public accounting firm, has made a limited review of the financial data as of March 31, 2009, and for the three month periods ended March 31, 2009 and 2008 presented in this document, in accordance with standards established by the Public Company Accounting Oversight Board.

Their report furnished pursuant to Article 8-03 of Regulation S-X is included herein.

Report of Independent Registered Public Accounting Firm

Homeowners Choice, Inc.
Clearwater, Florida:

We have reviewed the accompanying condensed consolidated balance sheet of Homeowners Choice, Inc. and Subsidiaries (the "Company") as of March 31, 2009, and the related condensed consolidated statements of earnings and cash flows for the three-month periods ended March 31, 2009 and 2008, and the condensed consolidated statement of stockholders' equity for the three month period ended March 31, 2009. These interim condensed financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the accompanying interim condensed consolidated financial statements for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with the standards of the Public Company Accounting Oversight Board, the consolidated balance sheet as of December 31, 2008, and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended (not presented herein); and in our report dated March 10, 2009, we expressed an unqualified opinion on those financial statements. In our opinion, the information set forth in the accompanying condensed consolidated balance sheet as of March 31, 2009, is fairly stated, in all material respects, in relation to the consolidated balance sheet from which it has been derived.

/s/ Hacker, Johnson & Smith PA

HACKER, JOHNSON & SMITH PA
Tampa, Florida
May 7, 2009

ITEM 2 – *MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS*

You should read the following discussion in conjunction with our condensed consolidated financial statements and related notes and information included under this Item 2 and elsewhere in this quarterly report on Form 10-Q and in our Form 10-K filed with the Securities and Exchange Commission ("SEC") on March 13, 2009. Unless the context requires otherwise, as used in this Form 10-Q, the terms "HCI," "we," "us," "our," "the Company," "our company," and similar references refer to Homeowners Choice, Inc. and its subsidiaries.

Forward-Looking Statements

In addition to historical information, this quarterly report contains forward-looking statements as defined under federal securities laws. Such statements involve risks and uncertainties, such as statements about our plans, objectives, expectations, assumptions or future events. These statements involve estimates, assumptions, known and unknown risks, uncertainties and other factors that could cause actual results to differ materially from any future results, performances or achievements expressed or implied by the forward-looking statements. Typically, forward-looking statements can be identified by terminology such as "anticipate," "estimate," "plan," "project," "continuing," "ongoing," "expect," "believe," "intend," "may," "will," "should," "could," and similar expressions. Among the important factors that could cause actual results to differ materially from those indicated by such forward-looking statements include but are not limited to the effect of governmental regulation; changes in insurance regulations; the frequency and extent of claims; uncertainties inherent in reserve estimates; catastrophic events; a change in the demand for, pricing of, availability or collectability of reinsurance; restrictions on our ability to change premium rates; increased rate pressure on premiums; changing rates of inflation; and other risks and uncertainties detailed herein and from time to time in our SEC reports.

OVERVIEW

General

Homeowners Choice, Inc. is a property and casualty insurance holding company incorporated in Florida in 2006. Through our subsidiaries, we provide property and casualty homeowners' insurance, condominium-owners' insurance, and tenants' insurance to individuals owning property in Florida. We offer these insurance products at competitive rates, while pursuing profitability using selective underwriting criteria. Our principal revenues are premiums and investment income. Our principal expenses are claims from policyholders and policy acquisition and other underwriting expenses. As of March 31, 2009, we had total assets of $161.8 million and stockholders' equity of $43.8 million. Our net income was approximately $6.3 million, or $.87 per diluted share, for the three months ended March 31, 2009. Our book value per share increased to $6.35 as of March 31, 2009 compared to $5.43 as of December 31, 2008.

We began operations in June of 2007 by participating in a "take-out program" through which we assumed insurance policies held by Citizens Property Insurance Corporation ("Citizens"), a Florida state-supported insurer. The take-out program is a legislatively mandated program designed to reduce the state risk exposure by encouraging private companies to assume policies from Citizens. Since inception, we have assumed approximately 88,000 property and casualty insurance policies

from Citizens, of which approximately 64,000 remain in force at May 14, 2009. These policies were assumed in six separate assumption transactions which took place in July 2007, November 2007, February 2008, June 2008, October 2008, and December 2008 and account for substantially all of our premium revenue since inception. From our inception through March 31, 2009, Citizens retained 6% of the written premium for the policies that we assumed, which is included in our policy acquisition costs. Our existing policies represent approximately $120 million in annualized premiums.

Citizens requires us to offer renewals on the policies we acquire for a period of three years subsequent to the initial expiration of the assumed policies. We are required to offer these renewals at rates that are equivalent to or less than rates charged by Citizens. The policyholders have the option to renew with us or they may ask their agent to place their coverage with another insurance company. They may also elect to return to Citizens prior to the policy renewal date. We strive to retain these policies by offering competitive rates to our policyholders, which may be below the rates we initially charged in our take-out program as Citizens does not receive any portion of the renewal premium and, additionally, we expect our internal costs to renew the policy to be less than the original acquisition costs.

We face various challenges to implementing our operating and growth strategies. Since we write policies that cover Florida homeowners, condominium owners, and tenants, we cover losses that may arise from, among other things, catastrophes, which could have a significant effect on our business, results of operations, and financial condition. Even without catastrophic events, we may incur losses and loss adjustment expenses that deviate substantially from our estimates and that may exceed our reserves, in which case our net income and capital would decrease. Our operating and growth strategies may also be impacted by regulation and supervision of our business by the State of Florida, which must approve our policy forms and premium rates as well as monitor our insurance subsidiary’s ability to meet all requirements for regulatory compliance. Additionally, we compete with large, well-established insurance companies as well as other specialty insurers that, in most cases, possess greater financial resources, larger agency networks, and greater name recognition than we do.

RESULTS OF OPERATIONS

The following table summarizes our results of operations for the three months ended March 31, 2009 and 2008 (dollars in thousands, except per share amounts):

	Three Months Ended March 31,	
	2009	2008
Operating Revenue		
Net premiums earned	$21,330	10,441
Net investment income	358	346
Other Income	635	119
Total operating revenue	22,323	10,906
Operating Expenses		
Losses and loss adjustment expenses	10,022	2,274
Policy acquisition and other underwriting expenses	1,100	1,612
Other operating expenses	1,064	704
Total operating expenses	12,186	4,590
Income before income taxes	10,137	6,316
Income taxes	3,853	2,392
Net income	$ 6,284	3,924
Loss Ratio	46.99%	21.78%
Expense Ratio	10.14%	22.18%
Combined Ratio	57.13%	43.96%
Per Share Data:		
Basic earnings per share	$ .91	$ .76
Diluted earnings per share	$ .87	$ .76

Comparison of the Three Months Ended March 31, 2009 to the Three Months Ended March 31, 2008

Our results of operations for the three months ended March 31, 2009 reflect net income of $6,284,000, or $.87 earnings per diluted share, compared to net income of $3,924,000, or $.76 per diluted share, for the three months ended March 31, 2008. Our insurance operations began in July 2007. Thus, our 2008 results of operations include only the three assumption transactions whereas our results of operations for the three months ended March 31, 2009 reflect the results of six assumption transactions.

Revenue

Net Premiums Earned of $21.3 million for the three months ended March 31, 2009 reflect the revenue from policies assumed from Citizens in connection with six separate assumption transactions, and the revenue on the renewal of these policies, reduced by the appropriate reinsurance costs. In comparison, net premiums earned of $10.4 million for the three months ended March 31, 2008 reflect only those revenues from policies assumed from Citizens in three assumption transactions, reduced by the appropriate reinsurance costs. Net Premiums Written during the three months ended March 31, 2009 and 2008 totaled $29.4 million and $20.0 million, respectively.

Net Premiums Written is a non-GAAP financial measure representing the premiums charged on policies issued during a fiscal period less any applicable reinsurance costs. Net Premiums Written is a statutory measure designed to determine production levels. Net Premiums Earned is the most directly comparable GAAP measure and represents the portion of Net Premiums Written that is recognized as revenue in the financial statements for the year.

The following is a reconciliation of our total Net Premiums Written to Net Premiums Earned for the three months ended March 31, 2009 and 2008 (dollars in thousands):

	Three Months Ended March 31,	
	2009	2008
Net Premiums Written	$29,396	20,032
Increase in Unearned Premiums	(8,066)	(9,591)
Net Premiums Earned	$21,330	10,441

Net Investment Income for the three months ended March 31, 2009 and 2008 of $358,000 and $346,000, respectively, is specific to our investment in certificates of deposit and money market accounts. Such investments and the related investment income have increased primarily as the result of incremental premiums we have collected and invested following each assumption transaction. However, the increase in our investment income in 2009 was offset by a decline in short-term interest rates.

Other Income for the three months ended March 31, 2009 and 2008 of $635,000 and $119,000, respectively, primarily reflects the policy fee income we earn with respect to our issuance of renewal policies.

Expenses

Losses and Loss Adjustment Expenses for the three months ended March 31, 2009 and 2008 of $10.0 million and $2.3 million, respectively, reflects the impact of incurred claims, case reserve strengthening, and development of incurred but not reported losses. The increase in 2009 is primarily attributable to an increase in actual claims incurred and, as a result, we have also strengthened our case reserves and reserves for incurred but not reported losses in 2009 as compared to 2008. The increase in claims and related reserves is reflective of our increased policies in force and insured exposures. Our policy volume has grown from approximately 23,000 as of March 31, 2008 to approximately 64,000 policies as of March 31, 2009.

Policy Acquisition and Other Underwriting Expenses for the three months ended March 31, 2009 and 2008 of $1.1 million and $1.6 million, respectively, primarily reflect the amortization of deferred acquisition costs, commissions payable to agents for production of policies, and premium taxes and policy fees. The decrease in 2009 is primarily attributable to a decrease in the commission rate specific to policies assumed from Citizens. The rate applicable to the quarter ended March 31, 2008 was 16% compared to 6% applicable to the quarter ended March 31, 2009. This decrease in assumed commissions was offset in part by increases in our commissions specific to renewal business as such renewal commission rates are generally between 8.5% and 10.0%. We have renewed significantly more policies in 2009 than in 2008. In addition, we experienced increases in our premium taxes and other underwriting expenses in 2009, which are directly attributable to the increase in renewal policy volume.

Other Operating Expenses for the three months ended March 31, 2009 and 2008 were $1,064,000 and $704,000, respectively. Such expenses include administrative compensation and related benefits, corporate insurance, professional fees, office lease and related expenses, information system expense, and other general and administrative costs. The increase is primarily attributable to increases in 2009 for professional services fees, administrative compensation and related benefits, and net other operating expenses of $108,000, $105,000 and 147,000, respectively. The increase attributable to compensation and related benefits relates primarily to new employees hired to manage the increase in our policy volume. As of March 31, 2009, we have 36 employees compared to 14 employees as of March 31, 2008.

Income Taxes for the three months ended March 31, 2009 and 2008 were $3,853,000 and $2,392,000, respectively, for state and federal income taxes resulting in an effective tax rate of 38.0% for 2009 and 37.9% for 2008.

Ratios:

The loss ratio (GAAP basis) applicable to the three months ended March 31, 2009 (loss and loss adjustment expenses related to premiums earned) was 46.99% compared to 21.78% for the three months ended March 31, 2008. The increase in 2009 is primarily attributable to an increase in actual claims incurred and, as a result, we have also strengthened our case reserves and reserves for incurred but not reported losses in 2009 as compared to 2008. The increase in claims and related reserves is reflective of our increased policies in force and insured exposures. Our policy volume has grown from approximately 23,000 as of March 31, 2008 to approximately 64,000 policies as of March 31, 2009.

The expense ratio (GAAP basis) applicable to the three months ended March 31, 2009 (policy acquisition and other underwriting expenses related to premiums earned plus compensation, employee benefits, and other operating expenses) was 10.14% compared to 22.18% for the three months ended March 31, 2008. A portion of our administrative expenses are fixed and do not fluctuate significantly as our revenue increases. Thus, we have experienced an improvement in our expense ratio primarily as a result of our revenue growth over the past year.

The combined loss and expense ratio (GAAP basis) is the key measure of underwriting performance traditionally used in the property and casualty industry. A combined ratio under 100.00% generally reflects profitable underwriting results. A combined ratio over 100.00% generally reflects unprofitable underwriting results. Our combined ratio for the three months ended March 31, 2009 was 57.13% compared to 43.96% for the three months ended March 31, 2008.

Seasonality of Our Business

We expect to experience increases in our losses and loss adjustment expenses during the period from June 1 through November 30 each year as this period is typically the period during which hurricanes and other tropical storms occur. As a result of such seasonal variations in our reported losses, we anticipate our operating profits during the period from June 1 through November 30 each year will be negatively impacted by an increase in losses and loss adjustment expenses. Conversely, we expect more favorable operating results during the period from December 1 through May 31 each year.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, our liquidity requirements have been met through issuance of our common stock and funds from operations. We expect our future liquidity requirements will be met by funds from operations, primarily the cash received by our insurance subsidiary from premiums earned and investment income.

Our insurance subsidiary requires liquidity and adequate capital to meet ongoing obligations to policyholders and claimants and to fund operating expenses. In addition, we attempt to maintain adequate levels of liquidity and surplus to manage any differences between the duration of our liabilities and invested assets. In the insurance industry, cash collected for premiums from policies written is invested, interest and dividends are earned thereon, and loss and settlement expenses are paid out over a period of years. This period of time varies by the circumstances surrounding each claim. A substantial portion of our losses and loss expenses are fully settled and paid within 90 days of the claim receipt date. Additional cash outflow occurs through payments of underwriting costs such as commissions, taxes, payroll, and general overhead expenses.

We believe that we maintain sufficient liquidity to pay our insurance subsidiary's claims and expenses, as well as satisfy commitments in the event of unforeseen events such as reinsurer insolvencies, inadequate premium rates, or reserve deficiencies. We maintain a comprehensive reinsurance program at levels management considers adequate to diversify risk and safeguard our financial position.

In the future, we anticipate our primary use of funds will be to pay claims and operating expenses. In addition, as of March 31, 2009, a maximum of $2,963,000 may yet be committed over the next eleven months under our previously announced share repurchase plan.

Cash Flows

Our cash flows from operating, investing and financing activities for the three months ended March 31, 2009 and 2008 are summarized below.

Cash Flows for the Three Months ended March 31, 2009

Net cash provided by operating activities for the three months ended was approximately $4.6 million, which consisted primarily of cash received from net written premiums less cash disbursed for operating expenses and losses and loss adjustment expenses. Net cash used in investing activities of $6.2 million was primarily the result of our purchase of short-term investments. Net cash used in financing activities totaled $13,000.

Cash Flows for the Three Months ended March 31, 2008

Net cash provided by operating activities for the three months ended March 31, 2008 was approximately $11.6 million, which consisted primarily of cash received from net written premiums less cash disbursed for operating expenses and losses and loss adjustment expenses. Net cash used in investing activities of $8.0 million was primarily the result of our purchase of short-term investments. We had no financing activities during the three months ended March 31, 2008.

Investments

We have tailored our investment policy in an effort to minimize risk in the current financial market. Therefore, we currently invest our excess cash primarily in money market accounts and in certificates of deposit (i.e., CDs) that mature in no more than thirteen months. With the exception of large national banks, it is our current policy not to deposit more than an aggregate of $5.5 million in any one bank at any time. In the future, we may alter our investment policy to include investments such as federal, state and municipal obligations, corporate bonds, preferred and common equity securities and real estate mortgages, as permitted by applicable law, including insurance regulations.

OFF-BALANCE SHEET ARRANGEMENTS

As of December 31, 2008, we had no off-balance sheet arrangements as defined in Item 303(a)(4) of Regulation S-K.

CONTRACTUAL OBLIGATIONS

As a smaller reporting company as defined by Rule 229.10(f)(1) of the Exchange Act, we are not required to provide the information under this item.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

We have prepared our consolidated financial statements in accordance with accounting principles generally accepted in the United States of America. The preparation of these consolidated financial statements requires us to make estimates and judgments to develop amounts reflected and disclosed in our financial statements. Material estimates that are particularly susceptible to significant change in the near term are related to our losses and loss adjustment expenses, which include amounts estimated for claims incurred but not yet reported. We base our estimates on various assumptions and actuarial data that we believe to be reasonable under the circumstances. Actual results may differ materially from these estimates.

We believe our accounting policies specific to premium revenue recognition, losses and loss adjustment expenses, reinsurance, deferred policy acquisition costs, deferred tax assets and liabilities, and stock-based compensation expense involve our most significant judgments and estimates material to our consolidated financial statements. These accounting estimates and related risks that we consider to be our critical accounting estimates are more fully described in our Annual Report on Form 10-K, which we filed with the SEC on March 13, 2009. For the three months ended March 31, 2009, there have been no material changes with respect to any of our critical accounting policies.

RECENT ACCOUNTING PRONOUNCEMENTS

For information with respect to recent accounting pronouncements and the impact of these pronouncements on our consolidated financial statements, see Note 2 to our Notes to Condensed Consolidated Financial Statements.

ITEM 3 – *QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK*

There have been no material changes from the market risks we previously disclosed in the section entitled “Quantitative and Qualitative Disclosures About Market Risk” in our Form 10-K, which was filed with the Securities and Exchange Commission on March 13, 2009.

ITEM 4 – *CONTROLS AND PROCEDURES*

Under the supervision and with the participation of our Chief Executive Officer (our principal executive officer) and Chief Financial Officer (our principal financial officer), we have evaluated the effectiveness of our disclosure controls and procedures as of the end of the period covered by this report, and, based on this evaluation, the Chief Executive Officer and the Chief Financial Officer have concluded that these disclosure controls and procedures are effective.

There have been no changes in our internal controls over financial reporting during the quarter ended March 31, 2009 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

PART II – OTHER INFORMATION

ITEM 1 – *LEGAL PROCEEDINGS*

We may be party to claims and legal actions arising in the ordinary course of business. In the opinion of management, the ultimate disposition of these matters will not have a material adverse effect on our consolidated financial position or liquidity.

ITEM 1a – *RISK FACTORS*

There have been no material changes from the risk factors previously disclosed in the section entitled “Risk Factors” in our Form 10-K, which was filed with the Securities and Exchange Commission on March 13, 2009.

ITEM 2 – *UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*

(a) Sales of Unregistered Securities

None.

(b) Use of Proceeds

None.

(c) Repurchases of Securities

Effective March 18, 2009, our Board of Directors authorized a plan to repurchase up to $3.0 million (inclusive of commissions) of the Company's common shares. The repurchase plan permits the Company to repurchase shares from time to time through March 19, 2010. The shares may be purchased for cash in open market purchases, block transactions and privately negotiated transactions in accordance with applicable federal securities laws. The share repurchase plan may be modified, suspended, terminated or extended by the Company any time without prior notice. During the quarter ended March 31, 2009, the Company repurchased and retired a total of 7,061 shares at an average price of $5.19 per share and a total cost, inclusive of fees and commissions, of $37,000, or $5.24 per share, under this authorized repurchase program. The following table provides information with respect to shares repurchased during the quarter ended March 31, 2009:

Period	(a) Total Number Of Shares Repurchased*	(b) Average Price Paid Per Share	(c) Total Number of Shares Purchased as Part of Publicly Announced Plan or Program	(d) Maximum Number (or Approximate Dollar Value) of Shares that May Yet be Purchased
January 1-31, 2009	—	—	—	—
February 1-28, 2009	—	—	—	—
March 1-31, 2009	7,061	$ 5.19	7,061	$2,963,000
Total	7,061	$ 5.19	7,061	

* All transactions during the quarter ended March 31, 2009 were open-market purchases.

Working Capital Restrictions and Other Limitations on Payment of Dividends

We are not subject to working capital restrictions or other limitations on the payment of dividends. Our insurance subsidiary, however, is subject to restrictions on the dividends it may pay to our parent corporation, Homeowners Choice, Inc. Those restrictions could impact our ability to pay dividends if our Board of Directors determines to do so.

Under Florida law, a domestic insurer such as our insurance subsidiary, Homeowners Choice Property & Casualty Insurance Company, Inc., may not pay any dividend or distribute cash or other property to its stockholders except out of that part of its available and accumulated capital and surplus funds which is derived from realized net operating profits on its business and net realized capital gains. For a three-year period beginning March 30, 2007, our insurance subsidiary, as a newly licensed Florida insurer, is precluded from paying dividends unless approved in advance by the Florida Office of Insurance Regulation. Additionally, Florida statutes preclude our insurance subsidiary from making dividend payments or distributions to stockholders without prior approval of the Florida Office of Insurance Regulation if the dividend or distribution would exceed the larger of (1) the lesser of (a) 10.0% of its capital surplus or (b) net income, not including realized capital gains, plus a two year carry forward, (2) 10.0% of capital surplus with dividends payable constrained to unassigned funds minus 25% of unrealized capital gains or (3) the lesser of (a) 10.0% of capital surplus or (b) net investment income plus a three year carry forward with dividends payable constrained to unassigned funds minus 25% of unrealized capital gains.

ITEM 6 – *EXHIBITS*

The following documents are filed as part of this report:

EXHIBIT NUMBER	DESCRIPTION
3.1	Articles of Incorporation, with amendments. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
3.2	Bylaws with amendments. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
4.1	Form of Common Stock Certificate. Incorporated by reference to the correspondingly numbered exhibit to our Post-Effective Amendment No. 1 to our Registration Statement on Form S-1 (File No. 333-150513) filed August 6, 2008.
4.2	Warrant Agreement dated July 30, 2008 between Homeowners Choice, Inc. and American Stock Transfer & Trust Company. Incorporated by reference to the correspondingly numbered exhibit to our Post-Effective Amendment No. 1 to our Registration Statement on Form S-1 (File No. 333-150513) filed August 6, 2008.
4.3	Form of Warrant Certificate. Incorporated by reference to the correspondingly numbered exhibit Post-Effective Amendment No. 1 to our Registration Statement on Form S-1 (File No. 333-150513) filed August 6, 2008.
4.4	Warrant Agreement dated July 30, 2008 between Homeowners Choice, Inc. and Anderson & Strudwick, Incorporated. Incorporated by reference to the correspondingly numbered exhibit to our Post-Effective Amendment No. 1 to our Registration Statement on Form S-1 (File No. 333-150513) filed August 6, 2008.
4.5	Form of Warrant Certificate issued to Anderson & Strudwick. Incorporated. Incorporated by reference to the correspondingly numbered exhibit to our Post-Effective Amendment No. 1 to our Registration Statement on Form S-1 (File No. 333-150513) filed August 6, 2008.

4.6	Form of Unit Certificate. Incorporated by reference to the correspondingly numbered exhibit to our Post-Effective Amendment No. 1 to our Registration Statement on Form S-1 (File No. 333-150513) filed August 6, 2008.
4.7	Warrant Agreement dated July 30, 2008, between Homeowners Choice, Inc. and GunnAllen Financial, Inc. Incorporated by reference to the correspondingly numbered exhibit to our Post-Effective Amendment No. 1 to our Registration Statement on Form S-1 (File No. 333-150513) filed August 6, 2008.
4.8	Letter Agreement dated August 1, 2008 among Homeowners Choice, Inc., Anderson & Strudwick, Incorporated and GunnAllen Financial, Inc., whereby we waive certain cancellation rights under warrants issued to the other parties. Incorporated by reference to the correspondingly numbered exhibit to our Post-Effective Amendment No. 1 to our Registration Statement on Form S-1 (File No. 333-150513) filed August 6, 2008.
4.9	See Exhibits 3.1 and 3.2 of this report for provisions of the Articles of Incorporation, as amended, and our Bylaws, as amended, defining certain rights of security holders. See also Exhibits 10.6, 10.7 and 10.21 defining certain rights of the recipients of stock options and other equity-based awards.
10.1	Executive Agreement dated May 1, 2007 between Homeowners Choice, Inc. and Francis X. McCahill, III. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.2	Executive Agreement dated May 1, 2007 between Homeowners Choice, Inc. and Richard R. Allen. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.5	Consulting Agreement dated June 1, 2007 between Homeowners Choice, Inc. and Scorpio Systems, Inc. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended. See amendment to Consulting Agreement at Exhibit 10.12.
10.6	Homeowners Choice, Inc. 2007 Stock Option and Incentive Plan. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 29, 2008.

10.7	Form of Incentive Stock Option Agreement. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.8	ISO Master Agreement dated November 1, 2007 between Insurance Services Office, Inc. and Homeowners Choice, Inc. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.9	Software License Agreement executed April 8, 2008 with an effective date of November 1, 2007 by and between Homeowners Choice, Inc. and Scorpio Systems, Inc. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.10	Assumption Agreement dated June 19, 2007 by and between Homeowners Choice Property & Casualty Insurance Company, Inc. and Citizens Property Insurance Corporation. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.11	Service Contract for Homeowners Claims Handling dated May 30, 2007, but effective July 1, 2007, by and between Homeowners Choice Managers, Inc. and Johns Eastern Company, Inc. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.12	Amendment dated August 21, 2008 to Consulting Agreement dated June 1, 2007 between Homeowners Choice, Inc. and Scorpio Systems, Inc. Incorporated by reference to Exhibit 10.12 to Form 8-K filed August 21, 2008.
10.13	Excess Catastrophe Reinsurance Contract dated June 1, 2008 by Homeowners Choice Property and Casualty Insurance Company, Inc. and Subscribing Reinsurers. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 29, 2008.

10.14	Reinstatement Premium Protection Reinsurance Contract dated June 1, 2008 by Homeowners Choice Property and Casualty Insurance Company, Inc. and Subscribing Reinsurers. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 29, 2008.
10.15	Multi-Year Excess Catastrophe Reinsurance Contract dated June 1, 2008 by Homeowners Choice Property and Casualty Insurance Company, Inc. and Subscribing Reinsurers. Incorporated by reference to the correspondingly numbered exhibit to our Form 10-Q filed August 29, 2008.
10.17	Assignment of Lease dated July 31, 2007 by Cypress Underwriters, Inc. to Homeowners Choice, Inc. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.18	Lease Agreement dated April 8, 2008 between 2340 Drew St, LLC and Homeowners Choice, Inc. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.19	Voting Agreement among Homeowners Choice, Inc. and certain shareholders, including an amendment terminating the agreement. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.21	Form of Non-Qualified Stock Option Agreement. Incorporated by reference to the correspondingly numbered exhibit to our Registration Statement on Form S-1 (File No. 333-150513), originally filed April 30, 2008, effective July 24, 2008, as amended.
10.22	Excess Per Risk Reinsurance Contract effective December 1, 2008 issued to Homeowners Choice Property & Casualty Insurance Company by Subscribing Reinsurers.
10.23	Excess Catastrophe Reinsurance Contract effective October 14, 2008 issued to Homeowners Choice Property & Casualty Insurance Company by Subscribing Reinsurers.
10.24	Addendum No. 1 to Excess Catastrophe Reinsurance Contract dated June 1, 2008 by Homeowners Choice Property and Casualty Insurance Company, Inc. and Subscribing Reinsurers.

31.1	Certification of the Chief Executive Officer
31.2	Certification of the Chief Financial Officer
32.1	Written Statement of the Chief Executive Officer Pursuant to 18 U.S.C.ss.1350
32.2	Written Statement of the Chief Financial Officer Pursuant to 18 U.S.C.ss.1350

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Company has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized, who has signed this report on behalf of the Company.

HOMEOWNERS CHOICE, INC.

May 14, 2009

By /s/ Francis X. McCahill III
Francis X. McCahill III
President and Chief Executive Officer
(Principal Executive Officer)

May 14, 2009

By /s/ Richard R. Allen
Richard R. Allen
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this document has been provided to Homeowners Choice, Inc. and will be retained by Homeowners Choice, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

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Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

Reinsurers	Participations
Farm Bureau Mutual Insurance Company of Michigan	2.5%
Hannover Rueckversicherungs-Aktiengesellschaft	20.0
QBE Reinsurance Corporation	15.0
Validus Reinsurance, Ltd.	20.0
Through Benfield Limited (Placement Only)	
Amlin Bermuda Limited	20.0
Through Benfield Limited	
Lloyd's Underwriters Per Signing Page(s)	22.5
Total	**100.0%**

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Interests and Liabilities Agreement

of

Farm Bureau Mutual Insurance Company of Michigan
Lansing, Michigan
(*hereinafter referred to as the* "*Subscribing Reinsurer*")

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 2.5% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Lansing, Michigan, this day of in the year .

Farm Bureau Mutual Insurance Company of Michigan

AON BENFIELD

Interests and Liabilities Agreement

of

Hannover Rueckversicherungs-Aktiengesellschaft
Hannover, Germany
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 20.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In any action, suit or proceeding to enforce the Subscribing Reinsurer's obligations under the attached Contract, service of process may be made upon Mendes & Mount, 750 Seventh Avenue, New York, New York 10019.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hannover, Germany, this day of in the year .

Hannover Rueckversicherungs-Aktiengesellschaft

AON BENFIELD

Interests and Liabilities Agreement

of

QBE Reinsurance Corporation
Philadelphia, Pennsylvania
(*hereinafter referred to as the* "*Subscribing Reinsurer*")

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 15.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

New York, New York, this day of in the year .

QBE Reinsurance Corporation

AON BENFIELD

Interests and Liabilities Agreement

of

Validus Reinsurance, Ltd.
Hamilton, Bermuda
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 20.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hamilton, Bermuda, this day of in the year .

Validus Reinsurance, Ltd.

AON BENFIELD

Interests and Liabilities Agreement

of

Amlin Bermuda Limited
Hamilton, Bermuda
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 20.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hamilton, Bermuda, this day of in the year .

Amlin Bermuda Limited

AON BENFIELD

Interests and Liabilities Agreement

of

Certain Underwriting Members of Lloyd's
shown in the Signing Page(s) attached hereto
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 22.5% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

In any action, suit or proceeding to enforce the *Subscribing Reinsurer's* obligations under the attached Contract, service of process may be made upon Mendes & Mount, 750 Seventh Avenue, New York, New York 10019.

Signed for and on behalf of the *Subscribing Reinsurer* in the Signing Page(s) attached hereto.

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AON BENFIELD

Signing Page

attaching to and forming part of the

Interests and Liabilities Agreement

of

Certain Underwriting Members of Lloyd's

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company, et al.,
as defined in the above captioned Contract

(Re)Insurer's Liability Clause - LMA3333

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

Table of Contents

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

by

The Subscribing Reinsurer(s) Executing the
Interests and Liabilities Agreement(s)
Attached Hereto
(*hereinafter referred to as the* "Reinsurer")

Article I—Classes of Business Reinsured

By this Contract the Reinsurer agrees to reinsure the excess liability which may accrue to the Company under its policies, contracts and binders of insurance or reinsurance (hereinafter called "policies") in force at the effective date hereof or issued or renewed on or after that date, and classified by the Company as Homeowners Multiple Peril (property sections only) and Dwelling Fire (property sections only), subject to the terms, conditions and limitations hereinafter set forth.

Article II—Commencement and Termination

A. This Contract shall become effective on December 1, 2008, with respect to losses occurring on or after that date, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs.

B. Notwithstanding the provisions of paragraph A above, the Company may terminate a Subscribing Reinsurer's percentage share in this Contract in the event any of the following circumstances occur, as clarified by public announcement for subparagraphs 1 through 6 below, or upon discovery for subparagraphs 7 and 8 below. The Company has 120 days from the date of applicable public announcement or discovery to exercise the option to terminate a Subscribing Reinsurer's percentage share in this Contract. To terminate a Subscribing Reinsurer's percentage share in this Contract, the Company must give the Subscribing Reinsurer prior written notice by either certified or registered mail for which a return receipt is requested. The effective date of termination will be as selected by the Company, subject to the condition that such selected date must be the last day of a calendar month:

   1. The Subscribing Reinsurer's policyholders' surplus (or its equivalent under the Subscribing Reinsurer's accounting system) at the inception of this Contract has been reduced by more than 20.0% of the amount of surplus (or the applicable equivalent) 12 months prior to that date; or

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2. The Subscribing Reinsurer's policyholders' surplus (or its equivalent under the Subscribing Reinsurer's accounting system) at any time during the term of this Contract has been reduced by more than 20.0% of the amount of surplus (or the applicable equivalent) at the date of the Subscribing Reinsurer's most recent financial statement filed with regulatory authorities and available to the public as of the inception of this Contract; or
3. The Subscribing Reinsurer's A.M. Best's rating has been assigned or downgraded below A- and/or Standard & Poor's rating has been assigned or downgraded below BBB+; or
4. The Subscribing Reinsurer has become merged with, acquired by or controlled by any other entity or individual(s) not controlling the Subscribing Reinsurer's operations previously; or
5. A State Insurance Department or other legal authority has ordered the Subscribing Reinsurer to cease writing business; or
6. The Subscribing Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary) or proceedings have been instituted against the Subscribing Reinsurer for the appointment of a receiver, liquidator, rehabilitator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations; or
7. The Subscribing Reinsurer has reinsured its entire liability under this Contract without the Company's prior written consent; or
8. The Subscribing Reinsurer has ceased assuming new or renewal property or casualty treaty reinsurance business.

C. Unless the Company elects that the Reinsurer have no liability for losses occurring after the effective date of termination or expiration, and so notifies the Reinsurer prior to or as promptly as possible after the effective date of termination or expiration, reinsurance hereunder on business in force on the effective date of termination or expiration shall remain in full force and effect until expiration, cancellation or next premium anniversary of such business, whichever first occurs, but in no event beyond 12 months following the effective date of termination or expiration.

Article III—Territory (BRMA 51A)

The territorial limits of this Contract shall be identical with those of the Company's policies.

Article IV—Exclusions

A. This Contract does not apply to and specifically excludes the following:

1. All excess of loss reinsurance assumed by the Company.
2. Reinsurance assumed by the Company under obligatory reinsurance agreements, except agency reinsurance where the policies involved are to be reunderwritten in accordance with the underwriting standards of the Company and reissued as Company policies at the next anniversary or expiration date.
3. Financial guarantee and insolvency.
4. All Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation and Credit business.
5. Nuclear risks as defined in the "Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance (U.S.A.)" attached to and forming part of this Contract.
6. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.
7. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.
8. All liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.
9. Pollution and seepage coverages excluded under the provisions of the "Pollution and Seepage Exclusion Clause (BRMA 39A)" attached to and forming part of this Contract.
10. Loss or liability excluded under the "Terrorism Exclusion" attached to and forming part of this Contract.
11. Losses from mold-related claims, unless arising out of an otherwise covered peril.
12. Losses directly arising from any storm once named by the United States National Hurricane Weather Service and/or the National Hurricane Center, Miami, Florida, both while it is still a hurricane and throughout any subsequent downgrades in storm status by the National Hurricane Center.

B. Notwithstanding the foregoing, the Company may request a special acceptance of reinsurance falling within the scope of the exclusions set forth in paragraph A. Within five days of receipt of such a request, each Subscribing Reinsurer shall accept such request, ask for additional information, or reject the request. Any reinsurance that is specially accepted by the Reinsurer shall be covered under this Contract and shall be subject to the terms hereof, except as such terms shall be modified by the special acceptance. If a Subscribing Reinsurer fails to respond to a special acceptance request within five days, the Subscribing Reinsurer will be deemed to have agreed to the special acceptance.

   In the event a reinsurer becomes a party to this Contract subsequent to one or more special acceptances hereunder, the new reinsurer shall automatically accept such special acceptance(s) as being covered hereunder. Further, if one or more Subscribing Reinsurers under this Contract agreed to special acceptance(s) under the contract being replaced by this Contract, such special acceptance(s) shall be automatically covered hereunder with respect to the interests and liabilities of such Subscribing Reinsurer(s).

C. Any exclusion (other than exclusions 3, 5, 6 and 10) set forth in paragraph A shall be waived automatically when, in the opinion of the Company, the exposure excluded therein is incidental to the principal exposure on the risk in question.

D. If the Company is bound, without the knowledge and contrary to the instructions of the Company's supervisory underwriting personnel, on any business falling within the scope of one or more of the exclusions set forth in paragraph A (other than exclusions 3, 5, 6 and 10), the exclusion shall be suspended with respect to such business until 30 days after an underwriting supervisor of the Company acquires knowledge thereof.

Article V—Retention and Limit

The Company shall retain and be liable for the first $500,000 of ultimate net loss as respects any one risk, each loss. The Reinsurer shall then be liable for the amount by which such ultimate net loss exceeds the Company's retention, but the liability of the Reinsurer shall not exceed $1,000,000 as respects any one risk, each loss, $1,000,000 as respects any one loss occurrence, or $2,000,000 in all as respects losses occurring during the term of this Contract (including the "runoff" period, if any).

Article VI—Definitions

A. "Ultimate net loss" as used herein shall be defined as the sum or sums (including loss in excess of policy limits, extra contractual obligations and loss adjustment expense, as hereinafter defined) paid or payable by the Company in settlement of claims and in satisfaction of judgments rendered on account of such claims, after deduction of all salvage, all recoveries and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Company's ultimate net loss has been ascertained.

B. “Loss in excess of policy limits” and “extra contractual obligations” as used herein shall be defined as:

1. “Loss in excess of policy limits” shall mean 90.0% of any amount paid or payable by the Company in excess of its policy limits, but otherwise within the terms of its policy, such loss in excess of the Company’s policy limits having been incurred because of, but not limited to, failure by the Company to settle within the policy limits or by reason of the Company’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

2. “Extra contractual obligations” shall mean 90.0% of any punitive, exemplary, compensatory or consequential damages paid or payable by the Company, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Company to settle within the policy limits or by reason of the Company’s alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An extra contractual obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the policy.

Notwithstanding anything stated herein, this Contract shall not apply to any loss in excess of policy limits or any extra contractual obligation incurred by the Company as a result of any fraudulent and/or criminal act by any officer or director of the Company acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

C. The Company shall be the sole judge of what constitutes “one risk,” except that in no event shall a building and its contents be considered more than one risk.

D. “Loss adjustment expense” as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss adjustment expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, expenses and a pro rata share of salaries of the Company’s field employees and expenses of other employees of the Company who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Company’s officials incurred in connection with losses covered by this Contract, and declaratory judgment expense. Loss adjustment expense shall not include normal office expenses or salaries of the Company’s officials.

E. “Declaratory judgment expense” as used herein shall mean the Company’s own costs and legal expense incurred in connection with declaratory judgment actions brought to determine the Company’s defense and/or indemnification obligations that are allocable to specific claims arising out of policies reinsured by this Contract and any other coverage questions and legal actions connected thereto.

F. “Term of this Contract” as used herein shall be defined as the period from December 1, 2008 until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs. However, if this Contract is terminated, “term of this Contract” as used herein shall mean the period from December 1, 2008 through the effective date of termination if this Contract is terminated on a “cutoff” basis, or through the end of the runoff period if this Contract is terminated on a “runoff” basis.

Article VII—Other Reinsurance

The Company shall be permitted to carry underlying reinsurance, recoveries under which shall inure solely to the benefit of the Company and be entirely disregarded in applying all of the provisions of this Contract.

Article VIII—Loss Occurrence

A. The term “loss occurrence” shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one “loss occurrence” shall be limited to all individual losses sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term “loss occurrence” shall be further defined as follows:

1. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Company occurring during any period of 72 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

2. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Company occurring during any period of 72 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 72 consecutive hours may be extended in respect of individual losses which occur beyond such 72 consecutive hours during the continued occupation of an assured’s premises by strikers, provided such occupation commenced during the aforesaid period.

3. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the introductory portion of this paragraph A) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Company’s “loss occurrence.”

4. As regards “freeze,” only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting frozen pipes and tanks) may be included in the Company’s “loss occurrence.”

5. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs 2 and 3 above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Company which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Company's "loss occurrence."

B. Except for those "loss occurrences" referred to in subparagraph 2 of paragraph A above, the Company may choose the date and time when any such period of consecutive hours commences, provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss, and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any "loss occurrence" referred to in subparagraph 1 of paragraph A above where only one such period of 72 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

C. However, as respects those "loss occurrences" referred to in subparagraph 2 of paragraph A above, if the disaster, accident or loss occasioned by the event is of greater duration than 72 consecutive hours, then the Company may divide that disaster, accident or loss into two or more "loss occurrences," provided that no two periods overlap and no individual loss is included in more than one such period, and provided that no period commences earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

D. No individual losses occasioned by an event that would be covered by a 72 hours clause may be included in any "loss occurrence" claimed under a 168 hours provision.

Article IX—Loss Notices and Settlements

A. Whenever a loss sustained by the Company appears likely to result in a claim hereunder, the Company shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of the loss at its own expense.

B. All loss settlements made by the Company, provided they are within the terms of this Contract and the terms of the Company's policies (except as respects loss in excess of policy limits and extra contractual obligations), shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Company.

Article X—Salvage and Subrogation

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Company, less the actual cost, excluding salaries of officials and employees of the Company and sums paid to attorneys as retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Company for its primary loss. The Company hereby agrees to enforce its rights to salvage or subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Company's opinion, it is economically reasonable to do so.

Article XI—Reinsurance Premium

A. As premium for the reinsurance provided hereunder, the Company shall pay the Reinsurer 0.36% of its net earned premium for the term of this Contract, subject to a minimum premium of $405,000 (or a pro rata portion thereof in the event the term of this Contract is less than 12 months).

B. The Company shall pay the Reinsurer a deposit premium of $450,000 in four equal installments of $112,500 on December 1, 2008 and March 1, June 1 and September 1 of 2009. However, in the event this Contract is terminated on a cutoff basis, no deposit premium installments shall be due after the effective date of termination.

C. As promptly as possible after the termination or expiration of this Contract, the Company shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph A, and any additional premium due the Reinsurer or return premium due the Company shall be remitted promptly.

D. As respects the runoff period, if any, the Company shall pay the Reinsurer premium calculated by multiplying the rate specified in paragraph A above by the Company's subject unearned premium in force on the effective date of termination or expiration. Such premium shall be payable in four equal installments due as promptly as possible after the effective date of termination or expiration and the beginning of the next three three-month periods.

E. "Net earned premium" as used herein is defined as gross earned premium of the Company for the classes of business reinsured hereunder, less the earned portion of premiums ceded by the Company for reinsurance which inures to the benefit of this Contract.

Article XII—Late Payments

A. The provisions of this Article shall not be implemented unless specifically invoked, in writing, by one of the parties to this Contract.

B. In the event any premium, loss or other payment due either party is not received by the intermediary named in the Intermediary Article (hereinafter referred to as the "Intermediary") by the payment due date, the party to whom payment is due may, by notifying the Intermediary in writing, require the debtor party to pay, and the debtor party agrees to pay, an interest penalty on the amount past due calculated for each such payment on the last business day of each month as follows:

   1. The number of full days which have expired since the due date or the last monthly calculation, whichever the lesser; times

   2. 1/365ths of the six-month United States Treasury Bill rate as quoted in *The Wall Street Journal* on the first business day of the month for which the calculation is made; times

3. The amount past due, including accrued interest.

It is agreed that interest shall accumulate until payment of the original amount due plus interest penalties have been received by the Intermediary.

C. The establishment of the due date shall, for purposes of this Article, be determined as follows:

1. As respects the payment of routine deposits and premiums due the Reinsurer, the due date shall be as provided for in the applicable section of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 45 days after the date of transmittal by the Intermediary of the initial billing for each such payment.

2. Any claim or loss payment due the Company hereunder shall be deemed due 10 days after the proof of loss or demand for payment is transmitted to the Reinsurer. If such loss or claim payment is not received within the 10 days, interest will accrue on the payment or amount overdue in accordance with paragraph B above, from the date the proof of loss or demand for payment was transmitted to the Reinsurer.

3. As respects any payment, adjustment or return due either party not otherwise provided for in subparagraphs 1 and 2 of this paragraph C, the due date shall be as provided for in the applicable section of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 45 days following transmittal of written notification that the provisions of this Article have been invoked.

For purposes of interest calculations only, amounts due hereunder shall be deemed paid upon receipt by the Intermediary.

D. Nothing herein shall be construed as limiting or prohibiting a Subscribing Reinsurer from contesting the validity of any claim, or from participating in the defense of any claim or suit, or prohibiting either party from contesting the validity of any payment or from initiating any arbitration or other proceeding in accordance with the provisions of this Contract. If the debtor party prevails in an arbitration or other proceeding, then any interest penalties due hereunder on the amount in dispute shall be null and void. If the debtor party loses in such proceeding, then the interest penalty on the amount determined to be due hereunder shall be calculated in accordance with the provisions set forth above unless otherwise determined by such proceedings. If a debtor party advances payment of any amount it is contesting, and proves to be correct in its contestation, either in whole or in part, the other party shall reimburse the debtor party for any such excess payment made plus interest on the excess amount calculated in accordance with this Article.

E. Interest penalties arising out of the application of this Article that are $100 or less from any party shall be waived unless there is a pattern of late payments consisting of three or more items over the course of any 12-month period.

Article XIII—Offset (BRMA 36C)

The Company and the Reinsurer shall have the right to offset any balance or amounts due from one party to the other under the terms of this Contract. The party asserting the right of offset may exercise such right any time whether the balances due are on account of premiums or losses or otherwise.

Article XIV—Access to Records (BRMA 1D)

The Reinsurer or its designated representatives shall have access at any reasonable time to all records of the Company which pertain in any way to this reinsurance.

Article XV—Liability of the Reinsurer

A. The liability of the Reinsurer shall follow that of the Company in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers and modifications of the Company's policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

B. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

Article XVI—Net Retained Lines (BRMA 32E)

A. This Contract applies only to that portion of any policy which the Company retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any policy which the Company retains net for its own account shall be included.

B. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Company to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

Article XVII—Errors and Omissions (BRMA 14F)

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

Article XVIII—Currency (BRMA 12A)

A. Whenever the word "Dollars" or the "$" sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

B. Amounts paid or received by the Company in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Company.

Article XIX—Taxes (BRMA 50B)

In consideration of the terms under which this Contract is issued, the Company will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

Article XX—Federal Excise Tax (BRMA 17D)

A. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.

B. In the event of any return of premium becoming due hereunder the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Company or its agent should take steps to recover the tax from the United States Government.

Article XXI—Reserves

A. The Reinsurer agrees to fund its share of the Company's ceded unearned premium and outstanding loss and loss adjustment expense reserves (including incurred but not reported loss reserves) by:

   1. Clean, irrevocable and unconditional letters of credit issued and confirmed, if confirmation is required by the insurance regulatory authorities involved, by a bank or banks meeting the NAIC Securities Valuation Office credit standards for issuers of letters of credit and acceptable to said insurance regulatory authorities; and/or

   2. Escrow accounts for the benefit of the Company; and/or

   3. Cash advances;

   if the Reinsurer:

   1. Is unauthorized in any state of the United States of America or the District of Columbia having jurisdiction over the Company and if, without such funding, a penalty would accrue to the Company on any financial statement it is required to file with the insurance regulatory authorities involved; or

   2. Has experienced any of the circumstances described in paragraph B of the Commencement and Termination Article. However, if such circumstance is rectified, then no special funding requirements shall apply and any such current funding in accordance with the provisions above shall be released to the Reinsurer.

For purposes of this Contract, the Lloyd's United States Credit for Reinsurance Trust Fund shall be considered an acceptable funding instrument. The Reinsurer, at its sole option, may fund in other than cash if its method and form of funding are acceptable to the insurance regulatory authorities involved.

B. With regard to funding in whole or in part by letters of credit, it is agreed that each letter of credit will be in a form acceptable to insurance regulatory authorities involved, will be issued for a term of at least one year and will include an "evergreen clause," which automatically extends the term for at least one additional year at each expiration date unless written notice of non-renewal is given to the Company not less than 30 days prior to said expiration date. The Company and the Reinsurer further agree, notwithstanding anything to the contrary in this Contract, that said letters of credit may be drawn upon by the Company or its successors in interest at any time, without diminution because of the insolvency of the Company or the Reinsurer, but only for one or more of the following purposes:

   1. To reimburse itself for the Reinsurer's share of losses and/or loss adjustment expense paid under the terms of policies reinsured hereunder, unless paid in cash by the Reinsurer;

   2. To reimburse itself for the Reinsurer's share of any other amounts claimed to be due hereunder, unless paid in cash by the Reinsurer;

   3. To fund a cash account in an amount equal to the Reinsurer's share of any ceded unearned premium and/or outstanding loss and loss adjustment expense reserves (including incurred but not reported loss reserves) funded by means of a letter of credit which is under non-renewal notice, if said letter of credit has not been renewed or replaced by the Reinsurer 10 days prior to its expiration date;

   4. To refund to the Reinsurer any sum in excess of the actual amount required to fund the Reinsurer's share of the Company's ceded unearned premium and/or outstanding loss and loss adjustment expense reserves (including incurred but not reported loss reserves), if so requested by the Reinsurer;

   5. To reimburse itself for the Reinsurer's portion of any unearned reinsurance premium paid to the Reinsurer hereunder.

   In the event the amount drawn by the Company on any letter of credit is in excess of the actual amount required for B(1), B(3) or B(5) or in the case of B(2), the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn.

Article XXII—Insolvency

A. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the company or to its liquidator, receiver, conservator or statutory successor on the basis of the liability of the company without diminution because of the insolvency of the company or because the liquidator, receiver, conservator or

statutory successor of the company has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the company shall give written notice to the Reinsurer of the pendency of a claim against the company indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the Court, against the company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the company solely as a result of the defense undertaken by the Reinsurer.

B. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the company.

C. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the company or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee of such reinsurance in the event of the insolvency of the company or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such policy obligations of the company as direct obligations of the Reinsurer to the payees under such policies and in substitution for the obligations of the company to such payees.

Article XXIII—Arbitration (BRMA 6J)

A. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One Arbiter shall be chosen by the Company, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Lloyd's London Underwriters. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, each Arbiter shall nominate three candidates within 10 days thereafter, two of whom the other shall decline, and the decision shall be made by drawing lots.

B. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

C. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Company to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

D. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

E. Any arbitration proceedings shall take place at a location mutually agreed upon by the parties to this Contract, but notwithstanding the location of the arbitration, all proceedings pursuant hereto shall be governed by the law of the state in which the Company has its principal office.

Article XXIV—Service of Suit (BRMA 49C)

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory or District of the United States where authorization is required by insurance regulatory authorities)

A. It is agreed that in the event the Reinsurer fails to pay any amount claimed to be due hereunder, the Reinsurer, at the request of the Company, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States.

B. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract.

Article XXV—Governing Law (BRMA 71B)

This Contract shall be governed by and construed in accordance with the laws of the State of Florida.

Article XXVI—Confidentiality

The Reinsurer shall maintain the confidentiality of all information reviewed during any inspection as well as the results of such inspection and shall not disclose such materials to third parties other than the Reinsurer's outside auditors, legal counsel, or as required in any action brought to enforce the Reinsurer's rights under this Contract, or as required by a London market lead, regulatory agency, court order or subpoena, provided that the other party is given prior notice of such regulatory requirement, court order or subpoena.

Article XXVII—Entire Agreement

This written Contract constitutes the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract. Any change or modification to this Contract will be made by amendment to this Contract and signed by the parties.

Article XXVIII—Severability (BRMA 72E)

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

Article XXIX—Agency Agreement (BRMA 73A)

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

Article XXX—Notices and Contract Execution

A. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.

B. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:

   1. Paper documents with an original ink signature;

   2. Facsimile or electronic copies of paper documents showing an original ink signature; and/or

3. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic signatures in Global and National Commerce Act of 2000 or any amendments thereto.

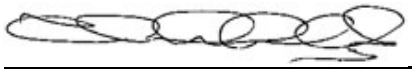
C. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

Article XXXI—Intermediary

Benfield Inc. or one of its affiliated or successor corporations is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including but not limited to notices, statements, premium, return premium, commissions, taxes, losses, loss adjustment expense, salvages and loss settlements) relating thereto shall be transmitted to the Company or the Reinsurer through the Intermediary. Payments by the Company to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Company only to the extent that such payments are actually received by the Company.

In Witness Whereof, the Company by its duly authorized representative has executed this Contract as of the date undermentioned at:

Clearwater, Florida, this 17th day of FEBRUARY in the year 2009



Homeowners Choice Property and Casualty Insurance Company (for and on behalf of the “Company”)

Nuclear Incident Exclusion Clause - Physical Damage - Reinsurance (U.S.A.)

1. This Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this Clause, this Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material,” and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reassured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this Clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reassured to be the primary hazard.

6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reassured to be sole judge of what constitutes: (a) substantial quantities, and (b) the extent of installation, plant or site.

Note.-Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all policies issued by the Reassured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada policies issued by the Reassured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

12/12/57
N.M.A. 1119
BRMA 35B

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Pollution and Seepage Exclusion Clause

This Contract excludes loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Company's property loss under the applicable original policy.

BRMA 39A

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Terrorism Exclusion
(Treaty Reinsurance)

Notwithstanding any provision to the contrary within this Contract or any amendment thereto, it is agreed that this Contract excludes loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with any act of terrorism, as defined herein, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

An act of terrorism includes any act, or preparation in respect of action, or threat of action designed to influence the government *de jure* or *de facto* of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organization(s) or government(s) *de jure* or *de facto,* and which:

1. Involves violence against one or more persons; or
2. Involves damage to property; or
3. Endangers life other than the person committing the action; or
4. Creates a risk to health or safety of the public or a section of the public; or
5. Is designed to interfere with or disrupt an electronic system.

This Contract also excludes loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with any action in controlling, preventing, suppressing, retaliating against or responding to any act of terrorism.

Notwithstanding the above and subject otherwise to the terms, conditions and limitations of this Contract, in respect only of personal lines, this Contract will pay actual loss or damage (but not related cost and expense) caused by any act of terrorism provided such act is not directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with biological, chemical, radioactive or nuclear pollution, contamination or explosion.

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Interests and Liabilities Agreement

of

Farm Bureau Mutual Insurance Company of Michigan
Lansing, Michigan
(hereinafter referred to as the "Subscribing Reinsurer")

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 2.5% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Lansing, Michigan, this 24th day of February in the year 2009.

REINSURANCE MANAGER
Farm Bureau Mutual Insurance Company of Michigan

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Interests and Liabilities Agreement

of

Hannover Rueckversicherungs-Aktiengesellschaft
Hannover, Germany
(hereinafter referred to as the "Subscribing Reinsurer")

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 20.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In any action, suit or proceeding to enforce the Subscribing Reinsurer's obligations under the attached Contract, service of process may be made upon Mendes & Mount, 750 Seventh Avenue, New York, New York 10019.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hannover, Germany, this 25th day of February in the year 2009.

hannover re®
Hannover Rückversicherung AG

Hannover Rueckversicherung-Aktiengesellschaft

North American Property Department - TD 10

AON BENFIELD

Interests and Liabilities Agreement

of

QBE Reinsurance Corporation
Philadelphia, Pennsylvania
(hereinafter referred to as the "Subscribing Reinsurer")

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 15.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

New York, New York, this 26th day of February in the year 2009.

QBE Reinsurance Corporation

AON BENFIELD

Interests and Liabilities Agreement

of

Validus Reinsurance, Ltd.
Hamilton, Bermuda
(hereinafter referred to as the "Subscribing Reinsurer")

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 20.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hamilton, Bermuda, this 16th day of April in the year 2009.

Jesse DeCouro ACAS, V.P.
Validus Reinsurance, Ltd.

AON BENFIELD

Interests and Liabilities Agreement

of

Amlin Bermuda Limited
Hamilton, Bermuda
(hereinafter referred to as the "Subscribing Reinsurer")

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 20.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hamilton, Bermuda, this 27th day of February in the year 2009.

Amlin Bermuda Limited

AON BENFIELD

Interests and Liabilities Agreement

of

Certain Underwriting Members of Lloyd's
shown in the Signing Page(s) attached hereto
(hereinafter referred to as the "Subscribing Reinsurer")

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 22.5% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on December 1, 2008, and shall remain in force until November 30, 2009, both days inclusive, Local Standard Time at the location where the loss occurs, unless earlier terminated in accordance with the provisions of the attached Contract.

In any action, suit or proceeding to enforce the *Subscribing Reinsurer's* obligations under the attached Contract, service of process may be made upon Mendes & Mount, 750 Seventh Avenue, New York, New York 10019.

Signed for and on behalf of the *Subscribing Reinsurer* in the Signing Page(s) attached hereto.

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AON BENFIELD

Signing Page

attaching to and forming part of the

Interests and Liabilities Agreement

of

Certain Underwriting Members of Lloyd's

with respect to the

Excess Per Risk
Reinsurance Contract
Effective: December 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company, et al.,
as defined in the above captioned Contract

(Re)Insurer's Liability Clause—LMA3333

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

Now Know Ye that we the Underwriters, Members of the Syndicates whose definitive numbers in the after-mentioned List of Underwriting Members of Lloyd's are set out in the attached Table, hereby bind ourselves each for his own part and not one for another, our Executors and Administrators, and in respect of his due proportion only, to pay or make good to the Assured or to the Assured's Executors or Administrators or to indemnify him or them against all such loss, damage or liability as herein provided, such payment to be made after such loss, damage or liability is proved and the due proportion for which each of us, the Underwriters, is liable shall be ascertained by reference to his share, as shown in the said List, of the Amount, Percentage or Proportion of the total sum insured hereunder which is in the Table set opposite the definitive number of the Syndicate of which such Underwriter is a Member AND FURTHER THAT the List of Underwriting Members of Lloyd's referred to above shows their respective Syndicates and Shares therein, is deemed to be incorporated in and to form part of this policy, bears the number specified in the attached Table and is available for inspection at Lloyd's Policy Signing Office by the Assured or his or their representatives and a true copy of the material parts of the said List certified by the General Manager of Lloyd's Policy Signing Office will be furnished to the Assured on application.

In Witness whereof the General Manager of Lloyd's Policy Signing Office has subscribed his name on behalf of each of us.

LLOYD'S POLICY SIGNING OFFICE,

General Manager

If this policy (or any subsequent endorsement) has been produced to you in electronic form, the original document is stored on the Insurer's Market Repository to which your broker has access.

(NM)

Definitive Numbers of Syndicates and Amount, Percentage or Proportion of the Total Sum insured hereunder shared between the Members of those Syndicates.

The Table of Syndicates referred to on the face of this Policy follows:

BUREAU REFERENCE 61446 16/01/2009 **BROKER NUMBER** 1108

PROPORTION %	SYNDICATE	UNDERWRITER'S REFERENCE
22.50	2001	RAB1729908XA

TOTAL LINE	No. OF SYNDICATES
22.50	1

THE LIST OF UNDERWRITING MEMBERS
OF LLOYD'S IS IN RESPECT OF 2008
YEAR OF ACCOUNT

BUREAU USE ONLY
USE3 72 2001

RISK CODE: XC

Exhibit 10.23

Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

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BENFIELD

Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

Reinsurers	Participations
Catlin Insurance Company Ltd.	5.0%
Hannover Re (Bermuda), Ltd.	10.0
Montpelier Reinsurance Ltd.	12.0
QBE Reinsurance Corporation	1.5
Tokio Millennium Re Ltd.	8.0
Through Benfield Limited (Placement Only)	
Amlin Bermuda Limited	11.0
Through Benfield Limited	
Lloyd's Underwriters Per Signing Page(s)	52.5
Total	**100.0%**

BENFIELD

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Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

by

The Subscribing Reinsurer(s) Executing the
Interests and Liabilities Agreement(s)
Attached Hereto
(*hereinafter referred to as the* "Reinsurer")

Article I—Classes of Business Reinsured

By this Contract the Reinsurer agrees to reinsure the excess liability which may accrue to the Company under its policies, contracts and binders of insurance or reinsurance (hereinafter called "policies") in force at the effective date hereof or issued or renewed on or after that date, and classified by the Company as Homeowners Multiple Peril (property sections only) and Dwelling Fire (property sections only), subject to the terms, conditions and limitations hereinafter set forth.

Article II—Commencement and Termination

A. This Contract shall become effective on October 14, 2008, with respect to losses arising out of loss occurrences commencing on or after that date, and shall remain in force until May 31, 2009, both days inclusive, Local Standard Time at the location where the loss occurrence commences.

B. Notwithstanding the provisions of paragraph A above, the Company may terminate a Subscribing Reinsurer's percentage share in this Contract in the event any of the following circumstances occur, as clarified by public announcement for subparagraphs 1 through 6 below, or upon discovery for subparagraphs 7 and 8 below. To terminate a Subscribing Reinsurer's percentage share in this Contract, the Company must give the Subscribing Reinsurer written notice by either certified or registered mail for which a return receipt is requested. The effective date of termination will be as selected by the Company, which may be a date that is retroactively applied up to a maximum of 65 days prior to the date of applicable public announcement or discovery, subject to the condition that such selected date must be the last day of a calendar month:

    1. The Subscribing Reinsurer's policyholders' surplus (or its equivalent under the Subscribing Reinsurer's accounting system) at the inception of this Contract has been reduced by more than 20.0% of the amount of surplus (or the applicable equivalent) 12 months prior to that date; or

BENFIELD

2. The Subscribing Reinsurer's policyholders' surplus (or its equivalent under the Subscribing Reinsurer's accounting system) at any time during the term of this Contract has been reduced by more than 20.0% of the amount of surplus (or the applicable equivalent) at the date of the Subscribing Reinsurer's most recent financial statement filed with regulatory authorities and available to the public as of the inception of this Contract; or
3. The Subscribing Reinsurer's A.M. Best's rating has been assigned or downgraded below A- and/or Standard & Poor's rating has been assigned or downgraded below BBB+; or
4. The Subscribing Reinsurer has become merged with, acquired by or controlled by any other entity or individual(s) not controlling the Subscribing Reinsurer's operations previously; or
5. A State Insurance Department or other legal authority has ordered the Subscribing Reinsurer to cease writing business; or
6. The Subscribing Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary) or proceedings have been instituted against the Subscribing Reinsurer for the appointment of a receiver, liquidator, rehabilitator, conservator or trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations; or
7. The Subscribing Reinsurer has reinsured its entire liability under this Contract without the Company's prior written consent; or
8. The Subscribing Reinsurer has ceased assuming new or renewal property or casualty treaty reinsurance business.

C. If this Contract is terminated or expires while a loss occurrence covered hereunder is in progress, the Reinsurer's liability hereunder shall, subject to the other terms and conditions of this Contract, be determined as if the entire loss occurrence had occurred prior to the termination or expiration of this Contract, provided that no part of such loss occurrence is claimed against any renewal or replacement of this Contract.

Article III—Territory (BRMA 51A)

The territorial limits of this Contract shall be identical with those of the Company's policies.

Article IV—Exclusions

A. This Contract does not apply to and specifically excludes the following:

1. All excess of loss reinsurance assumed by the Company.
2. Reinsurance assumed by the Company under obligatory reinsurance agreements, except intercompany reinsurance between the reinsured companies under this Contract and agency reinsurance where the policies involved are to be reunderwritten in accordance with the underwriting standards of the Company and reissued as Company policies at the next anniversary or expiration date.
3. Financial guarantee and insolvency.
4. All Accident and Health, Fidelity and Surety, Boiler and Machinery, Workers' Compensation and Credit business.
5. Nuclear risks as defined in the "Nuclear Incident Exclusion Clause—Physical Damage—Reinsurance (U.S.A.)" attached to and forming part of this Contract.
6. Loss or damage caused by or resulting from war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, or martial law or confiscation by order of any government or public authority, but this exclusion shall not apply to loss or damage covered under a standard policy with a standard War Exclusion Clause.
7. Loss or liability from any Pool, Association or Syndicate and any assessment or similar demand for payment related to the Florida Hurricane Catastrophe Fund or Citizens Property Insurance Corporation.
8. All liability of the Company arising by contract, operation of law, or otherwise, from its participation or membership, whether voluntary or involuntary, in any insolvency fund. "Insolvency fund" includes any guaranty fund, insolvency fund, plan, pool, association, fund or other arrangement, however denominated, established or governed, which provides for any assessment of or payment or assumption by the Company of part or all of any claim, debt, charge, fee or other obligation of an insurer, or its successors or assigns, which has been declared by any competent authority to be insolvent, or which is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.
9. Pollution and seepage coverages excluded under the provisions of the "Pollution and Seepage Exclusion Clause (BRMA 39A)" attached to and forming part of this Contract.
10. Loss or liability excluded under the "Terrorism Exclusion" attached to and forming part of this Contract.
11. Losses from mold-related claims, unless arising out of an otherwise covered peril.
12. Flood, when written as such.

B. Notwithstanding the foregoing, the Company may request a special acceptance of reinsurance falling within the scope of the exclusions set forth in paragraph A (other than exclusions 3, 5, 6 and 10). Within five days of receipt of such a request, each Subscribing Reinsurer shall accept such request, ask for additional information, or reject the request. Any reinsurance that is specially accepted by the Reinsurer shall be covered under this Contract and shall be subject to the terms hereof, except as such terms shall be modified by the special acceptance. If a Subscribing Reinsurer fails to respond to a special acceptance request within five days, the Subscribing Reinsurer will be deemed to have agreed to the special acceptance.

In the event a reinsurer becomes a party to this Contract subsequent to one or more special acceptances hereunder, the new reinsurer shall automatically accept such special acceptance(s) as being covered hereunder. Further, if one or more Subscribing Reinsurers under this Contract agreed to special acceptance(s) under the contract being replaced by this Contract, such special acceptance(s) shall be automatically covered hereunder with respect to the interests and liabilities of such Subscribing Reinsurer(s).

Article V—Retention and Limit

A. The Company shall retain and be liable for the first $85,000,000 of ultimate net loss arising out of each loss occurrence. The Reinsurer shall then be liable for the amount by which such ultimate net loss exceeds the Company's retention, but the liability of the Reinsurer shall not exceed $40,000,000 as respects any one loss occurrence.

B. No claim shall be made under this Contract as respects any one loss occurrence unless at least two risks insured or reinsured by the Company are involved in such loss occurrence. For purposes of this Contract, the Company shall be the sole judge of what constitutes one risk.

Article VI—Reinstatement

A. In the event all or any portion of the reinsurance hereunder is exhausted by loss, the amount so exhausted shall be reinstated immediately from the time the loss occurrence commences hereon. For each amount so reinstated the Company agrees to pay additional premium equal to the product of the following:

   1. The percentage of the occurrence limit reinstated (based on the loss paid by the Reinsurer); times

   2. The earned reinsurance premium for the term of this Contract (exclusive of reinstatement premium).

B. Whenever the Company requests payment by the Reinsurer of any loss hereunder, the Company shall submit a statement to the Reinsurer of reinstatement premium due the Reinsurer. If the earned reinsurance premium for the term of this Contract has not been finally determined as of the date of any such statement, the calculation of reinstatement premium due shall be based on $1,800,000 and shall be readjusted when the earned reinsurance premium for the term of this Contract has been finally determined. Any

reinstatement premium shown to be due the Reinsurer as reflected by any such statement (less prior payments, if any) shall be payable by the Company concurrently with payment by the Reinsurer of the requested loss. Any return reinstatement premium shown to be due the Company shall be remitted by the Reinsurer as promptly as possible after receipt and verification of the Company's statement.

C. Notwithstanding anything stated herein, the liability of the Reinsurer hereunder shall not exceed $40,000,000 as respects loss or losses arising out of any one loss occurrence, nor shall it exceed $80,000,000 in all during the term of this Contract.

Article VII—Definitions

A. "Ultimate net loss" as used herein shall be defined as the sum or sums (including loss in excess of policy limits, extra contractual obligations and loss adjustment expense, as hereinafter defined) paid or payable by the Company in settlement of claims and in satisfaction of judgments rendered on account of such claims, after deduction of all salvage, all recoveries and all claims on inuring insurance or reinsurance, whether collectible or not. Nothing herein shall be construed to mean that losses under this Contract are not recoverable until the Company's ultimate net loss has been ascertained.

B. "Loss in excess of policy limits" and "extra contractual obligations" as used herein shall be defined as:

1. "Loss in excess of policy limits" shall mean 90.0% of any amount paid or payable by the Company in excess of its policy limits, but otherwise within the terms of its policy, such loss in excess of the Company's policy limits having been incurred because of, but not limited to, failure by the Company to settle within the policy limits or by reason of the Company's alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action.

2. "Extra contractual obligations" shall mean 90.0% of any punitive, exemplary, compensatory or consequential damages paid or payable by the Company, not covered by any other provision of this Contract and which arise from the handling of any claim on business subject to this Contract, such liabilities arising because of, but not limited to, failure by the Company to settle within the policy limits or by reason of the Company's alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement or in the preparation of the defense or in the trial of an action against its insured or reinsured or in the preparation or prosecution of an appeal consequent upon such an action. An extra contractual obligation shall be deemed, in all circumstances, to have occurred on the same date as the loss covered or alleged to be covered under the policy.

However, as respects ultimate net loss for the reinsurance coverage provided by this Contract, loss in excess of policy limits and extra contractual obligations arising out of each loss occurrence shall not exceed an amount equal to 25.0% of the loss under the reinsurance coverage provided by this Contract.

Notwithstanding anything stated herein, this Contract shall not apply to any loss in excess of policy limits or any extra contractual obligation incurred by the Company as a result of any fraudulent and/or criminal act by any officer or director of the Company acting individually or collectively or in collusion with any individual or corporation or any other organization or party involved in the presentation, defense or settlement of any claim covered hereunder.

C. "Loss adjustment expense" as used herein shall be defined as expenses assignable to the investigation, appraisal, adjustment, settlement, litigation, defense and/or appeal of claims, regardless of how such expenses are classified for statutory reporting purposes. Loss adjustment expense shall include, but not be limited to, interest on judgments, expenses of outside adjusters, a pro rata share of salaries and expenses of the Company's field employees and expenses of other employees of the Company who have been temporarily diverted from their normal and customary duties and assigned to the adjustment of losses covered by this Contract, expenses of the Company's officials incurred in connection with losses covered by this Contract, and declaratory judgment expenses or other legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto. Loss adjustment expense shall not include normal office expenses or salaries of the Company's officials.

D. "Term of this Contract" as used herein shall be defined as the period from October 14, 2008 until May 31, 2009, both days inclusive, Local Standard Time at the location where the loss occurrence commences. However, if this Contract is terminated, "term of this Contract" as used herein shall mean the period from October 14, 2008 through the effective date of termination.

Article VIII—Other Reinsurance

The Company shall be permitted to carry other reinsurance, recoveries under which shall inure solely to the benefit of the Company and be entirely disregarded in applying all of the provisions of this Contract.

Article IX—Loss Occurrence

A. The term "loss occurrence" shall mean the sum of all individual losses directly occasioned by any one disaster, accident or loss or series of disasters, accidents or losses arising out of one event which occurs within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another. However, the duration and extent of any one "loss occurrence" shall be limited to all individual losses sustained by the Company occurring during any period of 168 consecutive hours arising out of and directly occasioned by the same event except that the term "loss occurrence" shall be further defined as follows:

1. As regards windstorm, hail, tornado, hurricane, cyclone, including ensuing collapse and water damage, all individual losses sustained by the Company occurring during any period of 72 consecutive hours arising out of and directly occasioned by the same event. However, the event need not be limited to one state or province or states or provinces contiguous thereto.

2. As regards riot, riot attending a strike, civil commotion, vandalism and malicious mischief, all individual losses sustained by the Company occurring during any period of 96 consecutive hours within the area of one municipality or county and the municipalities or counties contiguous thereto arising out of and directly occasioned by the same event. The maximum duration of 96 consecutive hours may be extended in respect of individual losses which occur beyond such 96 consecutive hours during the continued occupation of an assured's premises by strikers, provided such occupation commenced during the aforesaid period.

3. As regards earthquake (the epicenter of which need not necessarily be within the territorial confines referred to in the introductory portion of this paragraph A) and fire following directly occasioned by the earthquake, only those individual fire losses which commence during the period of 168 consecutive hours may be included in the Company's "loss occurrence."

4. As regards "freeze," only individual losses directly occasioned by collapse, breakage of glass and water damage (caused by bursting frozen pipes and tanks) may be included in the Company's "loss occurrence."

5. As regards firestorms, brush fires and any other fires or series of fires, irrespective of origin (except as provided in subparagraphs 2 and 3 above), which spread through trees, grassland or other vegetation, all individual losses sustained by the Company which occur during any period of 168 consecutive hours within the area of one state of the United States or province of Canada and states or provinces contiguous thereto and to one another may be included in the Company's "loss occurrence."

B. For all those "loss occurrences," other than those referred to in subparagraph 2 of paragraph A above, the Company may choose the date and time when any such period of consecutive hours commences, provided that it is not earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss, and provided that only one such period of 168 consecutive hours shall apply with respect to one event, except for any "loss occurrence" referred to in subparagraph 1 of paragraph A above where only one such period of 72 consecutive hours shall apply with respect to one event, regardless of the duration of the event.

C. As respects those "loss occurrences" referred to in subparagraph 2 of paragraph A above, if the disaster, accident or loss occasioned by the event is of greater duration than 96 consecutive hours, then the Company may divide that disaster, accident or loss into two or more "loss occurrences," provided that no two periods overlap and no individual loss is included in more than one such period, and provided that no period commences earlier than the date and time of the occurrence of the first recorded individual loss sustained by the Company arising out of that disaster, accident or loss.

D. No individual losses occasioned by an event that would be covered by a 72 or 96 hours clause may be included in any "loss occurrence" claimed under a 168 hours provision.

Article X—Loss Notices and Settlements

A. Whenever losses sustained by the Company appear likely to result in a claim hereunder, the Company shall notify the Reinsurer, and the Reinsurer shall have the right to participate in the adjustment of such losses at its own expense.

B. All loss settlements made by the Company, provided they are within the terms of this Contract and the terms of the Company's policies (except as respects loss in excess of policy limits and extra contractual obligations), shall be binding upon the Reinsurer, and the Reinsurer agrees to pay all amounts for which it may be liable upon receipt of reasonable evidence of the amount paid (or scheduled to be paid within 14 days) by the Company.

Article XI—Salvage and Subrogation

The Reinsurer shall be credited with salvage (i.e., reimbursement obtained or recovery made by the Company, less the actual cost, excluding salaries of officials and employees of the Company and sums paid to attorneys as retainer, of obtaining such reimbursement or making such recovery) on account of claims and settlements involving reinsurance hereunder. Salvage thereon shall always be used to reimburse the excess carriers in the reverse order of their priority according to their participation before being used in any way to reimburse the Company for its primary loss. The Company hereby agrees to enforce its rights to salvage or subrogation relating to any loss, a part of which loss was sustained by the Reinsurer, and to prosecute all claims arising out of such rights if, in the Company's opinion, it is economically reasonable to do so.

Article XII—Florida Hurricane Catastrophe Fund

A. The Company shall provisionally purchase Florida Hurricane Catastrophe Fund ("FHCF") reimbursement coverage, including any Temporary Increase in Coverage Limit Options, with a limit and retention of 90.0% of $120,467,044 excess of $26,073,109.

   The provisional limit and retention detailed above may increase or decrease depending on the Company's actual exposures on policies subject to the FHCF reimbursement coverage during the term of this Contract. The Company and the Reinsurer agree to accept and be bound by the final determination of the FHCF.

B. The Company shall purchase from the FHCF additional underlying coverage of 100% of $1,000,000 excess of $3,225,000 (including one reinstatement) provided by the FHCF to Limited Apportionment Companies.

C. Any loss reimbursement paid or payable to the Company under the mandatory and optional coverage layers provided by the FHCF as set forth in paragraphs A and B above, as a result of loss occurrences commencing during the term of this Contract shall inure to the benefit of this Contract. Further, any FHCF loss reimbursement shall be deemed to be paid to the Company in accordance with the reimbursement contract between the Company and the State Board of Administration of the State of Florida at the full payout level set forth therein and will be deemed not to be reduced by any reduction or exhaustion of the FHCF's claims paying capacity.

D. Prior to the determination of the Company's FHCF retention and payout, if any, under the mandatory and optional coverage layers set forth between the Company and the State Board of Administration of the State of Florida in paragraph A above, the Reinsurer's liability hereunder will be determined provisionally based on the projected payout, determined in accordance with the provisions of the reimbursement contract. Following the FHCF's final determination of the payout under the coverage layers provided by the reimbursement contract, the ultimate net loss under this Contract will be recalculated. If, as a result of such calculation, the loss to the Reinsurer hereunder in any one loss occurrence is less than the amount previously paid by the Reinsurer, the Company shall promptly remit the difference to the Reinsurer. If the loss to the Reinsurer hereunder in any one loss occurrence is greater than the amount previously paid by the Reinsurer, the Reinsurer shall promptly remit the difference to the Company.

E. If an FHCF reimbursement amount is based on the Company's losses in more than one loss occurrence commencing during the term of this Contract, the total such FHCF reimbursement received by the Company shall be allocated to individual loss occurrences in chronological order of the dates such loss occurrences commence, beginning with the first such loss occurrence commencing during the term of this Contract, provided that:

1. The portion of the total FHCF reimbursement amount to be allocated by the Company to any individual loss occurrence shall be equal to the lesser of (a) the amount of such FHCF reimbursement to which the Company would be entitled for that loss occurrence alone, or (b) the remaining such FHCF reimbursement which has not been allocated by the Company to prior loss occurrences; and

2. The total amount allocated by the Company to all such loss occurrences shall be equal to the total FHCF reimbursement received by the Company for such loss occurrences.

Article XIII—Reinsurance Premium

As premium for the reinsurance provided hereunder, the Company shall pay the Reinsurer $1,800,000 in three equal installments of $600,000 on October 14 and December 1 of 2008 and March 1, 2009. In the event this Contract is terminated in accordance with the provisions of paragraph B of the Commencement and Termination Article and subject to no known losses, no further premium installments shall be due after the effective date of termination, and the Reinsurer shall return to the Company a pro rata portion of the premium installments previously due and paid by the Company applicable to the unexpired portion of the term of this Contract (disregarding the termination) as of the effective date of termination.

Article XIV—Late Payments

A. The provisions of this Article shall not be implemented unless specifically invoked, in writing, by one of the parties to this Contract.

B. In the event any premium, loss or other payment due either party is not received by the intermediary named in the Intermediary Article (BRMA 23A) (hereinafter referred to as the

"Intermediary") by the payment due date, the party to whom payment is due may, by notifying the Intermediary in writing, require the debtor party to pay, and the debtor party agrees to pay, an interest penalty on the amount past due calculated for each such payment on the last business day of each month as follows:

1. The number of full days which have expired since the due date or the last monthly calculation, whichever the lesser; times
2. 1/365ths of the six-month United States Treasury Bill rate as quoted in *The Wall Street Journal* on the first business day of the month for which the calculation is made; times
3. The amount past due, including accrued interest.

It is agreed that interest shall accumulate until payment of the original amount due plus interest penalties have been received by the Intermediary.

C. The establishment of the due date shall, for purposes of this Article, be determined as follows:

1. As respects the payment of routine deposits and premiums due the Reinsurer, the due date shall be as provided for in the applicable section of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 45 days after the date of transmittal by the Intermediary of the initial billing for each such payment.
2. Any claim or loss payment due the Company hereunder shall be deemed due 10 days after the proof of loss or demand for payment is transmitted to the Reinsurer. If such loss or claim payment is not received within the 10 days, interest will accrue on the payment or amount overdue in accordance with paragraph B above, from the date the proof of loss or demand for payment was transmitted to the Reinsurer.
3. As respects any payment, adjustment or return due either party not otherwise provided for in subparagraphs 1 and 2 of this paragraph C, the due date shall be as provided for in the applicable section of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 45 days following transmittal of written notification that the provisions of this Article have been invoked.

For purposes of interest calculations only, amounts due hereunder shall be deemed paid upon receipt by the Intermediary.

D. Nothing herein shall be construed as limiting or prohibiting a Subscribing Reinsurer from contesting the validity of any claim, or from participating in the defense of any claim or suit, or prohibiting either party from contesting the validity of any payment or from initiating any arbitration or other proceeding in accordance with the provisions of this Contract. If the debtor party prevails in an arbitration or other proceeding, then any interest penalties due hereunder on the amount in dispute shall be null and void. If the debtor party loses in such proceeding, then the interest penalty on the amount determined to be due hereunder shall be calculated in accordance with the provisions set forth above unless otherwise determined by such proceedings. If a debtor party advances payment of any amount it is contesting, and proves to be correct in its contestation, either in whole or in part, the other party shall reimburse the debtor party for any such excess payment made plus interest on the excess amount calculated in accordance with this Article.

E. Interest penalties arising out of the application of this Article that are $100 or less from any party shall be waived unless there is a pattern of late payments consisting of three or more items over the course of any 12-month period.

Article XV—Offset (BRMA 36C)

The Company and the Reinsurer shall have the right to offset any balance or amounts due from one party to the other under the terms of this Contract. The party asserting the right of offset may exercise such right any time whether the balances due are on account of premiums or losses or otherwise.

Article XVI—Access to Records (BRMA 1D)

The Reinsurer or its designated representatives shall have access at any reasonable time to all records of the Company which pertain in any way to this reinsurance.

Article XVII—Liability of the Reinsurer

A. The liability of the Reinsurer shall follow that of the Company in every case and be subject in all respects to all the general and specific stipulations, clauses, waivers and modifications of the Company's policies and any endorsements thereon. However, in no event shall this be construed in any way to provide coverage outside the terms and conditions set forth in this Contract.

B. Nothing herein shall in any manner create any obligations or establish any rights against the Reinsurer in favor of any third party or any persons not parties to this Contract.

Article XVIII—Net Retained Lines (BRMA 32E)

A. This Contract applies only to that portion of any policy which the Company retains net for its own account (prior to deduction of any underlying reinsurance specifically permitted in this Contract), and in calculating the amount of any loss hereunder and also in computing the amount or amounts in excess of which this Contract attaches, only loss or losses in respect of that portion of any policy which the Company retains net for its own account shall be included.

B. The amount of the Reinsurer's liability hereunder in respect of any loss or losses shall not be increased by reason of the inability of the Company to collect from any other reinsurer(s), whether specific or general, any amounts which may have become due from such reinsurer(s), whether such inability arises from the insolvency of such other reinsurer(s) or otherwise.

Article XIX—Errors and Omissions (BRMA 14F)

Inadvertent delays, errors or omissions made in connection with this Contract or any transaction hereunder shall not relieve either party from any liability which would have attached had such delay, error or omission not occurred, provided always that such error or omission is rectified as soon as possible after discovery.

Article XX—Currency (BRMA 12A)

A. Whenever the word “Dollars” or the “$” sign appears in this Contract, they shall be construed to mean United States Dollars and all transactions under this Contract shall be in United States Dollars.

B. Amounts paid or received by the Company in any other currency shall be converted to United States Dollars at the rate of exchange at the date such transaction is entered on the books of the Company.

Article XXI—Taxes (BRMA 50B)

In consideration of the terms under which this Contract is issued, the Company will not claim a deduction in respect of the premium hereon when making tax returns, other than income or profits tax returns, to any state or territory of the United States of America or the District of Columbia.

Article XXII—Federal Excise Tax (BRMA 17D)

A. The Reinsurer has agreed to allow for the purpose of paying the Federal Excise Tax the applicable percentage of the premium payable hereon (as imposed under Section 4371 of the Internal Revenue Code) to the extent such premium is subject to the Federal Excise Tax.

B. In the event of any return of premium becoming due hereunder the Reinsurer will deduct the applicable percentage from the return premium payable hereon and the Company or its agent should take steps to recover the tax from the United States Government.

Article XXIII—Reserves

A. The Reinsurer agrees to fund its share of the Company’s ceded unearned premium and outstanding loss and loss adjustment expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known loss occurrences) by:

    1. Clean, irrevocable and unconditional letters of credit issued and confirmed, if confirmation is required by the insurance regulatory authorities involved, by a bank or banks meeting the NAIC Securities Valuation Office credit standards for issuers of letters of credit and acceptable to said insurance regulatory authorities; and/or

2. Escrow accounts for the benefit of the Company; and/or

3. Cash advances;

if the Reinsurer:

1. Is unauthorized in any state of the United States of America or the District of Columbia having jurisdiction over the Company and if, without such funding, a penalty would accrue to the Company on any financial statement it is required to file with the insurance regulatory authorities involved; or

2. Has experienced any of the circumstances described in paragraph B of the Commencement and Termination Article. However, if such circumstance is rectified, then no special funding requirements shall apply and any such current funding in accordance with the provisions above shall be released to the Reinsurer.

For purposes of this Contract, the Lloyd's United States Credit for Reinsurance Trust Fund shall be considered an acceptable funding instrument. The Reinsurer, at its sole option, may fund in other than cash if its method and form of funding are acceptable to the insurance regulatory authorities involved.

B. With regard to funding in whole or in part by letters of credit, it is agreed that each letter of credit will be in a form acceptable to insurance regulatory authorities involved, will be issued for a term of at least one year and will include an "evergreen clause," which automatically extends the term for at least one additional year at each expiration date unless written notice of non-renewal is given to the Company not less than 30 days prior to said expiration date. The Company and the Reinsurer further agree, notwithstanding anything to the contrary in this Contract, that said letters of credit may be drawn upon by the Company or its successors in interest at any time, without diminution because of the insolvency of the Company or the Reinsurer, but only for one or more of the following purposes:

1. To reimburse itself for the Reinsurer's share of losses and/or loss adjustment expense paid under the terms of policies reinsured hereunder, unless paid in cash by the Reinsurer;

2. To reimburse itself for the Reinsurer's share of any other amounts claimed to be due hereunder, unless paid in cash by the Reinsurer;

3. To fund a cash account in an amount equal to the Reinsurer's share of any ceded unearned premium and/or outstanding loss and loss adjustment expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known loss occurrences) funded by means of a letter of credit which is under non-renewal notice, if said letter of credit has not been renewed or replaced by the Reinsurer 10 days prior to its expiration date;

4. To refund to the Reinsurer any sum in excess of the actual amount required to fund the Reinsurer's share of the Company's ceded unearned premium and/or outstanding loss and loss adjustment expense reserves (including all case reserves plus any reasonable amount estimated to be unreported from known loss occurrences), if so requested by the Reinsurer; and

5. To reimburse itself for the Reinsurer's portion of the unearned reinsurance premium paid to the Reinsurer hereunder.

In the event the amount drawn by the Company on any letter of credit is in excess of the actual amount required for B(1), B(3) or B(5), or in the case of B(2), the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn.

Article XXIV—Insolvency

A. In the event of the insolvency of one or more of the reinsured companies, this reinsurance shall be payable directly to the company or to its liquidator, receiver, conservator or statutory successor on the basis of the liability of the company without diminution because of the insolvency of the company or because the liquidator, receiver, conservator or statutory successor of the company has failed to pay all or a portion of any claim. It is agreed, however, that the liquidator, receiver, conservator or statutory successor of the company shall give written notice to the Reinsurer of the pendency of a claim against the company indicating the policy or bond reinsured which claim would involve a possible liability on the part of the Reinsurer within a reasonable time after such claim is filed in the conservation or liquidation proceeding or in the receivership, and that during the pendency of such claim, the Reinsurer may investigate such claim and interpose, at its own expense, in the proceeding where such claim is to be adjudicated, any defense or defenses that it may deem available to the company or its liquidator, receiver, conservator or statutory successor. The expense thus incurred by the Reinsurer shall be chargeable, subject to the approval of the Court, against the company as part of the expense of conservation or liquidation to the extent of a pro rata share of the benefit which may accrue to the company solely as a result of the defense undertaken by the Reinsurer.

B. Where two or more reinsurers are involved in the same claim and a majority in interest elect to interpose defense to such claim, the expense shall be apportioned in accordance with the terms of this Contract as though such expense had been incurred by the company.

C. It is further understood and agreed that, in the event of the insolvency of one or more of the reinsured companies, the reinsurance under this Contract shall be payable directly by the Reinsurer to the company or to its liquidator, receiver or statutory successor, except as provided by Section 4118(a) of the New York Insurance Law or except (1) where this Contract specifically provides another payee of such reinsurance in the event of the insolvency of the company or (2) where the Reinsurer with the consent of the direct insured or insureds has assumed such policy obligations of the company as direct obligations of the Reinsurer to the payees under such policies and in substitution for the obligations of the company to such payees.

Article XXV—Arbitration

A. As a condition precedent to any right of action hereunder, in the event of any dispute or difference of opinion hereafter arising with respect to this Contract, it is hereby mutually agreed that such dispute or difference of opinion shall be submitted to arbitration. One

Arbiter shall be chosen by the Company, the other by the Reinsurer, and an Umpire shall be chosen by the two Arbiters before they enter upon arbitration, all of whom shall be active or retired disinterested executive officers of insurance or reinsurance companies or Lloyd's London Underwriters. In the event that either party should fail to choose an Arbiter within 30 days following a written request by the other party to do so, the requesting party may choose two Arbiters who shall in turn choose an Umpire before entering upon arbitration. If the two Arbiters fail to agree upon the selection of an Umpire within 30 days following their appointment, each Arbiter shall nominate three candidates within 10 days thereafter, two of whom the other shall decline, and the decision shall be made by drawing lots.

B. Each party shall present its case to the Arbiters within 30 days following the date of appointment of the Umpire. The Arbiters shall consider this Contract as an honorable engagement rather than merely as a legal obligation and they are relieved of all judicial formalities and may abstain from following the strict rules of law. The decision of the Arbiters shall be final and binding on both parties; but failing to agree, they shall call in the Umpire and the decision of the majority shall be final and binding upon both parties. Judgment upon the final decision of the Arbiters may be entered in any court of competent jurisdiction.

C. If more than one reinsurer is involved in the same dispute, all such reinsurers shall constitute and act as one party for purposes of this Article and communications shall be made by the Company to each of the reinsurers constituting one party, provided, however, that nothing herein shall impair the rights of such reinsurers to assert several, rather than joint, defenses or claims, nor be construed as changing the liability of the reinsurers participating under the terms of this Contract from several to joint.

D. Each party shall bear the expense of its own Arbiter, and shall jointly and equally bear with the other the expense of the Umpire and of the arbitration. In the event that the two Arbiters are chosen by one party, as above provided, the expense of the Arbiters, the Umpire and the arbitration shall be equally divided between the two parties.

E. Any arbitration proceedings shall take place at a location mutually agreed upon by the parties to this Contract, but notwithstanding the location of the arbitration, all proceedings pursuant hereto shall be governed by the law of the State of Florida.

Article XXVI—Service of Suit (BRMA 49C)

(Applicable if the Reinsurer is not domiciled in the United States of America, and/or is not authorized in any State, Territory or District of the United States where authorization is required by insurance regulatory authorities)

A. It is agreed that in the event the Reinsurer fails to pay any amount claimed to be due hereunder, the Reinsurer, at the request of the Company, will submit to the jurisdiction of a court of competent jurisdiction within the United States. Nothing in this Article constitutes or should be understood to constitute a waiver of the Reinsurer's rights to commence an action in any court of competent jurisdiction in the United States, to remove an action to a United States District Court, or to seek a transfer of a case to another court as permitted by the laws of the United States or of any state in the United States.

B. Further, pursuant to any statute of any state, territory or district of the United States which makes provision therefor, the Reinsurer hereby designates the party named in its Interests and Liabilities Agreement, or if no party is named therein, the Superintendent, Commissioner or Director of Insurance or other officer specified for that purpose in the statute, or his successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceeding instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract.

Article XXVII—Governing Law (BRMA 71B)

This Contract shall be governed by and construed in accordance with the laws of the State of Florida.

Article XXVIII—Confidentiality

The Reinsurer shall maintain the confidentiality of all information reviewed during any inspection as well as the results of such inspection and shall not disclose such materials to third parties other than the Reinsurer's auditors, legal counsel, retrocessionaires, or as required in any action brought to enforce the Reinsurer's rights under this Contract, or as required by a London market lead, regulatory agency, court order or subpoena, provided that the other party is given prior notice of such regulatory requirement, court order or subpoena.

Article XXIX—Entire Agreement

This written Contract constitutes the entire agreement between the parties hereto with respect to the business being reinsured hereunder, and there are no understandings between the parties hereto other than as expressed in this Contract. Any change or modification to this Contract will be made by amendment to this Contract and signed by the parties.

Article XXX—Severability (BRMA 72E)

If any provision of this Contract shall be rendered illegal or unenforceable by the laws, regulations or public policy of any state, such provision shall be considered void in such state, but this shall not affect the validity or enforceability of any other provision of this Contract or the enforceability of such provision in any other jurisdiction.

Article XXXI—Agency Agreement (BRMA 73A)

If more than one reinsured company is named as a party to this Contract, the first named company shall be deemed the agent of the other reinsured companies for purposes of sending or receiving notices required by the terms and conditions of this Contract, and for purposes of remitting or receiving any monies due any party.

Article XXXII—Notices and Contract Execution

A. Whenever a notice, statement, report or any other written communication is required by this Contract, unless otherwise specified, such notice, statement, report or other written communication may be transmitted by certified or registered mail, nationally or internationally recognized express delivery service, personal delivery, electronic mail, or facsimile. With the exception of notices of termination, first class mail is also acceptable.

B. The use of any of the following shall constitute a valid execution of this Contract or any amendments thereto:

   1. Paper documents with an original ink signature;

   2. Facsimile or electronic copies of paper documents showing an original ink signature; and/or

   3. Electronic records with an electronic signature made via an electronic agent. For the purposes of this Contract, the terms “electronic record,” “electronic signature” and “electronic agent” shall have the meanings set forth in the Electronic Signatures in Global and National Commerce Act of 2000 or any amendments thereto.

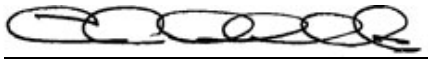
C. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

Article XXXIII—Intermediary (BRMA 23A)

Benfield Inc. is hereby recognized as the Intermediary negotiating this Contract for all business hereunder. All communications (including but not limited to notices, statements, premium, return premium, commissions, taxes, losses, loss adjustment expense, salvages and loss settlements) relating thereto shall be transmitted to the Company or the Reinsurer through Benfield Inc. Payments by the Company to the Intermediary shall be deemed to constitute payment to the Reinsurer. Payments by the Reinsurer to the Intermediary shall be deemed to constitute payment to the Company only to the extent that such payments are actually received by the Company.

In Witness Whereof, the Company by its duly authorized representative has executed this Contract as of the date undermentioned at:

Clearwater, Florida, this 23RD day of OCTOBER in the year 2008.



Homeowners Choice Property and Casualty Insurance Company (for and on behalf of the “Company”)

BENFIELD

Nuclear Incident Exclusion Clause—Physical Damage—Reinsurance (U.S.A.)

1. This Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly and whether as Insurer or Reinsurer, from any Pool of Insurers or Reinsurers formed for the purpose of covering Atomic or Nuclear Energy risks.

2. Without in any way restricting the operation of paragraph (1) of this Clause, this Reinsurance does not cover any loss or liability accruing to the Reassured, directly or indirectly and whether as Insurer or Reinsurer, from any insurance against Physical Damage (including business interruption or consequential loss arising out of such Physical Damage) to:

   I. Nuclear reactor power plants including all auxiliary property on the site, or

   II. Any other nuclear reactor installation, including laboratories handling radioactive materials in connection with reactor installations, and “critical facilities” as such, or

   III. Installations for fabricating complete fuel elements or for processing substantial quantities of “special nuclear material,” and for reprocessing, salvaging, chemically separating, storing or disposing of “spent” nuclear fuel or waste materials, or

   IV. Installations other than those listed in paragraph (2) III above using substantial quantities of radioactive isotopes or other products of nuclear fission.

3. Without in any way restricting the operations of paragraphs (1) and (2) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, from any insurance on property which is on the same site as a nuclear reactor power plant or other nuclear installation and which normally would be insured therewith except that this paragraph (3) shall not operate

   (a) where Reassured does not have knowledge of such nuclear reactor power plant or nuclear installation, or

   (b) where said insurance contains a provision excluding coverage for damage to property caused by or resulting from radioactive contamination, however caused. However on and after 1st January 1960 this sub-paragraph (b) shall only apply provided the said radioactive contamination exclusion provision has been approved by the Governmental Authority having jurisdiction thereof.

4. Without in any way restricting the operations of paragraphs (1), (2) and (3) hereof, this Reinsurance does not cover any loss or liability by radioactive contamination accruing to the Reassured, directly or indirectly, and whether as Insurer or Reinsurer, when such radioactive contamination is a named hazard specifically insured against.

5. It is understood and agreed that this Clause shall not extend to risks using radioactive isotopes in any form where the nuclear exposure is not considered by the Reassured to be the primary hazard.

6. The term “special nuclear material” shall have the meaning given it in the Atomic Energy Act of 1954 or by any law amendatory thereof.

7. Reassured to be sole judge of what constitutes:

   (a) substantial quantities, and

   (b) the extent of installation, plant or site.

Note.-Without in any way restricting the operation of paragraph (1) hereof, it is understood and agreed that

   (a) all policies issued by the Reassured on or before 31st December 1957 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

   (b) with respect to any risk located in Canada policies issued by the Reassured on or before 31st December 1958 shall be free from the application of the other provisions of this Clause until expiry date or 31st December 1960 whichever first occurs whereupon all the provisions of this Clause shall apply.

12/12/57
N.M.A. 1119
BRMA 35B

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Pollution and Seepage Exclusion Clause

This Contract excludes loss and/or damage and/or costs and/or expenses arising from seepage and/or pollution and/or contamination, other than contamination from smoke. Nevertheless, this exclusion does not preclude payment of the cost of removing debris of property damaged by a loss otherwise covered hereunder, subject always to a limit of 25% of the Company's property loss under the applicable original policy.

BRMA 39A

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Terrorism Exclusion
(Treaty Reinsurance)

Notwithstanding any provision to the contrary within this Contract or any amendment thereto, it is agreed that this Contract excludes loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with any act of terrorism, as defined herein, regardless of any other cause or event contributing concurrently or in any other sequence to the loss.

An act of terrorism includes any act, or preparation in respect of action, or threat of action designed to influence the government *de jure* or *de facto* of any nation or any political division thereof, or in pursuit of political, religious, ideological or similar purposes to intimidate the public or a section of the public of any nation by any person or group(s) of persons whether acting alone or on behalf of or in connection with any organization(s) or government(s) *de jure* or *de facto*, and which:

1. Involves violence against one or more persons; or
2. Involves damage to property; or
3. Endangers life other than the person committing the action; or
4. Creates a risk to health or safety of the public or a section of the public; or
5. Is designed to interfere with or disrupt an electronic system.

This Contract also excludes loss, damage, cost or expense directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with any action in controlling, preventing, suppressing, retaliating against or responding to any act of terrorism.

Notwithstanding the above and subject otherwise to the terms, conditions and limitations of this Contract, in respect only of personal lines, this Contract will pay actual loss or damage (but not related cost and expense) caused by any act of terrorism provided such act is not directly or indirectly caused by, contributed to by, resulting from, or arising out of or in connection with biological, chemical, radioactive or nuclear pollution, contamination or explosion.

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Interests and Liabilities Agreement

of

Catlin Insurance Company Ltd.
Hamilton, Bermuda
(*hereinafter referred to as the* "*Subscribing Reinsurer*")

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

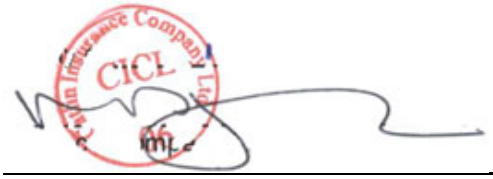
The *Subscribing Reinsurer* hereby accepts a 5.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above. GA 2000190638

This Agreement shall become effective on October 14, 2008, and shall continue in force until May 31, 2009, both days inclusive, Local Standard Time at the location where the loss occurrence commences, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hamilton, Bermuda, this 14th day of November in the year 2008.



Catlin Insurance Company Ltd.

BENFIELD

Interests and Liabilities Agreement

of

Hannover Re (Bermuda), Ltd.
Hamilton, Bermuda
(*hereinafter referred* to *as the* "*Subscribing Reinsurer*")

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 10.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on October 14, 2008, and shall continue in force until May 31, 2009, both days inclusive, Local Standard Time at the location where the loss occurrence commences, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In any action, suit or proceeding to enforce the *Subscribing Reinsurer's* obligations under the attached Contract, service of process may be made upon Mendes & Mount, 750 Seventh Avenue, New York, New York 10019.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hamilton, Bermuda, this 15TH day of DECEMBER in the year 2008.

*hannover **re**®*

Hannover Re (Bermuda) Ltd

Hannover Re (Bermuda), Ltd.
Ref: US02732 0508

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BENFIELD

Interests and Liabilities Agreement

of

Montpelier Reinsurance Ltd.
Pembroke, Bermuda
(*hereinafter referred* to *as the* "*Subscribing Reinsurer*")

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 12.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on October 14, 2008, and shall continue in force until May 31, 2009, both days inclusive, Local Standard Time at the location where the loss occurrence commences, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hamilton, Bermuda, this 1st day of April in the year 2008.

SEAL OF MONTPELIER APPEARS HERE

Montpelier Reinsurance Ltd. CANDB 38760-10

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BENFIELD

Interests and Liabilities Agreement

of

QBE Reinsurance Corporation
Philadelphia, Pennsylvania
(*hereinafter referred to as the* "*Subscribing Reinsurer*")

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 1.5% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on October 14, 2008, and shall continue in force until May 31, 2009, both days inclusive, Local Standard Time at the location where the loss occurrence commences, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

New York, New York, this 18th day of November in the year 2008.

QBE Reinsurance Corporation

Interests and Liabilities Agreement

of

Tokio Millennium Re Ltd.
Hamilton, Bermuda
(*hereinafter referred to as the* "*Subscribing Reinsurer*")

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 8.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on October 14, 2008, and shall continue in force until May 31, 2009, both days inclusive, Local Standard Time at the location where the loss occurrence commences, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hamilton, Bermuda, this 1st day of December in the year 2008.

Tokio Millennium Re Ltd.

Interests and Liabilities Agreement

of

Amlin Bermuda Limited
Hamilton, Bermuda
(*hereinafter referred to as the* "*Subscribing Reinsurer*")

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts an 11.0% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on October 14, 2008, and shall continue in force until May 31, 2009, both days inclusive, Local Standard Time at the location where the loss occurrence commences, unless earlier terminated in accordance with the provisions of the attached Contract.

The *Subscribing Reinsurer's* share in the attached Contract shall be separate and apart from the shares of the other reinsurers, and shall not be joint with the shares of the other reinsurers, it being understood that the *Subscribing Reinsurer* shall in no event participate in the interests and liabilities of the other reinsurers.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Agreement as of the date undermentioned at:

Hamilton, Bermuda, this 18th day of November in the year 2008.

ABL

Amlin Bermuda Limited

Interests and Liabilities Agreement

of

Certain Underwriting Members of Lloyd's
shown in the Signing Page(s) attached hereto
(*hereinafter referred to as the* "*Subscribing Reinsurer*")

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company
Clearwater, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

The *Subscribing Reinsurer* hereby accepts a 52.5% share in the interests and liabilities of the "Reinsurer" as set forth in the attached Contract captioned above.

This Agreement shall become effective on October 14, 2008, and shall continue in force until May 31, 2009, both days inclusive, Local Standard Time at the location where the loss occurrence commences, unless earlier terminated in accordance with the provisions of the attached Contract.

In any action, suit or proceeding to enforce the *Subscribing Reinsurer's* obligations under the attached Contract, service of process may be made upon Mendes & Mount, 750 Seventh Avenue, New York, New York 10019.

Signed for and on behalf of the *Subscribing Reinsurer* in the Signing Page(s) attached hereto.

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Signing Page

attaching to and forming part of the

Interests and Liabilities Agreement

of

Certain Underwriting Members of Lloyd's

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: October 14, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company, et al.,
as defined in the above captioned Contract

(Re)Insurer's Liability Clause—LMA3333

(Re)insurer's liability several not joint

The liability of a (re)insurer under this contract is several and not joint with other (re)insurers party to this contract. A (re)insurer is liable only for the proportion of liability it has underwritten. A (re)insurer is not jointly liable for the proportion of liability underwritten by any other (re)insurer. Nor is a (re)insurer otherwise responsible for any liability of any other (re)insurer that may underwrite this contract.

The proportion of liability under this contract underwritten by a (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp. This is subject always to the provision concerning "signing" below.

In the case of a Lloyd's syndicate, each member of the syndicate (rather than the syndicate itself) is a (re)insurer. Each member has underwritten a proportion of the total shown for the syndicate (that total itself being the total of the proportions underwritten by all the members of the syndicate taken together). The liability of each member of the syndicate is several and not joint with other members. A member is liable only for that member's proportion. A member is not jointly liable for any other member's proportion. Nor is any member otherwise responsible for any liability of any other (re)insurer that may underwrite this contract. The business address of each member is Lloyd's, One Lime Street, London EC3M 7HA. The identity of each member of a Lloyd's syndicate and their respective proportion may be obtained by writing to Market Services, Lloyd's, at the above address.

Proportion of liability

Unless there is "signing" (see below), the proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together) is shown next to its stamp and is referred to as its "written line".

Where this contract permits, written lines, or certain written lines, may be adjusted ("signed"). In that case a schedule is to be appended to this contract to show the definitive proportion of liability under this contract underwritten by each (re)insurer (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of the syndicate taken together). A definitive proportion (or, in the case of a Lloyd's syndicate, the total of the proportions underwritten by all the members of a Lloyd's syndicate taken together) is referred to as a "signed line". The signed lines shown in the schedule will prevail over the written lines unless a proven error in calculation has occurred.

Although reference is made at various points in this clause to "this contract" in the singular, where the circumstances so require this should be read as a reference to contracts in the plural.

Now Know Ye that we the Underwriters, Members of the Syndicates whose definitive numbers in the after-mentioned List of Underwriting Members of Lloyd's are set out in the attached Table, hereby bind ourselves each for his own part and not one for another, our Executors and Administrators, and in respect of his due proportion only, to pay or make good to the Assured or to the Assured's Executors or Administrators or to indemnify him or them against all such loss, damage or liability as herein provided, such payment to be made after such loss, damage or liability is proved and the due proportion for which each of us, the Underwriters, is liable shall be ascertained by reference to his share, as shown in the said List, of the Amount, Percentage or Proportion of the total sum insured hereunder which is in the Table set opposite the definitive number of the Syndicate of which such Underwriter is a Member AND FURTHER THAT the List of Underwriting Members of Lloyd's referred to above shows their respective Syndicates and Shares therein, is deemed to be incorporated in and to form part of this policy, bears the number specified in the attached Table and is available for inspection at Lloyd's Policy Signing Office by the Assured or his or their representatives and a true copy of the material parts of the said List certified by the General Manager of Lloyd's Policy Signing Office will be furnished to the Assured on application.

In Witness whereof the General Manager of Lloyd's Policy Signing Office has subscribed his name on behalf of each of us.

LLOYD'S POLICY SIGNING OFFICE,

General Manager

If this policy (or any subsequent endorsement) has been produced to you in electronic form, the original document is stored on the Insurer's Market Repository to which your broker has access.

(NM)

Definitive Numbers of Syndicates and Amount, Percentage or Proportion of the Total Sum insured hereunder shared between the Members of those Syndicates.

The Table of Syndicates referred to on the face of this Policy follows:

BUREAU REFERENCE 61656 05/12/2008 **BROKER NUMBER** 1108

PROPORTION %	SYNDICATE	UNDERWRITER'S REFERENCE
12.25	2791	X1108XG03655
5.25	2791	X1108YX03656
10.00	2001	CAC2436908WA
25.00	1414	XC08DK86741X

TOTAL LINE	No. OF SYNDICATES
52.50	4

THE LIST OF UNDERWRITING MEMBERS
OF LLOYD'S IS IN RESPECT OF 2008
YEAR OF ACCOUNT

BUREAU USE ONLY
USE3 72 8997

RISK CODE: XA

Addendum No. 1

to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

It Is Hereby Agreed, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences, that this Contract shall be amended as follows:

1. Paragraph A of Article VI - Reinstatement - shall be deleted and the following substituted therefor:

   "A. In the event all or any portion of the reinsurance under any excess layer of reinsurance coverage provided by this Contract is exhausted by loss, the amount so exhausted shall be reinstated immediately from the time the loss occurrence commences hereon.

      1. As respects each amount so reinstated under the first excess layer, the Company shall pay no additional premium.

      2. As respects each amount so reinstated under the second excess layer, the Company agrees to pay additional premium equal to the product of the following:

         a. The percentage of the occurrence limit for the excess layer reinstated (based on the loss paid by the Reinsurer under that excess layer); times

         b. The earned reinsurance premium for the excess layer reinstated for the term of this Contract (exclusive of reinstatement premium).

BENFIELD

3. As respects each amount so reinstated under the third and fourth excess layers, the Company agrees to pay additional premium equal to the product of the following:

   a. The percentage of the occurrence limit for the excess layer reinstated (based on the loss paid by the Reinsurer under that excess layer); times

   b. 135% of the earned reinsurance premium for the excess layer reinstated for the term of this Contract (exclusive of reinstatement premium)."

2. Article XIII - Reinsurance Premium - shall be deleted and the following substituted therefor:

"Article XIII - Reinsurance Premium

A. As respects the first and second excess layers of reinsurance coverage provided by this Contract, the Company shall pay the Reinsurer premium for the first and second excess layers equal to the amount, shown as 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto, payable in four installments. The first and second installments shall each be an amount equal to 20.0% of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto, and are due on June 1 and September 1 of 2008. The third and fourth installments shall each be an amount equal to 30.0% of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto, and are due on December 1, 2008 and March 1, 2009. In the event this Contract is terminated in accordance with the provisions of paragraph B of the Commencement and Termination Article, no premium installments shall be due after the effective date of termination; however, notwithstanding the foregoing and subject to no known losses for any excess layer hereunder, the Reinsurer shall be due a pro rata portion of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto as of the effective date of termination.

   Notwithstanding the provisions above, in the event of a loss to the first or second excess layer hereunder and as respects any offset provided herein for the loss paid by the Reinsurer for that excess layer, in lieu of the 'Contract Reinsurance Premium' percentages set forth above, the four installments shall be due on the aforementioned dates and shall be an amount equal to 25.0% of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto.

B. As respects the third and fourth excess layers of reinsurance coverage provided by this Contract, the following shall apply:

   1. The Company shall pay the Reinsurer the greater of the following:

      a. The amount shown as 'Contract Minimum Premium' (or a pro rata portion thereof if this Contract is terminated prior to May 31, 2009, subject to no known losses) for that excess layer in Schedule A attached hereto; or

      b. The sum of the Company's aggregate total insured value for policies that include wind coverage in force on September 30, 2008, multiplied by the percentage shown as 'Adjustment Rate' for that excess layer in Schedule A attached hereto.

BENFIELD

2. The Company shall pay the Reinsurer a deposit premium for the third and fourth excess layers equal to the amount, shown as 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto, payable in four installments. The first and second installments shall each be an amount equal to 20.0% of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto, and are due on June 1 and September 1 of 2008. The third and fourth installments shall each be an amount equal to 30.0% of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto, and are due on December 1, 2008 and March 1, 2009. In the event this Contract is terminated in accordance with the provisions of paragraph B of the Commencement and Termination Article, no deposit premium installments shall be due after the effective date of termination; however, notwithstanding the foregoing and subject to no known losses for any excess layer hereunder, the Reinsurer shall be due a pro rata portion of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto as of the effective date of termination.

   Notwithstanding the provisions above, in the event of a loss to the third or fourth excess layer hereunder and as respects any offset provided herein for the loss paid by the Reinsurer for that excess layer, in lieu of the 'Contract Deposit Premium' percentages set forth above, the four installments shall be due on the aforementioned dates and shall be an amount equal to 25.0% of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto.

3. Within 30 days after the effective date of termination or expiration, or within 30 days after September 30, 2008 (the date to be selected by the Company), the Company shall provide a report to the Reinsurer setting forth the premium due hereunder for the third and fourth layer, computed in accordance with subparagraph 1 above, and any additional premium due the Reinsurer or return premium due the Company for the third and fourth excess layer shall be promptly remitted."

3. Schedule A attached to the Contract shall be deleted and replaced by Schedule A (Revised: June 1, 2008) attached to and forming part of this Addendum.

The provisions of this Contract shall remain otherwise unchanged.

In Witness Whereof, the Company by its duly authorized representative has executed this Addendum as of the date under mentioned at:

Port St. Lucie, Florida, this 23rd day of October in the year 2008.

Homeowners Choice Property and Casualty Insurance Company (for and on behalf of the "Company")

BENFIELD

Schedule A
(Revised: June 1, 2008)

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

	First Excess	Second Excess	Third Excess	Fourth Excess
Company's Retention	$ 3,225,000	$13,250,000	$26,000,000	$40,000,000
Reinsurer's Per Occurrence Limit	$ 9,025,000	$12,750,000	$14,000,000	$45,000,000
Reinsurer's Term Limit	$18,050,000	$25,500,000	$28,000,000	$90,000,000
Contract Minimum Premium	N/A	N/A	$ 1,960,000	$ 3,780,000
Adjustment Rate	N/A	N/A	0.03689%	0.07115%
Contract Deposit Premium	N/A	N/A	$ 2,450,000	$ 4,725,000
Contract Reinsurance Premium	$ 5,144,250	$ 4,398,750	N/A	N/A

The figures listed above for each excess layer shall apply to each Subscribing Reinsurer in the percentage share for that excess layer as expressed in its Interests and Liabilities Agreement attached hereto.

BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

DaVinci Reinsurance Ltd.
Hamilton, Bermuda
by
Renaissance Underwriting Managers
Hamilton, Bermuda
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Hamilton, Bermuda, this 13 day of November in the year 2008.

Renaissance Underwriting Managers
(for and on behalf of DaVinci Reinsurance Ltd.)

DAVINCI REINSURANCE LTD.
UNDERWRITTEN BY RENAISSANCE U/W MGRS.
3-105602

08\H3O1015

BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

11/12/08 16:44:25
Flagstone Reassurance Suisse SA
Bda Branch
BDX000163
FLAGSTONE RE

Flagstone Reassurance Suisse SA - Bermuda Branch
Hamilton, Bermuda
(*hereinafter referred to as the "Subscribing Reinsurer"*)

With respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Hamilton, Bermuda, this 12th day of November in the year 2008.

Flagstone Reassurance Suisse SA – Bermuda Branch

08\H3O1015

BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

Motors Insurance Corporation
Detroit, Michigan
by
GMAC Re Corporation
Mt. Laurel, New Jersey
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Mt. Laurel, New Jersey, this 14th day of November in the year 2008.

Wayne Jonights AVP

MAIDEN RE LLC FKA (GMAC Re Corporation)
(for and on behalf of Motors Insurance Corporation)

08\H3O1015

BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

Hannover Re (Bermuda), Ltd.
Hamilton, Bermuda
(*hereinafter referred to as the "Subscribing Reinsure"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Hamilton, Bermuda, this 24th day of November in the year 2008.

Hannover Re (Bermuda), Ltd.

hannover re®
Hannover Re (Bermuda) Ltd

Ref #: US02732 0308
US02732 0408

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BENFIELD

Endorsement No. 1

to the

Termination Addendum

to the

Interests and Liabilities Agreement

of

Lehman Re Ltd.
Hamilton, Bermuda
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective retroactively to June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Hamilton, Bermuda, this 16 day of March in the year 2008.

Lehman Re Ltd.
Provisional Liquidators Appointed

08\H3O1015

BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

Montpelier Reinsurance Ltd.
Pembroke, Bermuda
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Hamilton, Bermuda, this 13th day of November in the year 2009.

Montpelier Reinsurance Ltd. CANDB 38495-10/20/30/40

08\H3O1015

BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

New Castle Reinsurance Company Ltd.
Hamilton, Bermuda
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Hamilton, Bermuda, this 12 day of November in the year 2008.

New Castle Reinsurance Company Ltd.

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BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

PARIS RE
Paris, France
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Paris France, this 17 day of November in the year 2008.

PARIS RE

PARIS RE
39, rue du Colisée - 75008 PARIS
Tél. : +33 1 56 43 90 00

REF. : 15013/4

08\H3O1015

BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

QBE Reinsurance Corporation
Philadelphia, Pennsylvania
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

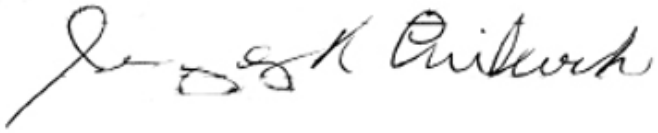
issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

New York, New York, this 14th day of November in the year 2008.



QBE Reinsurance Corporation

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BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

Renaissance Reinsurance, Ltd.
Hamilton, Bermuda
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Hamilton, Bermuda, this 13 day of November in the year 2008.

Renaissance Reinsurance, Ltd.

Renaissance
REINSURANCE Ltd.
5-11760-01

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BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

Tokio Millennium Re Ltd.
Hamilton, Bermuda
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Hamilton, Bermuda, this 1st day of December in the year 2008.

Tokio Millennium Re Ltd.

08\H3O1015

BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

Wentworth Insurance Company Limited
Christ Church, Barbados
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Christ Church, Barbados, this 8th day of December in the year 2008.

Wentworth Insurance Company Limited

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BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

XL Re Ltd
Hamilton, Bermuda
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

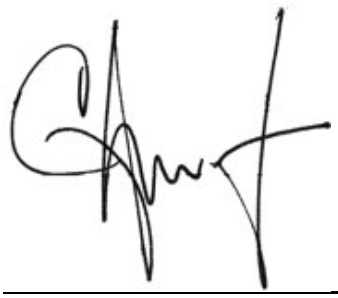
issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Hamilton, Bermuda, this 17th day of November in the year 2008.



XL Re Ltd
Our Ref: 7154/01/2008

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BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

Amlin Bermuda Limited
Hamilton, Bermuda
(*hereinafter referred* of *as the "Subscribing Reinsurer*")

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

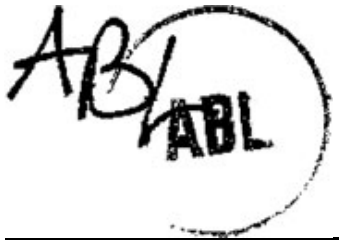
issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

In Witness Whereof, the *Subscribing Reinsurer* by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Hamilton, Bermuda, this 18th day of November in the year 2008.



Amlin Bermuda Limited

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BENFIELD

Addendum No. 1

to the

Interests and Liabilities Agreement

of

Certain Insurance Companies
shown in the Signing Page(s) attached hereto
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

Signed for and on behalf of the *Subscribing Reinsurer* in the Signing Page(s) attached hereto.

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Signing Page

attaching to and forming part of

Addendum No. 1

to the

Interests and Liabilities Agreement

of

Certain Insurance Companies

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company, et al,
as defined in the above captioned Contract

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BENFIELD

Addendum No. 1

to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

It Is Hereby Agreed, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences, that this Contract shall be amended as follows:

1. Paragraph A of Article VI - Reinstatement - shall be deleted and the following substituted therefor:

   "A. In the event all or any portion of the reinsurance under any excess layer of reinsurance coverage provided by this Contract is exhausted by loss, the amount so exhausted shall be reinstated immediately from the time the loss occurrence commences hereon.

      1. As respects each amount so reinstated under the first excess layer, the Company shall pay no additional premium.

      2. As respects each amount so reinstated under the second excess layer, the Company agrees to pay additional premium equal to the product of the following:

         a. The percentage of the occurrence limit for the excess layer reinstated (based on the loss paid by the Reinsurer under that excess layer); times

         b. The earned reinsurance premium for the excess layer reinstated for the term of this Contract (exclusive of reinstatement premium).

BENFIELD

3. As respects each amount so reinstated under the third and fourth excess layers, the Company agrees to pay additional premium equal to the product of the following:

   a. The percentage of the occurrence limit for the excess layer reinstated (based on the loss paid by the Reinsurer under that excess layer); times

   b. 135% of the earned reinsurance premium for the excess layer reinstated for the term of this Contract (exclusive of reinstatement premium)."

2. Article XIII - Reinsurance Premium - shall be deleted and the following substituted therefor:

"Article XIII - Reinsurance Premium

A. As respects the first and second excess layers of reinsurance coverage provided by this Contract, the Company shall pay the Reinsurer premium for the first and second excess layers equal to the amount, shown as 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto, payable in four installments. The first and second installments shall each be an amount equal to 20.0% of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto, and are due on June 1 and September 1 of 2008. The third and fourth installments shall each be an amount equal to 30.0% of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto, and are due on December 1, 2008 and March 1, 2009. In the event this Contract is terminated in accordance with the provisions of paragraph B of the Commencement and Termination Article, no premium installments shall be due after the effective date of termination; however, notwithstanding the foregoing and subject to no known losses for any excess layer hereunder, the Reinsurer shall be due a pro rata portion of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto as of the effective date of termination.

   Notwithstanding the provisions above, in the event of a loss to the first or second excess layer hereunder and as respects any offset provided herein for the loss paid by the Reinsurer for that excess layer, in lieu of the 'Contract Reinsurance Premium' percentages set forth above, the four installments shall be due on the aforementioned dates and shall be an amount equal to 25.0% of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto.

B. As respects the third and fourth excess layers of reinsurance coverage provided by this Contract, the following shall apply:

   1. The Company shall pay the Reinsurer the greater of the following:

      a. The amount shown as 'Contract Minimum Premium' (or a pro rata portion thereof if this Contract is terminated prior to May 31, 2009, subject to no known losses) for that excess layer in Schedule A attached hereto; or

      b. The sum of the Company's aggregate total insured value for policies that include wind coverage in force on September 30, 2008, multiplied by the percentage shown as 'Adjustment Rate' for that excess layer in Schedule A attached hereto.

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2. The Company shall pay the Reinsurer a deposit premium for the third and fourth excess layers equal to the amount, shown as 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto, payable in four installments. The first and second installments shall each be an amount equal to 20.0% of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto, and are due on June 1 and September 1 of 2008. The third and fourth installments shall each be an amount equal to 30.0% of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto, and are due on December 1, 2008 and March 1, 2009. In the event this Contract is terminated in accordance with the provisions of paragraph B of the Commencement and Termination Article, no deposit premium installments shall be due after the effective date of termination; however, notwithstanding the foregoing and subject to no known losses for any excess layer hereunder, the Reinsurer shall be due a pro rata portion of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto as of the effective date of termination.

   Notwithstanding the provisions above, in the event of a loss to the third or fourth excess layer hereunder and as respects any offset provided herein for the loss paid by the Reinsurer for that excess layer, in lieu of the 'Contract Deposit Premium' percentages set forth above, the four installments shall be due on the aforementioned dates and shall be an amount equal to 25.0% of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto.

3. Within 30 days after the effective date of termination or expiration, or within 30 days after September 30, 2008 (the date to be selected by the Company), the Company shall provide a report to the Reinsurer setting forth the premium due hereunder for the third and fourth layer, computed in accordance with subparagraph 1 above, and any additional premium due the Reinsurer or return premium due the Company for the third and fourth excess layer shall be promptly remitted."

3. Schedule A attached to the Contract shall be deleted and replaced by Schedule A (Revised: June 1,2008) attached to and forming part of this Addendum.

The provisions of this Contract shall remain otherwise unchanged.

In Witness Whereof, the Company by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Port St. Lucie, Florida, this 23rd day of October in the year 2008.

Homeowners Choice Property and Casualty Insurance Company (for and on behalf of the "Company")

BENFIELD

Schedule A
(Revised: June 1, 2008)

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

	First Excess	Second Excess	Third Excess	Fourth Excess
Company's Retention	$ 3,225,000	$13,250,000	$26,000,000	$40,000,000
Reinsurer's Per Occurrence Limit	$ 9,025,000	$12,750,000	$14,000,000	$45,000,000
Reinsurer's Term Limit	$18,050,000	$25,500,000	$28,000,000	$90,000,000
Contract Minimum Premium	N/A	N/A	$ 1,960,000	$ 3,780,000
Adjustment Rate	N/A	N/A	0.03689%	0.07115%
Contract Deposit Premium	N/A	N/A	$ 2,450,000	$ 4,725,000
Contract Reinsurance Premium	$ 5,144,250	$ 4,398,750	N/A	N/A

The figures listed above for each excess layer shall apply to each Subscribing Reinsurer in the percentage share for that excess layer as expressed in its Interests and Liabilities Agreement attached hereto.

BENFIELD

Addendum No. 2

to the

Interests and Liabilities Agreement

of

Certain Underwriting Members of Lloyd's
shown in the Signing Page(s) attached hereto
(*hereinafter referred to as the "Subscribing Reinsurer"*)

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

The *Subscribing Reinsurer* hereby accepts Addendum No. 1, as duly executed by the Company, as part of the Contract, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences.

Signed for and on behalf of the *Subscribing Reinsurer* in the Signing Page(s) attached hereto.

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BENFIELD

Signing Page

attaching to and forming part of

Addendum No. 2

to the

Interests and Liabilities Agreement

of

Certain Underwriting Members of Lloyd's

with respect to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to and duly executed by

Homeowners Choice Property and Casualty Insurance Company, et al,
as defined in the above captioned Contract

08\H3O1015

BENFIELD

Addendum No. 1

to the

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie, Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company
(*hereinafter referred to collectively as the* "Company")

It Is Hereby Agreed, effective on June 1, 2008, Local Standard Time at the location where the loss occurrence commences, that this Contract shall be amended as follows:

1. Paragraph A of Article VI - Reinstatement - shall be deleted and the following substituted therefor:

   "A. In the event all or any portion of the reinsurance under any excess layer of reinsurance coverage provided by this Contract is exhausted by loss, the amount so exhausted shall be reinstated immediately from the time the loss occurrence commences hereon.

      1. As respects each amount so reinstated under the first excess layer, the Company shall pay no additional premium.

      2. As respects each amount so reinstated under the second excess layer, the Company agrees to pay additional premium equal to the product of the following:

         a. The percentage of the occurrence limit for the excess layer reinstated (based on the loss paid by the Reinsurer under that excess layer); times

         b. The earned reinsurance premium for the excess layer reinstated for the term of this Contract (exclusive of reinstatement premium).

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3. As respects each amount so reinstated under the third and fourth excess layers, the Company agrees to pay additional premium equal to the product of the following:

   a. The percentage of the occurrence limit for the excess layer reinstated (based on the loss paid by the Reinsurer under that excess layer); times

   b. 135% of the earned reinsurance premium for the excess layer reinstated for the term of this Contract (exclusive of reinstatement premium)."

2. Article XIII - Reinsurance Premium - shall be deleted and the following substituted therefor:

"Article XIII - Reinsurance Premium

A. As respects the first and second excess layers of reinsurance coverage provided by this Contract, the Company shall pay the Reinsurer premium for the first and second excess layers equal to the amount, shown as 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto, payable in four installments. The first and second installments shall each be an amount equal to 20.0% of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto, and are due on June 1 and September 1 of 2008. The third and fourth installments shall each be an amount equal to 30.0% of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto, and are due on December 1, 2008 and March 1, 2009. In the event this Contract is terminated in accordance with the provisions of paragraph B of the Commencement and Termination Article, no premium installments shall be due after the effective date of termination; however, notwithstanding the foregoing and subject to no known losses for any excess layer hereunder, the Reinsurer shall be due a pro rata portion of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto as of the effective date of termination.

   Notwithstanding the provisions above, in the event of a loss to the first or second excess layer hereunder and as respects any offset provided herein for the loss paid by the Reinsurer for that excess layer, in lieu of the 'Contract Reinsurance Premium' percentages set forth above, the four installments shall be due on the aforementioned dates and shall be an amount equal to 25.0% of the 'Contract Reinsurance Premium' for that excess layer in Schedule A attached hereto.

B. As respects the third and fourth excess layers of reinsurance coverage provided by this Contract, the following shall apply:

   1. The Company shall pay the Reinsurer the greater of the following:

      a. The amount shown as 'Contract Minimum Premium' (or a pro rata portion thereof if this Contract is terminated prior to May 31, 2009, subject to no known losses) for that excess layer in Schedule A attached hereto; or

      b. The sum of the Company's aggregate total insured value for policies that include wind coverage in force on September 30, 2008, multiplied by the percentage shown as 'Adjustment Rate' for that excess layer in Schedule A attached hereto.

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2. The Company shall pay the Reinsurer a deposit premium for the third and fourth excess layers equal to the amount, shown as 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto, payable in four installments. The first and second installments shall each be an amount equal to 20.0% of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto, and are due on June 1 and September 1 of 2008. The third and fourth installments shall each be an amount equal to 30.0% of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto, and are due on December 1, 2008 and March 1, 2009. In the event this Contract is terminated in accordance with the provisions of paragraph B of the Commencement and Termination Article, no deposit premium installments shall be due after the effective date of termination; however, notwithstanding the foregoing and subject to no known losses for any excess layer hereunder, the Reinsurer shall be due a pro rata portion of the 'Contract Deposit Premium' for that excess layer in Schedule **A** attached hereto as of the effective date of termination.

   Notwithstanding the provisions above, in the event of a loss to the third or fourth excess layer hereunder and as respects any offset provided herein for the loss paid by the Reinsurer for that excess layer, in lieu of the 'Contract Deposit Premium' percentages set forth above, the four installments shall be due on the aforementioned dates and shall be an amount equal to 25.0% of the 'Contract Deposit Premium' for that excess layer in Schedule A attached hereto.

3. Within 30 days after the effective date of termination or expiration, or within 30 days after September 30, 2008 (the date to be selected by the Company), the Company shall provide a report to the Reinsurer setting forth the premium due hereunder for the third and fourth layer, computed in accordance with subparagraph 1 above, and any additional premium due the Reinsurer or return premium due the Company for the third and fourth excess layer shall be promptly remitted."

3. Schedule A attached to the Contract shall be deleted and replaced by Schedule A (Revised: June 1, 2008) attached to and forming part of this Addendum.

The provisions of this Contract shall remain otherwise unchanged.

In Witness Whereof, the Company by its duly authorized representative has executed this Addendum as of the date undermentioned at:

Port St. Lucie, Florida, this 23rd day of October in the year 2008.

Homeowners Choice Property and casualty Insurance Company (for and on behalf of the Company")

BENFIELD

Schedule A
(Revised: June 1, 2008)

Excess Catastrophe
Reinsurance Contract
Effective: June 1, 2008

issued to

Homeowners Choice Property and Casualty Insurance Company
Port St. Lucie. Florida
and
any other insurance companies which are now or
hereafter come under the ownership, control or management of
Homeowners Choice Property and Casualty Insurance Company

	First Excess	Second Excess	Third Excess	Fourth Excess
Company's Retention	$ 3,225,000	$13,250,000	$26,000,000	$40,000,000
Reinsurer's Per Occurrence Limit	$ 9,025,000	$12,750,000	$14,000,000	$45,000,000
Reinsurer's Term Limit	$18,050,000	$25,500,000	$28,000,000	$90,000,000
Contract Minimum Premium	N/A	N/A	$ 1,960,000	$ 3,780,000
Adjustment Rate	N/A	N/A	0.03689%	0.07115%
Contract Deposit Premium	N/A	N/A	$ 2,450,000	$ 4,725,000
Contract Reinsurance Premium	$ 5,144,250	$ 4,398,750	N/A	N/A

The figures listed above for each excess layer shall apply to each Subscribing Reinsurer in the percentage share for that excess layer as expressed in its Interests and Liabilities Agreement attached hereto.

BENFIELD

Certification of Chief Executive Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Francis X. McCahill III, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Homeowners Choice, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ FRANCIS X. MCCAHILL III

May 14, 2009

Francis X. McCahill III
President and Chief Executive Officer
(Principal Executive Officer)

A signed original of this document has been provided to Homeowners Choice, Inc. and will be retained by Homeowners Choice, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Certification of Chief Financial Officer
Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002

I, Richard R. Allen, certify that:

1. I have reviewed this quarterly report on Form 10-Q of Homeowners Choice, Inc.;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

b) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

c) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

/s/ RICHARD R. ALLEN

May 14, 2009

Richard R. Allen
Chief Financial Officer
(Principal Financial and Accounting Officer)

A signed original of this document has been provided to Homeowners Choice, Inc. and will be retained by Homeowners Choice, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.1

Written Statement of the Chief Executive Officer

Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. ss.1350, I, the undersigned Chief Executive Officer of Homeowners Choice, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2009 as filed with the Securities and Exchange Commission on May 14, 2009 (the “Report”), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ FRANCIS X. MCCAHILL III

Francis X. McCahill III
President and Chief Executive Officer
May 14, 2009

A signed original of this document has been provided to Homeowners Choice, Inc. and will be retained by Homeowners Choice, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 32.2

Written Statement of the Chief Financial Officer

Pursuant to 18 U.S.C. Section 1350

Solely for the purposes of complying with 18 U.S.C. ss.1350, I, the undersigned Chief Financial Officer of Homeowners Choice, Inc. (the “Company”), hereby certify, based on my knowledge, that the Quarterly Report on Form 10-Q of the Company for the quarter ended March 31, 2009 as filed with the Securities and Exchange Commission on May 14, 2009 (the “Report”), fully complies with the requirements of Section 13(a) of the Securities Exchange Act of 1934, as amended; and that information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

/s/ RICHARD R. ALLEN

Richard R. Allen
Chief Financial Officer
May 14, 2009

A signed original of this document has been provided to Homeowners Choice, Inc. and will be retained by Homeowners Choice, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.