

UNITED INSURANCE HOLDINGS CORP.  
Form DEF 14A  
April 30, 2010  
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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of the**  
**Securities Exchange Act of 1934**

Filed by the Registrant                       Filed by a Party other than the Registrant

Check the appropriate box:

- Preliminary Proxy Statement
- Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**
- Definitive Proxy Statement
- Definitive Additional Materials
- Soliciting Material Pursuant to §240.14a-12

**UNITED INSURANCE HOLDINGS CORP.**

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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(3) Filing Party:

(4) Date Filed:

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## UNITED INSURANCE HOLDINGS CORP.

360 Central Avenue, Suite 900

St. Petersburg, FL 33701

May 14, 2010

Dear Stockholder:

You are cordially invited to attend the Annual Meeting of Stockholders (the Annual Meeting) of United Insurance Holdings Corp. (herein referred to as us, our, we, and the Company), which will be held at 11:00 a.m., local time, on Wednesday, June 16, 2010, at our office located at 360 Central Avenue, Suite 900, St. Petersburg, Florida 33701. At our Annual Meeting, you will be asked to:

- (1) elect Gregory C. Branch, Gordon G. Pratt, Alec L. Poitevint II, Donald J. Cronin, and Kent G. Whittemore to serve as Class B Directors of the Company's Board of Directors until our 2012 annual meeting of stockholders;
- (2) ratify the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2010; and
- (3) transact such other business as may properly come before our Annual Meeting and any adjournment or postponement of the Annual Meeting.

**Your vote is important!** Whether or not you plan to attend the Annual Meeting, **please read the proxy statement and then vote**, at your earliest convenience by proxy card or by Internet. Using Internet voting or mailing your proxy card, will not prevent you from voting in person at the meeting if you are a stockholder of record and wish to do so.

Important information about the matters to be acted upon at the meeting is included in the accompanying notice and proxy statement. The Company's 2009 Annual Report, which is being made available to you along with the proxy statement, contains information about the Company and its performance.

Directors and officers of the Company will be present at the Annual Meeting.

Kind regards,

Donald J. Cronin

President and Chief Executive Officer

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## UNITED INSURANCE HOLDINGS CORP.

360 Central Avenue, Suite 900

St. Petersburg, FL 33701

### NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

TO BE HELD ON JUNE 16, 2010

**NOTICE IS HEREBY GIVEN** that the 2010 Annual Meeting of Stockholders of United Insurance Holdings Corp., a Delaware corporation, will be held at 11:00 a.m., local time, on Wednesday, June 16, 2010, at our office located at 360 Central Avenue, Suite 900, St. Petersburg, Florida 33701, for the following purposes:

1. To elect Gregory C. Branch, Gordon G. Pratt, Alec L. Poitevint II, Donald J. Cronin, and Kent G. Whittemore to serve as Class B Directors of the Company's Board of Directors until our 2012 annual meeting of stockholders;
2. To ratify the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2010; and
3. To transact such other business as may properly come before our Annual Meeting or any adjournment or postponement of the Annual Meeting.

Our Board recommends that our stockholders vote **FOR** the first two proposals set forth above.

Our stockholders of record at the close of business on April 26, 2010 are entitled to notice of and to vote at our Annual Meeting and at any adjournment or postponement that may take place. A list of stockholders entitled to vote at the meeting will be made available for the examination of any stockholder at the Annual Meeting and for ten days prior to the Annual Meeting at our office located at 360 Central Avenue, Suite 900, St. Petersburg, Florida 33701.

You are cordially invited to attend the Annual Meeting. To gain admission, you will need to show that you are a stockholder of the Company. All stockholders will be required to show valid, government-issued, picture identification. If your shares are registered in your name, your name will be compared to the list of registered stockholders to verify your share ownership. If your shares are in the name of your broker or bank, you will need to bring evidence of your share ownership, such as your most recent brokerage account statement or a legal proxy from your broker. If you do not have valid picture identification and proof that you own Company shares, you will not be admitted to the Annual Meeting. All packages and bags are subject to inspection.

Your vote is extremely important. We appreciate your taking the time to vote promptly. After reading the proxy statement, please vote at your earliest convenience by Internet or by mailing your completed proxy card. If you decide to attend the Annual Meeting and would prefer to vote by ballot, your proxy will be revoked automatically and only your vote at the Annual Meeting will be counted. **YOUR SHARES CANNOT BE VOTED UNLESS YOU VOTE BY (i) INTERNET; (ii) MAILING YOUR COMPLETED AND SIGNED PROXY CARD; OR (iii) ATTENDING THE ANNUAL MEETING AND VOTING IN PERSON.** Please note that all votes cast by Internet must be cast prior to 7:00 p.m., Eastern Daylight Time on Tuesday, June 15, 2010.

Dated: May 14, 2010

By order of the Board of Directors,

/s/ Melvin A. Russell, Jr.

Melvin A. Russell, Jr.  
Corporate Secretary

**IMPORTANT NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS FOR THE STOCKHOLDER MEETING  
TO BE HELD ON JUNE 16, 2010.**

**To access our Proxy Statement for the 2010 Annual Meeting of**

**Stockholders, and our 2009 Annual Report, please visit**

**<http://www.unitedinsuranceproxy2010.com>**

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**UNITED INSURANCE HOLDINGS CORP.**

**PROXY STATEMENT FOR 2010 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON WEDNESDAY, JUNE 16, 2010**

**GENERAL INFORMATION**

**General**

The accompanying proxy is solicited by the Board of Directors of United Insurance Holdings Corp. (hereinafter referred to as United, we, our, and us) for our 2010 Annual Meeting of Stockholders (the Annual Meeting) to be held at our office located at 360 Central Ave, Suite 900, St. Petersburg, Florida 33701 on Wednesday, June 16, 2010 at 11:00 a.m. Eastern Daylight Time. The matters to be considered and acted upon at the meeting are set forth in our attached Notice of Annual Meeting of Stockholders. This Proxy Statement for our 2010 Annual Meeting of Stockholders (this Proxy Statement), our Notice of Annual Meeting of Stockholders, the enclosed proxy, our 2009 Annual Report, and our Notice of Internet Availability of Proxy Materials will be sent to our Stockholders on or about May 14, 2010. Included in our 2009 Annual Report is our annual report on Form 10-K for the fiscal year ended December 31, 2009, as filed with the Securities and Exchange Commission (the SEC), which can be found on the SEC's website at [www.sec.gov](http://www.sec.gov). Copies of the exhibits filed with our Form 10-K may be obtained by providing a written request to our Secretary, c/o United Insurance Holdings Corp., 360 Central Avenue, Suite 900, St. Petersburg, Florida 33701.

Our Board of Directors (our Board) does not know of any other matters that are likely to be brought before the Annual Meeting other than those specified in the notice thereof. If any other matters properly come before the Annual Meeting; however, the persons named in the enclosed proxy, or their duly constituted substitutes acting at the Annual Meeting, will be authorized to vote or otherwise act thereon in accordance with their judgment on such matters. If the enclosed proxy is properly executed and returned prior to voting at the Annual Meeting, the shares represented thereby will be voted in accordance with the instructions marked thereon. Except as set forth below, in the absence of instructions, executed proxies will be voted FOR the five nominees for the Board and FOR the ratification of the appointment by the Audit Committee of our Board of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2010. **Because of a change in New York Stock Exchange rules, we note that, unlike at previous annual meetings, your broker will NOT be able to vote your shares with respect to the election of directors if you have not provided instructions to your broker. We therefore strongly encourage you to submit your proxy and exercise your right to vote as a stockholder.**

**Outstanding Securities and Voting Rights**

Our Board has fixed the record date for the determination of stockholders entitled to notice of and to vote at our Annual Meeting as the close of business on April 26, 2010 (the Record Date). As of that date, there were 10,573,932 shares of our Common Stock (Common Stock) outstanding and entitled to vote. Each share of our Common Stock is entitled to one vote on each of the matters listed in our Notice of Annual Meeting.

**Voting Information**

The presence of the holders of a majority of the outstanding shares of Common Stock entitled to vote at the Annual Meeting, in person or represented by proxy, is necessary to constitute a quorum. Abstentions and broker non-votes are counted as present and entitled to vote for the purpose of determining whether a quorum is present. A broker non-vote occurs when a bank, broker or other holder of record, holding shares for a beneficial owner, does not vote on a particular proposal because that holder does not have discretionary voting power under the rules of the New York Stock Exchange (NYSE) for that particular item and has not received instructions from the beneficial owner. The Company believes that proposal two (the ratification of the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for 2010) is a routine matter on which brokers will be permitted to vote your shares even if you have not provided instructions to your broker.

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The election of directors (proposal one) is no longer considered a routine matter under the rules of the NYSE and brokers may not vote on behalf of their clients if no voting instructions have been furnished. Please vote your shares on the election of directors.

Directors will be elected by a plurality of the votes cast by shares entitled to vote at the Annual Meeting. Therefore, the five nominees for director receiving the greatest number of votes will be elected. Abstentions and broker non-votes will not affect the outcome of the vote on the election of directors.

Stockholder ratification of the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm is not required by our By-Laws or any other applicable legal requirement. Our By-Laws provide that, except as otherwise provided by law or in our Certificate of Incorporation or By-Laws, any matter other than elections will be determined by the vote of a majority of the shares which are voted with regard to it. Accordingly, the appointment of McGladrey & Pullen, LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2010 will be ratified upon the receipt of the affirmative vote of a majority of the votes cast at the Annual Meeting, whether in person or by proxy. Abstentions will not affect the outcome of the vote on the ratification of the appointment of McGladrey & Pullen, LLP.

We have appointed an Inspector of Elections for our Annual Meeting who will tabulate all of the votes at our Annual Meeting. We will make available for examination by any stockholder at our office at 360 Central Avenue, Suite 900, St. Petersburg, Florida 33701, for a period of ten (10) days prior to the Annual Meeting, a list of our stockholders entitled to vote at our Annual Meeting.

## **Attendance**

All stockholders as of the close of business on the Record Date, or their duly appointed proxy holders, may attend our Annual Meeting. Registration will begin at 10:30 a.m., and ample time should be allowed for check-in procedures. If you attend, please note that you may be asked to present valid photo identification, such as a driver's license or passport. If you are a *stockholder of record*, we will verify your name against the list of our stockholders as of the Record Date, prior to admittance to our Annual Meeting. Please also note that if you are a *beneficial holder* and hold your shares through a broker, bank or other holder of record (i.e. in street name), you will need to bring a copy of a brokerage statement reflecting your stock ownership as of the Record Date before you can be admitted to our Annual Meeting.

You may attend our Annual Meeting and vote in person, regardless of whether you have previously voted by proxy card or by Internet. If you are a beneficial owner of our Common Stock and if you obtain a legal proxy from your broker, bank or other holder of record and present it to the Inspector of Elections along with your ballot, you may vote in person at our Annual Meeting. We encourage you to vote your shares in advance of our Annual Meeting, even if you plan on attending. If you have already voted, you may nevertheless revoke your vote in the manner described below and vote in person at our Annual Meeting.

## **Directions**

To obtain directions to attend our Annual Meeting and vote in person, please contact John Rohloff, SEC Reporting Manager, at 727-895-7737.

## **Revocation**

You may revoke your proxy at any time before the vote at our Annual Meeting by written notice mailed or delivered to our Secretary, by delivering a proxy bearing a later date or by attending the meeting and voting in person. If you are a beneficial owner of shares, you may submit new voting instructions by contacting your bank, broker or other holder of record. You may also vote in person at our Annual Meeting if you obtain a legal proxy, as described in the section above entitled Attendance.

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### **Expense and Manner of Solicitation**

Our Board is soliciting the proxy accompanying this Proxy Statement. We will bear the entire cost of this solicitation, including the preparation, assembly, printing, and mailing of this Proxy Statement, the proxy, and any additional information furnished to our stockholders. We may solicit proxies through the mail, or proxies may be solicited by our directors, executive officers, and other employees, in person or by telephone. No additional compensation will be paid to our directors, executive officers, or other employees for their services. We will also request banks, brokers, and other stockholders of record to forward proxy materials, at our expense, to the beneficial owners of our shares.

### **Delivery of Documents to Security Holders Sharing an Address**

Some banks, brokers and other nominee record holders may be employing procedures approved by the SEC called householding. This means that only one copy of our Proxy Statement and Annual Report will be sent to stockholders who share the same address. Householding is designed to reduce duplicate mailings and save significant printing and postage costs. Stockholders who participate in householding will continue to receive separate proxy cards.

If you receive a household mailing this year and would like to receive additional copies of our Annual Report and Proxy Statement, please submit your request in writing to: United Insurance Holdings Corp., 360 Central Avenue, Suite 900, St. Petersburg, Florida 33701, Attention: Secretary or by calling us at 727-895-7737, and we will mail the requested copies to you promptly. Any holder who wants to receive separate copies of the Proxy Statement and Annual Report in the future, or who is currently receiving multiple copies and would like to receive only one copy for his or her household, should contact his or her bank, broker, or other nominee record holder.

### **Deadline for the Submission of Stockholders Proposals for the 2011 Annual Stockholders Meeting**

We are required by SEC regulations to disclose in this Proxy Statement the date by which stockholder proposals must be received by us in order to be included in our proxy materials for our next annual meeting. In accordance with these regulations, stockholders are hereby notified that if, pursuant to Rule 14a-8, they wish a proposal to be included in our proxy statement and form of proxy relating to our 2011 annual meeting, a written copy of their proposal must be received at the address listed on page one of this Proxy Statement no later than January 14, 2011. Proposals must comply with the SEC proxy rules relating to stockholder proposals in order to be included in our proxy materials.

Notice of a stockholder proposal submitted outside the processes of Rule 14a-8 will be considered untimely if the proposal is received by us after March 30, 2011. The proxy solicited by our Board for the 2011 annual meeting will confer discretionary authority on the persons named in such proxy to vote on any stockholder proposal presented at that meeting that was not timely submitted to us.

All proposals or nominations a stockholder wishes to submit at the meeting should be directed to Melvin A. Russell, Corporate Secretary, United Insurance Holdings Corp., 360 Central Avenue, Suite 900, St. Petersburg, Florida 33701.

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**PROPOSAL ONE ELECTION OF DIRECTORS**

Our Board is currently divided into two classes, each of which generally serves for a term of two years, typically with only one class of directors being elected in each year.

The term of office for four of our Class B Directors, consisting of Gregory C. Branch, Gordon G. Pratt, Alec L. Poitevint, II and Kent G. Whittemore, will expire at this Annual Meeting. The Board of Directors appointed Donald J. Cronin as a Class B Director in November 2008 to serve until the 2010 annual meeting and until his successor is elected and qualified. Messrs. Branch, Pratt, Poitevint and Whittemore have been nominated for re-election, and Mr. Cronin has been nominated for election at our Annual Meeting. Each director elected at our Annual Meeting will serve until their successors are elected and qualified at our 2012 annual meeting of stockholders. Biographical information is provided for each director beginning on page five below.

The term of office for our Class A Directors, consisting of Larry G. Swets, Jr. and James R. Zuhlke, will expire at our 2011 annual meeting of stockholders.

Each nominee elected as director will continue in office until his or her successor has been elected and qualified, or until his earlier death, resignation or retirement. All of the nominees have agreed to serve if elected and have consented to being named in this Proxy Statement. If a nominee is unable or unwilling to serve at the time of the election, proxies will be voted in favor of the remainder of those nominated, and may be voted for substitute nominees unless the Board chooses to reduce the number of directors serving on the Board. Proxies received by us will be voted **FOR** the election of these five directors, unless marked to the contrary. A stockholder who desires to withhold voting of the proxy for all, or any individual nominee(s) may so indicate on the proxy.

**Recommendation of the Board**

Our Board unanimously recommends that you vote **FOR** the election of Messrs. Branch, Pratt, Poitevint, Whittemore and Cronin as Class B Directors for two-year terms.

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The role of the Board is to oversee and monitor our management in the interest and for the benefit of our stockholders. Our Corporate Governance Guidelines are posted on our website at [www.upcic.com](http://www.upcic.com).

The following table provides information regarding each of our directors:

| Name                  | Age | Position  | Year Current Term Expires | Current Director Class |
|-----------------------|-----|---|---------------------------|------------------------|
| Gregory C. Branch     | 62  | Chairman of the Board                           | 2010                      | B                      |
| Gordon G. Pratt       | 48  | Vice Chairman                                   | 2010                      | B                      |
| Donald J. Cronin      | 56  | President, Chief Executive Officer and Director | 2010                      | B                      |
| Alec L. Poitevint, II | 62  | Director  | 2010                      | B                      |
| Larry G. Swets, Jr.   | 35  | Director  | 2011                      | A                      |
| Kent G. Whittemore    | 62  | Director  | 2010                      | B                      |
| James R. Zuhlke       | 63  | Director  | 2011                      | A                      |

**Class A Directors Whose Term Continues Until the 2011 Annual Meeting**

**Larry G. Swets, Jr., CFA**, has served as a member of our Board since inception. Mr. Swets also served as the Chief Financial Officer, Executive Vice President, Secretary, and Treasurer of FMG Acquisition Corp. ( FMG ), a blank check company formed to acquire one or more businesses in the insurance industry, from its inception in May 2007 through the merger with United Insurance Holdings, L.C. Mr. Swets has been the Managing Director of KFS Capital LLC, an insurance advisory services company, since January, 2010. In addition, Mr. Swets is Managing Director of InsRisk Partners, LLC, which he founded in early 2007. InsRisk Partners, LLC an insurance investment services company. Since 2005, Mr. Swets also served as the Managing Director of Itasca Financial, LLC, a consulting services company. Mr. Swets also served as the acting Chief Financial Officer for Risk Enterprise Management Limited from January 2008 through December 2009, and has been a board member since November 2007. Mr. Swets has been an insurance company executive and advisor, including serving as Director of Investments and Fixed Income Portfolio Manager for Kemper Insurance, a diversified mutual property-casualty insurance company, from June 1997 to May 2005. Mr. Swets holds a bachelor's degree from Christ College, Valparaiso University, Summa Cum Laude and a master's degree in finance from De Paul University. Mr. Swets holds the chartered financial analyst designation and is a member of the CFA Society of Chicago and the CFA Institute.

Our Board selected Mr. Swets to serve on our Board based upon his substantial insurance industry experience and his experience in managing investment portfolios.

**James R. Zuhlke** has served as a member of our Board since inception. Mr. Zuhlke has been the Executive Chairman of Avalon Risk Management Insurance Agency LLC, which specializes in insuring importers, exporters, third party logistics providers and related transportation risks, since October 2009. Since June 2005, Mr. Zuhlke has served on the board of directors of Southern Eagle Insurance Company, a Florida-based provider of workers compensation insurance. Mr. Zuhlke acted as a consultant to Brooke Capital Corporation, a franchisor of insurance agency services, beginning October 2007 and served as its Executive Vice President, Insurance Company Operations from February 2008 to October of 2008. Brooke Capital Corporation filed for protection under Chapter 11 of the U.S. Bankruptcy Code in October of 2008. Mr. Zuhlke was a self-employed investor and consultant from 2004 through 2007. From April 1998 until January 2004, he was President and Chief Executive Officer of Kingsway America Inc. and a director of its parent Kingsway Financial Services, Inc. from 1995 through 2004. In 1976, Mr. Zuhlke started his first insurance business, Washington International Insurance Company, and served as its President and Chief Executive Officer. In 1980, he co-founded insurance

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underwriting operations which in 1986 became Intercargo Corporation. At Intercargo, he was President and Chairman of the board of directors. Mr. Zuhlke holds a bachelor's degree (1968) and a Juris Doctor's degree (1971) from the University of Wisconsin. He is a member of the Wisconsin, Illinois and American Bar Associations.

Our Board selected Mr. Zuhlke to serve on our Board based upon his executive experience in the insurance industry including his risk oversight and risk management experience.

### **Class B Director Nominees**

**Gregory C. Branch** has served as the Chairman of our Board since October 2008. Mr. Branch served as the Chairman and Chief Executive Officer of United Insurance Holdings, L.C. (UIH), an insurance holding company that writes and services property and casualty policies, from its inception in 1999 through the merger with FMG and was a major equity holder of UIH at the time of the Merger. He has also been the Chairman and owner of Branch Properties, Inc., a manufacturer and distributor of equine feed, since 1986. Mr. Branch has served as the President of Branch Properties since 1986. Mr. Branch graduated from the University of Florida with a B.S. in Agriculture Economics and served at the rank of Captain in the U.S. Army. Mr. Branch served as Chairman of Summit Holding Southeast, Inc., an insurance holding company that completed its initial public offering in 1997 and was acquired by Liberty Mutual in 1998. Mr. Branch is a director of Prime Holdings, Inc., and a director of Raffles Insurance Company. Previously, Mr. Branch was the founding Chairman of Sunz Insurance Holding, a Florida workers compensation company that was sold in 2008. In addition, Mr. Branch is a founding member, director of and past Chairman of American Feed Industry Insurance Company RRG. Mr. Branch was an underwriting member of Lloyd's of London from 1986 through 2004.

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

**Gordon G. Pratt** has served as the Vice Chairman of our Board since 2008. He has been the Managing Director of Fund Management Group, an owner, operator and investor in insurance-related business, since 2004, and the Managing General Partner since inception for Distribution Partners Investment Capital, L.P., which he co-founded in 1999. Distribution Partners Investment Capital, L.P. is a private equity fund formed to make investments in insurance-related businesses. He currently serves on the board of directors of two privately held insurance companies: Risk Enterprise Management Limited (Chairman since November 2007), and Avalon Risk Management Insurance Agency, LLC (Vice Chairman since October 2009). From 2004 through April 2006, concurrently with his duties at Fund Management Group, Mr. Pratt was Senior Vice President of corporate finance for the global insurance broker Willis Group. Prior to joining Willis, Mr. Pratt was a Managing Director and owner of Hales & Company; before that he was a Senior Vice President, shareholder, and member of the operating committee of Conning & Company. He began his career at The Chase Manhattan Bank, N.A. Mr. Pratt graduated with a B.A. in United States history from Cornell University (1984) and a Master of Management, Finance and Accounting from Northwestern University (1986).

Our Board selected Mr. Pratt to serve on our Board based upon his substantial experience in the insurance industry and his diverse investment experience.

**Donald J. Cronin** has served as our President and Chief Executive Officer since October 2008. Before the Merger, he was the President of UIH, an insurance holding company that writes and services property and casualty policies, and the President and Chief Executive Officer of UIH's wholly-owned subsidiaries, United Property & Casualty Insurance Company, United Insurance Management, L.C., and Skyway Claims Services, LLC. Mr. Cronin joined UIH in 2001 as Vice President and was named President of UIH and President and Chief Executive Officer of its subsidiaries in November 2002. Mr. Cronin has 34 years experience in the property and casualty insurance business. Prior to beginning his employment with UIH and its subsidiaries, Mr. Cronin served

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as the Vice President of marketing, underwriting and operations of United Agents Insurance Company of Louisiana. While in Louisiana, Mr. Cronin served on the advisory board of the School of Insurance at Louisiana State University. He has been actively involved with a number of insurance associations throughout his career.

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

**Alec L. Poitevint, II** has served as a member of our Board since October 2008. Mr. Poitevint served as a director of UIH, an insurance holding company that writes and services property and casualty policies, from 2001 through the Merger. He has been the Chairman and President of Southeastern Minerals, Inc. and its affiliated companies headquartered in Bainbridge, Georgia since 1981. These companies are manufacturers and distributors of mineral ingredients. Mr. Poitevint joined Southeastern Minerals, Inc. in 1970. He has also served as Vice Chairman since 1994 and as a director of First Port City Bank of Bainbridge since 1989. Mr. Poitevint has also served as the Chairman of the American Feed Industry Insurance Company since 2002 and is the former Chairman of the American Feed Industry Association and National Feed Ingredients Association. Mr. Poitevint serves on the Republican National Committee (RNC) as Committeeman for Georgia and was the RNC Treasurer from 1997-2001.

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

**Kent G. Whittemore** has served as a member of our Board since October 2008. Mr. Whittemore served as a director of UIH, an insurance holding company that writes and services property and casualty policies, from 2001 through the Merger. He has been the President and a shareholder of The Whittemore Law Group, P.A., a law firm located in St. Petersburg, Florida that he co-founded in 1987. Mr. Whittemore served as President of the St. Petersburg Bar Association from 1996 through 1997, and served as President of the Tampa Bay Trial Lawyers Association from 2003 through 2004. He is currently a director of the Southern Trial Lawyers Association and is a former director of the Academy of Florida Trial Lawyers. He also served on St. Petersburg's Charter Review Commission. Mr. Whittemore received a B.S. in Business Administration from the University of Florida and a Juris Doctorate from Stetson College of Law.

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

In this Proxy Statement, the term **Merger** refers to the transaction that occurred on September 30, 2008, in which United Subsidiary Corp., a Florida corporation (the Merger Sub) and the wholly-owned subsidiary of FMG, merged with and into UIH, a Florida limited liability company, with UIH remaining as the surviving entity pursuant to the Amended and Restated Agreement and Plan of Merger, dated August 15, 2008, as amended on September 23, 2008, among FMG, UIH and the Merger Sub. UIH is now our wholly-owned subsidiary.

## **Director Independence**

Three of our seven directors, Messrs. Zuhlke, Poitevint and Whittemore, who are also members of the Audit Committee, are independent under the NASDAQ Marketplace Rules and requirements. Although we are not required to adopt director independence standards by a national securities exchange or an inter-dealer quotation system, in order to identify our directors and/or director-nominees who qualify as independent directors, we have adopted the director independence standards as set forth in the NASDAQ Marketplace Rules.

Messrs. Branch, Pratt, and Whittemore are members of both our Nominating and Corporate Governance Committee and our Compensation and Benefits Committee. Mr. Whittemore is an independent director under the NASDAQ Marketplace Rules for director independence. The other two members of the committees, Messrs. Branch and Pratt, are not independent directors under the NASDAQ Marketplace Rules.

**Table of Contents****Meetings and Meeting Attendance**

Our Board held six meetings and acted by unanimous written consent in lieu of a meeting four times during 2009. All directors attended all of our Board meetings during the last fiscal year. Four directors attended our 2009 annual meeting. We do not have a formal policy with respect to director attendance at annual meetings; however, all of our directors are encouraged to attend.

**Board Committees**

Our Board has three formal committees: a Nominating and Corporate Governance Committee, a Compensation and Benefits Committee, and an Audit Committee.

The following table provides the current membership for each of our Board committees:

|                       | Nominating and<br>Governance | Compensation<br>and Benefits | Audit |
|-----------------------|------------------------------|------------------------------|-------|
| Gregory C. Branch     | X                            | X                            |       |
| Gordon G. Pratt       | X                            | Chair                        |       |
| Donald J. Cronin      |                              |                              |       |
| Alec L. Poitevint, II |                              |                              | X     |
| Larry G. Swets, Jr.   |                              |                              |       |
| Kent G. Whittemore    | Chair                        | X                            | X     |
| James R. Zuhlke       |                              |                              | Chair |

Below is a description of each committee of our Board. Our Audit, Nominating and Corporate Governance, and Compensation and Benefits Committees all have authority to engage legal counsel or other advisors or consultants as the committees deem appropriate to carry out their committee responsibilities.

**Nominating and Corporate Governance Committee.** Our Nominating and Corporate Governance Committee (our Nominating Committee) assists our Board with the following:

identifying qualified individuals to become directors,

recommending to our Board qualified director nominees for election at the stockholders' annual meeting and determining membership on Board committees,

recommending a set of Corporate Governance Guidelines,

overseeing annual self-evaluations by our Board and annual self-evaluations of itself, and

reporting annually to our Board on the Chief Executive Officer succession plan.

Our Nominating Committee operates under a formal written charter that governs its duties and standards of performance. Our Nominating Committee reviews its charter annually for appropriate revisions. Copies of the charter can be obtained free of charge on our web site at [www.upcic.com](http://www.upcic.com) or by contacting our Secretary at the address appearing on the first page of this Proxy Statement.

Our Board selects the director nominees to stand for election at our annual stockholder meetings and to fill vacancies occurring on our Board based on the recommendations of our Nominating Committee. Our Nominating Committee has not adopted minimum qualifications for director nominees. Our Nominating Committee selects nominees for director on the basis of experience, integrity, skills, diversity, ability to make

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independent analytical inquiries, understanding of our business environment and willingness to devote adequate time to Board duties, all in the context of an assessment of the perceived needs of the Board at a given point in time. While our Nominating Committee does consider diversity as one of several criteria for eligibility, we have not adopted a formal diversity policy. In addition to the individual attributes of our directors discussed above, we highly value the collective business experience and qualifications of the directors. We believe that the collective experiences, viewpoints and perspectives of our directors result in a Board with the commitment and energy to advance the interest of our stockholders.

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We do not have any arrangements with third parties to identify or evaluate potential director nominees. Our Nominating Committee may consider current members of our Board for re-election unless they have notified our Board that they do not wish to stand for re-election. Our Nominating Committee may also consider candidates for our Board recommended by current members of our Board or members of management. In addition, our Nominating Committee will consider director candidates recommended by our stockholders in the same manner as it would consider any other recommended nominees. Any stockholder wishing to recommend a nominee for director should notify our Secretary in writing and include, at a minimum, (i) the name and address, as they appear in our books, of the stockholder giving the notice, (ii) the class and number of our Common Stock shares that are beneficially owned by the stockholder, (iii) a statement that the candidate is willing to be nominated and to serve as a director if elected, and (iv) any other information regarding the candidate that the SEC would require to be included in a proxy statement. If our Nominating Committee determines that a stockholder recommended candidate is suitable for Board membership, it will include the candidate in the pool of candidates to be considered for nomination upon the occurrence of the next Board vacancy or in connection with the next annual meeting of our stockholders.

Pursuant to the above procedures, once our Nominating Committee has identified prospective nominees, background information will be solicited on the candidates, following which they will be investigated, interviewed and evaluated by our Nominating Committee, which will then report to the Board.

Our Nominating Committee recommended the five incumbent director nominees for our Annual Meeting to our Board who approved their recommendation.

Our Nominating Committee met one time during 2009 with all members attending the meeting.

**Compensation and Benefits Committee.** Our Compensation and Benefits Committee assists our Board with its responsibilities relating to the compensation of our directors and officers and has overall responsibility for recommending the director and officer compensation plans, policies and long-term compensation programs for final approval by our Board. Based on our Chief Executive Officer's recommendations, our Compensation and Benefits Committee will recommend any employment arrangements and bonus plans for officers other than our Chief Executive Officer. The committee may not delegate any of its authority to any other persons; however, the committee may engage compensation consultants, but has not engaged any compensation consultants to date.

Our Compensation and Benefits Committee operates under a formal written charter adopted by our Board that governs its duties and conduct. The Compensation and Benefits Committee reviews its charter annually for appropriate revisions. Copies of the charter can be obtained free of charge on our web site at [www.upcic.com](http://www.upcic.com) or by contacting our Secretary at the address appearing on the first page of this Proxy Statement.

Our Compensation and Benefits Committee met three times during 2009 with all members attending each meeting.

**Audit Committee.** We established an Audit Committee in accordance with section 3(a)(58)(A) of the Securities Exchange Act of 1934, as amended. Our Audit Committee is comprised of James R. Zuhlke, Alec L. Poitevint, II and Kent G. Whittemore. Our Board has determined that Mr. Zuhlke is our audit committee financial expert as defined in Item 407(d)(5) of Regulation S-K. All three members of our Audit Committee are independent under both the general independence standards and the audit committee independence standards set forth in the NASDAQ Marketplace Rules.

Our Audit Committee operates under a formal written charter adopted by our Board that governs its duties and conduct. Our Audit Committee reviews its charter annually for appropriate revisions. Copies of the charter can be obtained free of charge on our web site at [www.upcic.com](http://www.upcic.com) or by contacting our Secretary at the address appearing on the first page of this Proxy Statement.

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

the integrity of our financial statements,

our compliance with legal and regulatory requirements,

the independent auditor's qualifications and independence,

the performance of our independent auditors, and

our business practices and ethical standards.

Our Audit Committee met five times during 2009 with all members attending four of the meetings and with two members of the Audit Committee attending the fifth meeting.

### **Audit Committee Report**

As described more fully in its charter, the purpose of the Audit Committee is to assist the Board in its general oversight of United's financial reporting, internal controls, and audit functions. Management is responsible for the preparation, presentation, and integrity of United's financial statements, which includes establishing procedures designed to reasonably assure compliance with U.S. generally accepted accounting principles (GAAP), applicable laws, and regulations.

McGladrey & Pullen, LLP, United's independent registered public accounting firm, is responsible for performing an independent audit of United's consolidated financial statements in accordance with generally accepted auditing standards and expressing an opinion on the effectiveness of United's internal control over financial reporting. The Audit Committee has ultimate authority and responsibility for selecting, negotiating the compensation of, evaluating and, when appropriate, replacing United's independent registered public accounting firm. The Audit Committee also has the authority to engage its own outside advisors, including experts in particular areas of accounting or law, as it determines appropriate, apart from counsel or advisors hired by management.

The Audit Committee is not comprised of professional accountants or auditors, its functions are not intended to duplicate or to certify the activities of management and the independent audit firm, and it cannot certify that the independent audit firm is independent under applicable rules. The Audit Committee serves in a Board-level oversight role in which it provides advice, counsel and direction to management and to the auditors based upon information it receives and upon the business, financial, and accounting experience of its members.

The Audit Committee met five times during 2009, including meeting once each quarter with the independent auditors, and with United's principal executive officer and principal financial officer to review United's interim and annual financial statements in advance of publication and quarterly earnings press releases. Management's and the independent auditor's presentations to and discussions with the Audit Committee cover various topics and events which may have significant financial impact, or those that are the subject of discussions between management and the independent auditors. Such topics include recent accounting pronouncements or changes in regulatory or reporting requirements, if any, which may affect United.

The Audit Committee has reviewed management's report on internal controls and the methodologies management uses to assure compliance with those controls. The Audit Committee has received recommendations from management and from outside consultants regarding the efficacy of the controls in place and opportunities to improve those controls. The Audit Committee has initiated risk assessment discussions with management. Management has implemented the policy established by the Audit Committee allowing for the confidential, anonymous submission by employees of any concerns regarding questionable accounting or business practices.



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The Audit Committee has met separately with the independent auditors to review the auditor's qualifications and independence. The Audit Committee pre-approves all services to be provided by the independent auditors, including GAAP and statutory audit-related services, tax services and any other services. The Audit Committee generally provides pre-approval for up to one year related to a specific task or scope of work. The Audit Committee Chairman has been delegated authority by the Audit Committee Charter to pre-approve additional services up to \$10,000 and to communicate such approval to the full committee. The Audit Committee Charter was reviewed in its entirety and, upon recommendation of the Committee, was amended in 2009 to reduce the Chairman's discretionary authority, which has never been exercised, from an unstated amount to \$10,000.

The Audit Committee met separately to conduct an evaluation of its own obligations under the Charter and to determine whether it fulfilled those obligations, to validate the qualification of its members, to confirm its members' independence, and to make recommendations to the Board concerning qualifications the Board should consider for future Audit Committee members.

As part of its oversight responsibility, the Audit Committee has reviewed and discussed the audited financial statements, the adequacy of financial controls and the effectiveness of United's internal control over financial reporting with management and McGladrey & Pullen, LLP. The Audit Committee also has discussed with McGladrey & Pullen, LLP the matters required to be discussed by Statement on Auditing Standards No. 114 (The Auditor's Communication with those Charged with Governance). The Audit Committee has received the written disclosures and the letter from McGladrey & Pullen, LLP required by applicable requirements of the Public Company Accounting Oversight Board regarding the independent accountant's communications with the audit committee concerning independence. The Audit Committee also has discussed with McGladrey & Pullen, LLP that firm's independence.

Based on these reviews and discussions, the Audit Committee recommended to the Board that the audited financial statements be included in United's Annual Report to shareholders on Form 10-K for the year ended December 31, 2009, which was filed with the Securities and Exchange Commission

James R. Zuhlke, Chairman

Alec L. Poitevint, II

Kent G. Whittemore

## **Board Leadership Structure and Board's Role in Risk Oversight**

Our Board has a non-executive Chairman. This position is independent from management. The Chairman sets the agendas for and presides over the Board meetings. The Chief Executive Officer is a member of the Board and participates in meetings. The Board believes that this leadership structure is appropriate for our company at this time because it allows for independent oversight of management, increases management accountability and encourages an objective evaluation of management's performance.

The Board regularly devotes time during its meetings to review and discuss the most significant risks facing our company and management's process for identifying, prioritizing and responding to those risks. During these discussions, our Chief Executive Officer, our Chief Underwriting Officer and our Chief Financial Officer present management's process for the assessment of risks, a description of the most significant risks facing our company and any mitigating factors, plans or policies in place to address those risks. The Board has also delegated certain of its risk oversight to its committees.

The Audit Committee bears responsibility for oversight of our company's policies with respect to risk assessment and risk management and must discuss major financial risk exposures facing our company and the steps our company has taken to monitor and control such exposures. The Audit Committee is also responsible for the oversight of our company's compliance with legal and regulatory requirements, which represent many of the most significant risks our company faces.

**Table of Contents****Communication with Directors**

Shareholders may contact an individual director, our Board as a group, or a specified Board committee by sending correspondence addressed to our Secretary to the address appearing in the Notice of Annual Meeting or by sending an email to our investor relations email address at [InvestorRelations@upcic.com](mailto:InvestorRelations@upcic.com). Each communication should specify the applicable addressee or addressees to which the communication is directed, as well as the general topic of the communication. We will initially receive and process communications before forwarding them to the addressee. We also may refer communications to other departments as applicable. We generally will not forward to our directors a communication that is primarily commercial in nature, relates to an improper or irrelevant topic, or is a request for general information regarding us.

**Non-Director Executive Officers**

In addition to Mr. Cronin, whose biographical information is set forth above in the Class B Directors discussion, the following individuals serve as our executive officers:

| <b>Name</b>            | <b>Age</b> | <b>Position</b>   |
|------------------------|------------|---|
| Joseph R. Peiso        | 51         | Chief Financial Officer   |
| Melvin A. Russell, Jr. | 55         | Chief Underwriting Officer, Senior Vice President and Secretary |

The following is biographical information regarding these executive officers:

**Joseph R. Peiso** has been our Chief Financial Officer since January 19, 2010. Mr. Peiso has 25 years of experience in the property and casualty insurance industry, serving in various capacities, including public accounting, regulatory, financial reporting and managerial roles. He received his State of Florida CPA license in 1982, and he holds an Associate in Reinsurance and is a Chartered Property Casualty Underwriter. For the five years prior to joining us, Mr. Peiso was the founder and managing director of Sarasota Bay Insurance Managers, LLC, which provided professional consulting services to small and mid-sized insurance companies. Mr. Peiso received a B.S. in Accounting from the University of Florida.

**Melvin A. Russell, Jr.** has been our Chief Underwriting Officer, Senior Vice President and Secretary since the Merger. Prior to the Merger, Mr. Russell served as the Senior Vice President and Secretary of UIH, an insurance holding company that writes and services property and casualty policies. Mr. Russell joined UIH at its inception in 1999. He has 33 years of experience in the property and casualty business, with over 20 years in the Florida insurance market. Much of his time in the industry has been spent in management; prior to that, he gained valuable experience doing production underwriting of large, complex commercial accounts in both Florida and New England for two large multi-line national carriers. Mr. Russell has a B.A. in English from Gordon College in Wenham, Massachusetts.

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**Table of Contents****DIRECTOR AND EXECUTIVE COMPENSATION****Director Compensation for the Year Ended December 31, 2009**

The following table sets forth information regarding the compensation received by each of our directors during the year ended December 31, 2009. During 2009, our directors did not receive any stock awards, option awards, non-equity incentive plan compensation, nonqualified deferred compensation earnings, or any other form of compensation other than the cash compensation shown in the table below.

| Name              | Fees Earned or<br>Paid in Cash/Total<br>Compensation<br>(\$) |
|-------------------|--|
| Gregory C. Branch | \$<br>115,000  |