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Registration No. 333-214081

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

Amendment No. 1
to
FORM S-1/A
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

ICC Holdings, Inc.
(Exact name of registrant as specified in its charter)

Pennsylvania	6331	81-3359409
(State or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification Number)**

225 20th Street
Rock Island, Illinois 61201
(309) 793-1700
(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

Arron K. Sutherland
President and Chief Executive Officer
Illinois Casualty Company
225 20th Street
Rock Island, Illinois 61201
(309) 793-1700
(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies to:

Sunjeet S. Gill, Esquire	**Scott H. Spencer, Esquire**
Stevens & Lee, P.C.	**Stevens & Lee, P.C.**
620 Freedom Business Center Drive, Suite 200	**17 North Second Street**
King of Prussia, PA 19603	**Harrisburg, PA 17101**
(610) 205-6000	**(717) 399-6634**

Approximate date of commencement of proposed sale to the public: As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 of the Securities Act of 1933, check the following box: ☒

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act of 1933, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act of 1933, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

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. (Check one):

Large accelerated filer	☐	Accelerated filer	☐
Non-accelerated filer	☐ (Do not check if a smaller reporting company)	Smaller reporting company	☒

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any state where the offer or sale is not permitted.

PROSPECTUS

ICC HOLDINGS, INC.

We are offering, as part of our initial public offering, up to 3,680,000 shares of our common stock for sale at a price of $10.00 per share in connection with the conversion of Illinois Casualty Company, or Illinois Casualty, from the mutual to stock form of organization. Immediately following the conversion, we will acquire all of the newly issued shares of Illinois Casualty common stock.

We are offering shares of our common stock in three phases: a subscription offering phase, a community offering phase, and a syndicated community offering phase. The minimum number of shares that must be sold, the maximum number of shares that can be sold and the limit on the number of shares that any person may purchase apply to all three phases of the offering taken together.

We are offering shares in the subscription offering phase in the following order of priority:

- eligible members of Illinois Casualty, who are the policyholders of Illinois Casualty as of February 16, 2016;
- our employee stock ownership plan, which we refer to as our ESOP; and
- directors, officers, and employees of Illinois Casualty and its subsidiaries.

The shares being purchased by each of the ESOP and our directors and officers are being acquired and held for investment purposes, and not for resale. Our plan of conversion and Illinois law requires that our officers and directors not sell stock purchased pursuant to the conversion within one year after their issuance in the conversion.

The subscription offering phase will end at noon, Central Time, on , 2016. Any shares of our common stock not sold in the subscription offering will be sold, up to 1,400,000 shares, to certain investors who have entered into purchase agreements with us and may also be sold to certain members of the general public discussed below in the community offering phase, which will commence simultaneously with and end concurrently with the subscription offering phase unless extended by us. We may also sell shares of our common stock to offerees in a syndicated community offering phase that may be conducted concurrently with or subsequent to the subscription offering and the community offering phases.

Our ability to complete this offering is subject to three conditions. First, the Illinois Department of Insurance must approve the plan of conversion of Illinois Casualty. Second, a minimum of 2,720,000 shares of common stock must be sold to complete the offering. Third, this plan of conversion must be approved by at least two-thirds of the votes cast by the members of Illinois Casualty as of February 16, 2016. Until such time as these conditions are satisfied, all funds submitted to purchase shares will be held in escrow with . If the offering is terminated, purchasers will have their funds promptly returned without interest.

Our ESOP has the right to purchase that number of shares which is equal to 10.0% of the total number of shares sold in the offering. Therefore, the maximum number of shares sold may be increased to 4,088,889 shares solely to accommodate the 10.0% interest being purchased by our ESOP. Shares issued to the ESOP will be counted toward satisfaction of the minimum amount. Additionally, surplus noteholders of Illinois Casualty, which have $1,850,000 in aggregate principal outstanding as of November 1, 2016, shall have the right at the time of Illinois Casualty's conversion to convert all or any portion of the outstanding principal amount of the note into shares of our common stock, all of which will be counted toward satisfaction of the minimum amount. John R. Klockau, a member of our board of directors, has surplus notes with an aggregate principal amount of $1,150,000, which he currently intends to convert in connection with our conversion.

The minimum number of shares that a person may subscribe to purchase is 50 shares. Except for our ESOP and certain investors purchasing pursuant to purchase agreements with us, the maximum number of shares that a person may purchase is 5% of the total number of shares sold in the offering. Those investors have agreed to purchase up to 1,400,000 shares of our common stock and to certain restrictions on their acquisition, sale and voting of our common stock. If more orders are received than shares offered, shares will be allocated in the manner and priority described in this prospectus.

Because of the purchase agreements with those investors, at this time, we do not anticipate selling more than 3,500,000 shares of common stock in this offering and selling shares to the public in a syndicated community offering. The investors agreed to certain post-closing standstill and voting covenants and restrictions on their ability to sell shares for three years following the closing of the offerings and additional limitations for up to seven years following the closing of the offerings. These investors include (a) a group of investors, including R. Kevin Clinton, who have collectively agreed to purchase up to 800,000 shares of our common stock, (b) Rock Island Investors, LLC, which has agreed to purchase up to 400,000 shares of our common stock, and (c) Tuscarora Wayne Insurance Company, or Tuscarora Wayne, which has agreed to purchase up to 200,000

shares of our common stock. Scott T. Burgess, a member of our board of directors, is one of ten members of the board of directors of Tuscarora Wayne and is a Senior Managing Director of Griffin Financial Group, LLC, which is serving as our underwriter in connection with this offering. Additionally, upon closing of the offering, R. Kevin Clinton will become a member of our board of directors. For more information, see "The Conversion and Offering — Investor Agreements," "Management — Transactions with related persons, promoters and certain control persons," and "Risk Factors- Risks Related to the Ownership of Our Common Stock — A small number of shareholders will collectively own a substantial portion of our common stock and voting power, and, because of restrictions on their ability to buy or sell our shares, our public float will be limited." Shares purchased by the ESOP and shares acquired from the conversion of outstanding surplus notes of Illinois Casualty in this offering are counted towards this 3,500,000 threshold.

Griffin Financial Group, LLC, which we refer to as Griffin, will act as our underwriter and will use its best efforts to assist us in selling our common stock in the offering, but is not obligated to purchase any shares of common stock that are being offered for sale. Purchasers will not pay any commission to purchase shares of common stock in the offering.

There is currently no public market for our common stock. We have applied to list our common stock on the Nasdaq Capital Market under the symbol "ICCH."

We are an "emerging growth company" under the federal securities laws and will be subject to reduced public company reporting requirements. This investment involves risk. For a discussion of the material risks that you should consider, see "Risk Factors" beginning on page 17 of this prospectus.

OFFERING SUMMARY
Price: $10.00 per share

	Minimum	Midpoint	Maximum	Adjusted Maximum (5)
Number of shares offered	2,720,000	3,200,000	3,680,000	4,088,889
Gross offering proceeds (1) (2)	$ 27,200,000	$ 32,000,000	$ 36,800,000	$ 40,888,890
Estimated offering expenses	$ 625,000	$ 625,000	$ 625,000	$ 625,000
Estimated selling agent fees and expenses (3)(4)	$ 644,000	$ 740,000	$ 836,000	$ 917,778
Estimated net proceeds	$ 25,931,000	$ 30,635,000	$ 35,339,000	$ 39,346,112
Estimated net proceeds per share	$ 9.53	$ 9.57	$ 9.60	$ 9.62

(1) For purposes of this offering, we treat the outstanding principal amount of surplus notes of Illinois Casualty converted in this offering as part of our gross offering proceeds.

(2) We include the shares being purchased by (i) our ESOP, which will be funded by a loan to the ESOP from Illinois Casualty's available cash on hand an amount equal to fund the purchase of such shares prior to the expiration of the offering, and (ii) those investors with whom we have entered into purchase agreements to purchase up to 1,400,000 shares. The ESOP is purchasing such number of shares as will equal 10.0% of the total number of shares sold in the offering.

(3) Represents the total of (i) the fees to be paid to Griffin, which is equal to 2.0% of the shares sold in the subscription offering and the community offering, and (ii) other expenses payable to Griffin in the offering of up to $10,000. See "The Conversion and Offering — Marketing and Underwriting Arrangements."

(4) Assumes that no shares are sold in a syndicated community offering phase. See "The Conversion and Offering —Marketing and Underwriting Arrangements" for commissions to be paid in the event of a syndicated community offering.

(5) The maximum number of shares sold in this offering may be increased to 4,088,889 shares solely to permit the ESOP to purchase such number of shares as will equal 10.0% of the total number of shares sold in the offering. This will occur only if 3,680,000 shares are subscribed for by the eligible members in the subscription offering phase.

Neither the Securities and Exchange Commission, the Illinois Department of Insurance nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is accurate or complete. Any representation to the contrary is a criminal offense.

For assistance, please call the Stock Information Center at .

Griffin Financial Group, LLC

The date of this prospectus is , 2016

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CERTAIN IMPORTANT INFORMATION

This Prospectus

You should rely only on the information contained in this prospectus. We have not, and Griffin has not, authorized any other person to provide information that is different from that contained in this prospectus. If anyone provides you with different or inconsistent information, you should not rely on it. We and Griffin are offering to sell and seeking offers to buy our common stock only in jurisdictions where such offers and sales are permitted. You should assume that the information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common stock. Our business, financial condition, results of operations and prospects may have changed since that date. Information contained on our website, or any other website operated by us, is not part of this prospectus.

Frequently Used Terms

Unless the context otherwise requires, as used in this prospectus:

- "ICC Holdings" refers to ICC Holdings, Inc., a Pennsylvania corporation formed to be the holding company for Illinois Casualty upon its conversion from mutual to stock form;
- "Illinois Casualty" refers to Illinois Casualty Company, an Illinois insurance company;
- "ICC," "the Company," "we," "us" and "our" refers to Illinois Casualty and its consolidated subsidiaries prior to the conversion as described in this prospectus, and to ICC Holdings and its consolidated subsidiaries after conversion;
- the "conversion" refers to a series of transactions by which Illinois Casualty will convert from mutual to stock form and become a subsidiary of ICC Holdings under the terms of the plan of conversion adopted by the board of directors of Illinois Casualty;
- "mutual form" refers to an insurance company or its holding company organized as a mutual company, which is a form of organization in which the policyholders or members have certain membership rights in the mutual company, such as the right to vote with respect to the election of directors and approval of certain fundamental transactions, including the conversion from mutual to stock form; however, unlike shares held by stockholders, membership rights are not transferable and do not exist separately from the related insurance policy;
- "stock form" is a form of organization in which the only rights that policyholders have are contractual rights under their insurance policies and in which voting rights reside with stockholders under state corporate law;
- this "offering" and this "conversion offering" refer to this offering of up to 4,088,889 shares of our common stock under the plan of conversion to eligible members in a subscription offering and to the general public in a community offering and syndicated community offering. We expect to conduct the subscription offering and the community offering at the same time. The syndicated community offering may be conducted concurrently with or subsequent to the subscription offering and the community offering;
- "gross proceeds" refers to the proceeds received in this offering, including (i) gross proceeds from the shares being purchased by (a) our ESOP and (b) those investors with whom we have entered into purchase agreements to purchase up to 1,400,000 shares, and (b) the outstanding principal amount of surplus notes of Illinois Casualty converted into shares of our common stock in this offering;
- "eligible member" refers to a person who was a member of Illinois Casualty on February 16, 2016, the date the plan of conversion was adopted by the board of directors of Illinois Casualty; and
- "member" refers to a person who is the owner of an in-force policy of insurance issued by Illinois Casualty.

Market and Industry Data

Unless otherwise indicated, information contained in this prospectus concerning our industry and the markets in which we operate, including our general expectations and market position, market opportunity and market share, is based on information from our own management estimates and research, as well as from industry and general publications and research, surveys and studies conducted by third parties. Management estimates are derived from publicly available information, our knowledge of our industry and assumptions based on such information and knowledge, which we believe to be reasonable. Assumptions and estimates of our and our industry's future performance are necessarily subject to a high degree of uncertainty and risk due to a variety of factors, including those described in "Risk Factors." These and other factors could cause our future performance to differ materially from our assumptions and estimates. See "Special Note Regarding Forward-Looking Statements."

PROSPECTUS SUMMARY

This summary highlights selected information from this prospectus and may not contain all of the information that is important to you. To understand the offering fully, you should read this entire prospectus carefully, including our financial statements and the notes to the financial statements included in this prospectus.

Overview

We are a regional, multi-line property and casualty insurance company focusing exclusively on the food and beverage industry. At June 30, 2016, we had equity of $32.9 million and for the six months ended June 30, 2016, we had $25.9 million in direct written premiums, $21.9 million in net written premiums, net income of $0.9 million, and comprehensive income of $2.7 million. At December 31, 2015, we had equity of $30.2 million and for the year ended December 31, 2015, we had $49.0 million in direct written premiums, $41.6 million in net written premiums, net income of $2.2 million, and comprehensive income of $1.1 million.

We primarily market our products through a network of approximately 130 independent agents in Illinois, Iowa, Indiana, Minnesota, Missouri, Wisconsin and Ohio, effective August 1, 2016. We expect to begin writing premium in Michigan as early as 2017. Illinois Casualty has been assigned a "B++" (Good) financial strength rating by A.M. Best Company, Inc. (A.M. Best), which is the fifth highest out of fifteen possible ratings. Our most recent evaluation by A.M. Best occurred on February 23, 2016, when A.M. Best upgraded its outlook to positive from stable for Illinois Casualty's issuer credit rating, while affirming its financial strength rating of "B++" and issuer credit rating of "bbb" (Good).

Our Companies

ICC Holdings, Inc. is a newly created Pennsylvania corporation organized to be the stock holding company for Illinois Casualty following the mutual-to-stock conversion of Illinois Casualty. ICC Holdings, Inc. is not an operating company and has not engaged in any business to date. Our executive offices are located at 225 20th Street, Rock Island, Illinois 61201, and our phone number is (309) 793-1700. Our web site address is www.ilcasco.com. Information contained on our website is not incorporated by reference into this prospectus, and such information should not be considered to be part of this prospectus.

ICC will consist of a holding company, ICC Holdings, Inc., and an operating insurance company, Illinois Casualty Company, and Illinois Casualty's three wholly-owned subsidiaries, Beverage Insurance Agency, Inc., an inactive insurance agency, Estrella Innovative Solutions, Inc., an outsourcing company, and ICC Realty, LLC, a real estate services and holding company, which will be purchased from Illinois Casualty by ICC Holdings following the conversion. Illinois Casualty Company is an Illinois domiciled insurance company.

Illinois Casualty Company is subject to examination and comprehensive regulation by the Illinois Department of Insurance. See "Business — Regulation."

Business Overview

For over 66 years, Illinois Casualty has specialized in providing customized insurance products and aggressive claims defense for customers exclusively in the food and beverage industry.

Illinois Casualty was founded as an inter-insurance exchange in 1950 based upon the recognition that establishments serving alcohol require unique insurance protection. Beginning in 1998, we expanded the scope of our product offerings beyond liquor liability to include property, general liability, umbrella, and workers compensation coverage. Our goal was to meet the full range of business insurance needs of our clients in the food and beverage industry.

In 1999, Illinois Casualty recognized the significant need to automate. Upon determining available commercial software was inadequate to meet our long-term vision, we contracted the development of an

integrated platform to handle agency, policy, and vendor management. Introduced in 2001, the first module successfully improved productivity and reporting capabilities. We built on that success by adding document imaging, claims, billing, and risk management modules. As it has grown, our information management system has provided us with a unique and comprehensive ability to automate processes, track and examine risk traits, and monitor claims development. As a result, Illinois Casualty has constructed and leveraged a multi-variant pricing algorithm that allows us to better segment our business in order to more effectively price to actual exposure.

Illinois Casualty mutualized in 2004 and began to expand its territory geographically within the Midwest. We are an admitted carrier in eight states: Illinois, Iowa, Indiana, Minnesota, Michigan, Missouri, Ohio and Wisconsin. We currently issue policies in seven states, including Ohio where we began writing policies in the third quarter of 2016, and expect to begin writing premiums in Michigan as early as 2017. As we expanded our territory and product lines over the last 66 years, we have maintained our focus and commitment to the food and beverage industry. As a result, we have developed unsurpassed expertise in our niche, particularly within the areas of underwriting, loss control, and claims management. Illinois Casualty continues to leverage that experience into the ongoing development of innovative insurance products and services uniquely tailored to the food and beverage industry.

Our Business Strategies and Offering Rationale

We believe that our mission is to deliver expertly crafted insurance products and services for all segments of the food and beverage industry. Accordingly, we believe that this focus positions us to write profitable business in both hard insurance markets (where industry capital is constricted, competition is low, and premium rates are rising) and soft insurance markets (where industry capital is rising, competition is high and premium rates are falling). As part of our business process, we have developed our business strategy and focus using the following guiding principles to reflect our mission and what ICC aspires to be:

- we endeavor to protect policyholders through strong financial performance and sustained surplus growth, which thereby returns value to our stakeholders;
- we conduct our business with the highest ethics and unquestionable integrity;
- we recognize and reward the commitment of all of our associates who make ICC a success, by challenging our associates, by valuing them and recognizing their contribution, while cultivating a mutually supporting culture;
- we believe that an independent agency system is mutually beneficial to both the agent and ICC because of our common interest is to deliver the highest quality products at competitive prices;
- customer service, which is understanding and meeting the needs and expectations of our policyholder and agents, is the reason for our existence;
- we believe we can succeed in the marketplace because of our unique understanding of the food and beverage industry, offering customized products and aggressively defending our insureds;
- we focus on innovation, which drives our efficiency, quality and effectiveness;
- we identify worthy causes to support with our corporate and associate resources and promote good corporate citizenship; and
- we strive to improve our products and processes through intelligent investment in talent and technology that meets our exacting needs and those of our customers.

In order to realize our mission and guiding principles, we have identified the following core strategies to achieve long-term success:

- design and market commercial property and casualty products customized for the food and beverage industry, through our in-depth knowledge and research of the industry;
- pursue deliberate geographic expansion;

- foster true partnerships with independent agents who have a significant presence in the food and beverage industry and an appreciation for ICC's commitment and expertise to obtain optimal market share in the food and beverage industry;
- leverage business intelligence to maximize performance, increase operational efficiency, and price our products for sustained profitability;
- implement an investment strategy that maximizes return within acceptable risk tolerances;
- promote a culture of excellence that encourages teamwork and contributes to talent retention and development; and
- maintain a robust and comprehensive enterprise risk management program, focused on upside optimization and downside mitigation.

However, our business also faces significant challenges that can impede our goal of growing our business while realizing operating profits, including the following:

- setting inadequate loss reserves, which estimation is inherently uncertain;
- establishing and maintaining long term financially successful agency relationships, given our reliance upon their distribution of our products;
- maintaining our financial strength ratings from A.M. Best; and
- attracting, developing and retaining experienced personnel given our specialty niche market.

Market Conditions and Competitors

Given our exclusive focus on providing insurance products and services for the food and beverage industry, the market conditions for our business and, accordingly, our competition, varies geographically based upon the states in which we operate and also by the segment of the food and beverage industry (e.g., bars versus fine dining). In the most competitive states in which we operate (Illinois, Indiana and Wisconsin), our primary competitors are insurance companies with products targeting the food and beverage industry, such as Society Mutual Insurance Company in all three states, as well as Badger Mutual Insurance Company, Wilson Mutual Insurance Company and West Bend Mutual Insurance Company in Wisconsin. In other jurisdictions, such as Iowa and Minnesota, we compete with both the carriers with products identified above (such as Badger Mutual Insurance Company, Wilson Mutual Insurance Company and Founders Insurance Company) and excess and surplus line insurance companies (such as Scottsdale Insurance Company and Lloyd's of London). In other jurisdictions, like Missouri, our primary competitors are larger regional and national insurance companies without a focus on the food and beverage industry (such as Allied Insurance Company, Auto-Owners Insurance Company and Travelers Insurance Company) and excess and surplus line insurance companies (such as EverGuard Insurance Services, Inc. and Lloyd's of London). When evaluating the franchise and fine dining segment of the food and beverage industry, we compete with national insurance carriers, such as Allied Insurance Company, Travelers Insurance Company and The Hartford Insurance Company.

Despite significant competition, we believe we continue to maintain strong market share.

	Number of Eating and Drinking Places in 2015	Number of Locations Insured by ICC at June 30, 2016	Approximate Market Share (%)
Illinois	27,189	2,630	9.7
Iowa	6,129	1,325	21.6
Indiana	11,620	616	5.3
Michigan (1)	16,110	N/A	N/A
Minnesota	9,709	885	9.1
Missouri	10,903	1,006	9.2
Ohio (2)	22,023	N/A	N/A
Wisconsin	12,170	235	1.9
Total	115,853	6,697	5.8
Total (excluding Michigan and Ohio)	77,720	6,697	8.6

Source: National Restaurant Association; ICC

(1) We expect to begin writing premium in Michigan as early as 2017.

(2) We began accepting business in Ohio in August 2016.

Competitive Growth Strategies

Technology. We believe that existing and developing technology and information systems are and will continue to impact the insurance industry's use of risk analysis in the underwriting process, provide tools for reduction of claims, and modernize the claims handling process. As part of our focus, we have internally developed a completely integrated policy management system. This system allows us to leverage loss control data for predictive analytics in both the claims and underwriting areas. For example, in the underwriting area, we create pricing models taking into account the unique characteristics of our customers, with industry-specific variables such as latest hour of close, type and frequency of on-site entertainment, and average alcoholic beverage pricing. We also have achieved better efficiency by moving to a more paperless organization and integrate off-site employees in our claims, underwriting, accounting, loss control and IT development areas. We intend to remain a leader in the industry in utilizing technology and data analysis to price our coverage based on the risk assumed, reduce accidents and provide prompt claims response.

Industry Expertise. We have been providing the food and beverage industry with insurance products and services since 1950. By leveraging our experience, we better understand our customers and their needs, which allows us to better price our products and services and defend claims aggressively and economically, using the experience of our in-house legal department and an established network of specialized defense attorneys. As a result, we are the endorsed carrier for the Missouri Restaurant Association, the Indiana Restaurant Association, the Illinois Licensed Beverage Association and the Minnesota Licensed Beverage Association. We also provide insurance agents continuing education on industry topics, such as liquor liability, kitchen fire prevention and alcohol server training. For policyholders serving liquor, we provide certified alcohol server training as a value-added service and risk elimination/mitigation tool. Our associates are also regular panel speakers at local and national claims conferences.

Enterprise Risk Management. As part of our effort to grow responsibly, we have put in place a cross-functional, multi-dimensional enterprise risk management program. The program is focused on financial, organization, operational, tactical, market and legal risks and managed at three different levels: the enterprise risk committee of our board of directors, our internal enterprise risk management committee and our internal audit committee. The focus of

the enterprise risk committee of our board of directors is on oversight, top tier risk, emerging risks, and risk optimization. The internal enterprise risk committee is comprised of our senior management team, which is focused on conducting a review of all risks attendant to ICC at least annually; rating triaged risks for severity, frequency, and control; completing risk control reports for stress testing, risk tolerance, and mitigation plans; measuring and monitoring risk on an ongoing basis; and tying enterprise risk management to individual performance evaluations and compensation. Our internal audit function focuses on policy and procedure compliance and mitigation plans.

Growth Strategies

Our long-term growth plans involve expanding geographically into states where we believe current insurance laws provide an attractive market for our food and beverage industry products and services. By partnering with independent agents with whom we have had previous relationships, we believe this expansion will provide us with the opportunity to increase our direct written premiums. Although we do not have any current plans or intent to expand or grow our business by acquisition, we will consider opportunities that are presented to us.

The completion of this offering will supply additional capital needed to support substantially increased premium volume, which we expect to result from the implementation of these growth strategies.

Reaction to Market Cycles

Many insurance companies sporadically target businesses within our niche; however, a relatively small number make a long-term commitment to the niche through changing insurance market cycles. When the insurance market is “hard” and premium growth is achievable in less specialized segments, many carriers exit this niche. Large and diversified insurance carriers have the ability to shift their focus and resources to less challenging areas. When market conditions “soften,” those same carriers often aggressively move back into our niche for premium growth. Because Illinois Casualty specializes in the niche, we do not shift resources to other market segments. Therefore, the Company generally maintains pricing stability throughout market cycles by relying on our strong loss control, underwriting, and claims expertise and our customer service commitment. We react to market cycles by adjusting our appetite for risks based on pricing and cycle conditions, but we maintain a consistent commitment to the food and beverage industry. Due to the relatively small number of insurance companies that make a long-term commitment to this niche, the insurance market does not fluctuate to the same extent as the insurance market for the general commercial market.

Risks Related to Our Business

Our ability to implement these strategies could be adversely affected by the highly competitive nature of the food and beverage market. Many of our competitors have substantially greater financial, technical, and operating resources than we have. Furthermore, our ability to successfully differentiate ICC from our competitors through the use of loss reduction methods, like inspections within 60 days of policy binding and training, and the use of loss prediction metrics, may depend on a number of factors including, but not limited to, our customers’ acceptance of our training and our competitors’ adoption of similar loss reduction techniques. Moreover, our competitors may price their products more aggressively or offer our producers higher commission rates, which may adversely affect our ability to grow and compete. For more information about risks facing our business see “Risk Factors — Risks Related to Our Business.”

The Conversion of Illinois Casualty from Mutual to Stock Form

Illinois Casualty is a mutual insurance company. As a mutual insurance company, we have no shareholders, but we do have members. The members of Illinois Casualty are its policyholders. Like shareholders, the members have certain rights with respect to Illinois Casualty such as voting rights with respect to the election of directors and certain fundamental transactions, including the conversion of Illinois Casualty from mutual to stock

form. However, unlike shares held by shareholders, the memberships in Illinois Casualty are not transferable and do not exist separate from the related insurance policy with Illinois Casualty. Therefore, these membership rights are extinguished when we or a policyholder cancels or does not renew its policy with Illinois Casualty.

On February 16, 2016, Illinois Casualty's board of directors adopted a plan of conversion by which Illinois Casualty will convert from a mutual insurance company to a stock insurance company, which was amended and restated on June 14, 2016. Following the conversion, Illinois Casualty will become the wholly owned subsidiary of ICC Holdings, Inc. The affirmative vote of at least two-thirds of the votes cast by members of Illinois Casualty as of February 16, 2016, is necessary to approve the plan of conversion at a special meeting of the members to be held on , 2016.

As part of the conversion, we are offering between 2,720,000 shares and 4,088,889 shares of our common stock for sale at a purchase price of $10.00 per share to eligible members of Illinois Casualty, who were the policyholders of Illinois Casualty at February 16, 2016, our employee stock ownership plan, certain identified investors, the directors, officers, and employees of Illinois Casualty, and the general public. All purchasers of our common stock in the offering will pay the same cash price per share.

Because of the purchase agreements with certain identified investors, at this time, we do not anticipate selling more than 3,500,000 shares of common stock in this offering or selling shares to the public in a syndicated community offering. See "The Subscription and Community Offerings" and "The Syndicated Community Offering." Shares purchased by the ESOP and shares acquired from the conversion of outstanding surplus notes of Illinois Casualty in this offering are counted towards this 3,500,000 threshold. Additionally, these investors agreed to certain post-closing standstill and voting covenants and restrictions on their ability to sell shares for three years following the closing of the offerings and additional limitations for up to seven years following the closing of the offerings. For more information on the agreements, including the expiration of the standstill and voting agreements, resulting limited liquidity and the possible impact on third parties seeking to acquire control of us, see "The Conversion and Offering —Investor Agreements" and "Risk Factors- Risks Related to the Ownership of Our Common Stock — A small number of shareholders will collectively own a substantial portion of our common stock and voting power, and, because of restrictions on their ability to buy or sell our shares, our public float will be limited."

The Subscription and Community Offerings

In the subscription offering phase, shares of common stock are being offered to eligible subscribers in the following order of priority:

- first, to the eligible members of Illinois Casualty, who were the policyholders of Illinois Casualty at February 16, 2016;
- second, to our employee stock ownership plan, or ESOP; and
- third, to the directors, officers and employees of Illinois Casualty.

The shares being purchased by each of the ESOP and our directors and officers are being acquired and held for investment purposes, and not for resale. Our plan of conversion and Illinois law requires that our officers and directors not sell stock purchased pursuant to the conversion within one year after their issuance in the conversion. For more information regarding these exceptions, see "The Conversion and Offering — Proposed Management Purchases."

On September 7, 2016, we entered into purchase agreements with three investors pursuant to which the investors agreed severally, and subject in each case to certain conditions, to acquire from ICC Holdings at the subscription price of $10.00 per share up to 1,400,000 shares of our common stock. The subscription commitments of the investors are: (a) a group of investors, including R. Kevin Clinton, or the Clinton-Flood

Purchasers, who have collectively agreed to purchase up to 800,000 shares of our common stock, (b) Rock Island Investors, LLC, which has agreed to purchase up to 400,000 shares of our common stock, and (c) Tuscarora Wayne Insurance Company, or Tuscarora Wayne, which has agreed to purchase up to 200,000 shares of our common stock. In connection with closing with these investors, we will appoint Mr. Clinton to ICC Holdings' board of directors.

If we sell more than 3,500,000 shares in our offering, the investors do not have an obligation to purchase any shares. Therefore, we do not anticipate selling more than 3,500,000 shares of our common stock. If eligible members subscribe for less than 3,680,000 shares, but together with the ESOP, directors, officers and employees subscribe for more than 2,100,000 shares but less than 3,500,000 shares, in which case there would not be a sufficient number of shares of common stock to satisfy the purchase obligations of the investors in full, we would satisfy as much of the subscription obligation of the Clinton-Flood Purchasers as possible with any remaining available shares sold to Rock Island Investors, LLC and Tuscarora Wayne based upon their pro rata subscription commitment. If eligible members, together with directors, officers and employees, subscribe for less than 2,100,000 shares, we will satisfy the purchase obligations of each investor in full.

The investors agreed to certain post-closing standstill and voting covenants and restrictions on their ability to sell shares for three years following the closing of the offerings and additional limitations for up to seven years following the closing of the offerings. For more information, see "The Conversion and Offering — Investor Agreements" and "Risk Factors- Risks Related to the Ownership of Our Common Stock — A small number of shareholders will collectively own a substantial portion of our common stock and voting power, and, because of restrictions on their ability to buy or sell our shares, our public float will be limited."

The eligible members and the directors, officers and employees of ICC have the right to purchase shares of common stock in the offering subject to these priorities. Our ESOP has the right to purchase shares in this offering in an amount equal to 10.0% of the shares sold in the offering. We call the offering of the common stock to these constituents the "subscription offering."

In the community offering phase, shares of common stock are being offered to members of the general public, individuals in our market area and certain investors known to historically invest in mutual-to-stock conversion offerings with preference given to, first, investors who have entered into investment agreement with us and, secondarily, policyholders under policies of insurance issued by Illinois Casualty after February 16, 2016 (who are also members of Illinois Casualty) and insurance producers who have produced business for Illinois Casualty within twelve months prior to the date of their subscription.

We refer to the offering of the common stock to the general public as the "community offering." Unlike the subscription offering, purchasers in the community offering do not have any right to purchase shares in the offering, and their orders are subordinate to the rights of the eligible subscribers in the subscription offering.

Any shares of common stock offered but not subscribed for in the subscription offering may be sold in the community offering. However, we reserve the absolute right to accept or reject any orders in the community offering, in whole or in part, except for up to 1,400,000 shares of our common stock to certain investors pursuant to their respective purchase agreements. We are planning to hold the community offering concurrently with the subscription offering.

The Syndicated Community Offering

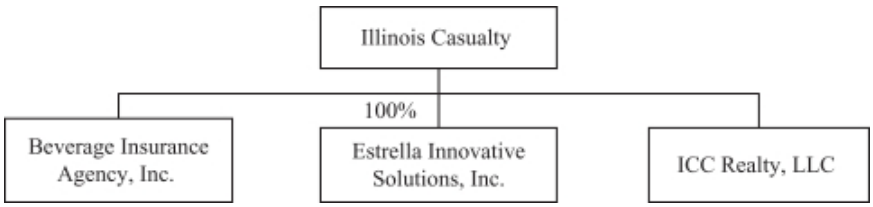
If participants in the subscription and community offerings, including certain identified investors and the ESOP, purchase fewer than 2,720,000 shares, we, in our sole discretion, may sell additional shares on a best efforts basis using a syndicate of registered broker-dealers managed by Griffin. We refer to this phase of the offering as the "syndicated community offering." This syndicated community offering may be conducted concurrently with or after the subscription offering and the community offering. Although no assurance can be given, we do not currently expect that a syndicated community offering will be necessary.

The following table shows those persons that are eligible to purchase shares in the various phases of the offering and the shares available for purchase in each phase of the offering. The table does not include the shares that will be issued to the ESOP in the subscription offering, because the number of shares that can be issued in the offering can be increased to 4,088,889 solely to accommodate the purchase of such shares by the ESOP. We expect to conduct the subscription offering and the community offering simultaneously, and the syndicated community offering, if any, may be conducted concurrently with or after the subscription offering and community offering.

Offering	Eligible Purchasers	Shares Available for Purchase
Subscription Offering	Eligible members of Illinois Casualty, who were the policyholders of Illinois Casualty at February 16, 2016	3,680,000 shares
	Illinois Casualty's officers, directors and employees	3,680,000 shares, less shares subscribed for by eligible members
Community Offering	Certain identified investors	1,400,000 shares, less shares subscribed for in the subscription offering
	Members of the general public, individuals in our market area and certain investors known to historically invest in mutual-to-stock conversion offerings, with preference given to policyholders under policies of insurance issued by Illinois Casualty after February 16, 2016 (who are also members of Illinois Casualty) and insurance producers who have produced business for Illinois Casualty within twelve months prior to the date of their subscription	3,680,000 shares, less shares subscribed for in the subscription offering and by certain identified investors
Syndicated Community Offering	All members of the general public.	3,680,000 shares, less shares subscribed for in the subscription offering and the community offering

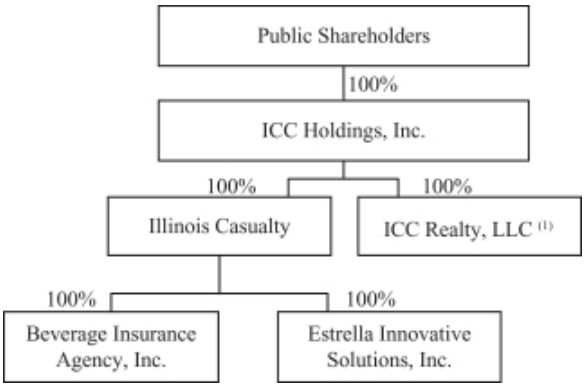
Our Structure Prior to the Conversion

Our current corporate structure is shown in the following chart below.



Our Structure Following the Conversion

After the completion of the conversion, all of the outstanding common stock of the converted Illinois Casualty will have been issued to ICC Holdings, Inc., making the converted Illinois Casualty a wholly owned subsidiary of ICC Holdings, Inc. The following chart shows our corporate structure following completion of these transactions.



(1) We intend to use approximately $5.0 million of the net proceeds to purchase ICC Realty, LLC from Illinois Casualty.

Use of Proceeds

We expect the net proceeds of the offering to be between $25.9 million and $39.3 million, after the payment of $1.0 million in estimated conversion and offering expenses. We intend to use the net proceeds from the offering as follows:

	Amount at the minimum	Amount at the adjusted maximum
Use of Net Proceeds		
Conversion expenses	$ 1,050,000	$ 1,050,000
Purchase of ICC Realty, LLC	5,000,000	5,000,000
General corporate purposes	19,881,000	33,296,112
Total	$ 25,931,000	$ 39,346,112

After paying our conversion and offering expenses and commissions, contingent upon approval from the Illinois Department of Insurance, we expect to purchase from Illinois Casualty its subsidiary, ICC Realty, LLC, for approximately $5 million. ICC Realty, LLC owns certain real estate assets, including our headquarters building. We expect to contribute most of the remaining net proceeds from the offering to Illinois Casualty. These net proceeds will supply additional capital that Illinois Casualty needs to support future premium growth. The net proceeds will also be used for general corporate purposes, including the expansion of our producer networks and the marketing of our products. On a short-term basis, the net proceeds will be invested primarily in U.S. government securities, other federal agency securities, and other securities consistent with our investment policy. Any proceeds retained by ICC Holdings will be invested primarily in U.S. government securities, other federal agency securities, and other securities consistent with our investment policy until utilized.

Assuming we receive shareholder approval of our stock-based incentive plan within twelve months after the plan's approval by our board of directors, we may use a portion of the proceeds that are not contributed to Illinois Casualty to purchase in the open market shares of our common stock to be awarded under the stock-based incentive plan. We may not seek our shareholders' approval of the plan until at least six months after the offering has been completed.

Except for the foregoing, we currently have no specific plans, intentions, arrangements or understandings regarding the proceeds of the offering. See "Use of Proceeds."

How Do I Buy Stock in the Offering?

To buy common stock in the offering, sign and complete the stock order form that accompanies this prospectus and send it to us with your payment in the envelope provided so that it is received no later than noon, Central Time on , 2016. Payment may be made by check or money order payable to " , escrow agent." After you send in your payment, you have no right to modify your investment or withdraw your funds without our consent, unless we extend the offering to a date later than , 2016. See "The Conversion and Offering — If Subscriptions Received in all of the Offerings Combined Do Not Meet the Required Minimum" and "The Conversion and Offering — Resolicitation." Our consent to any modification or withdrawal request may or may not be given in our sole discretion. We may reject a stock order form if it is incomplete or not timely received. Other than sales to investors, we may also reject any order received in the community offering or the syndicated community offering, in whole or in part, for any or no reason.

Limits on Your Purchase of Common Stock

The minimum number of shares a person or entity may subscribe for in the offering is 50 shares ($500). Except for the ESOP and those certain identified investors, the maximum number of shares that a person or entity, together with any affiliate, associate or any person or entity with whom he or she is acting in concert, may purchase in the offering is 5% of the total shares sold in the offering without the approval of the Illinois Department of Insurance. For this purpose, an associate of a person or entity includes:

- such person's spouse;
- relatives of such person or such person's spouse living in the same house;
- companies, trusts or other entities in which such person or entity holds 10% or more of the equity securities;
- a trust or estate in which such person or entity holds a substantial beneficial interest or serves in a fiduciary capacity; or
- any person acting in concert with any of the persons or entities listed above.

We may decrease or increase the maximum purchase limitation. See "The Conversion and Offering — Limitations on Purchases of Common Stock." In the event that we change the maximum purchase limitation, we will distribute a prospectus supplement or revised prospectus to each person who has placed an order to purchase the previous maximum number of shares such person could purchase in the offering and provide them with the opportunity to increase their subscription.

The ESOP has the right to purchase an amount equal to 10.0% of the shares of common stock to be issued in the offering, and its right to purchase this amount is not subject to any limitations or restrictions.

Oversubscription

If you are an eligible member of Illinois Casualty or a director, officer or employee of ICC, and we receive subscriptions in the subscription offering for more than 3,680,000 shares, which is the maximum number of shares being offered, your subscription may be reduced. In that event, no shares will be sold in the community offering or syndicated community offering, and the shares of common stock will be allocated first to eligible members and then to directors, officers and employees of Illinois Casualty. The maximum number of shares being offered will be increased to the extent necessary to allow the ESOP to purchase that number of shares equal to 10.0% of the shares issued in the offering.

If eligible members subscribe for more than 3,680,000 shares, no shares of common stock will be sold to directors, officers and employees of ICC (except in his or her capacity as an eligible policyholder) and to those certain identified investors. The shares of common stock will be allocated so as to permit each subscribing eligible member to purchase up to the lesser of their subscription and 1,000 shares (unless the magnitude of subscriptions does not permit such an allocation). Any remaining shares will be allocated among the eligible members with unfulfilled subscriptions in proportion to the respective amounts of unfilled subscriptions. For a more complete description of the allocation procedures in the event of an oversubscription by eligible members, see “The Conversion and Offering — Subscription Offering and Subscription Rights.”

If eligible members subscribe for less than 3,680,000 shares, but together with the ESOP, directors, officers and employees subscribe for more than 2,100,000 shares but less than 3,500,000 shares, in which case there would not be a sufficient number of shares of common stock to satisfy the purchase obligations of the investors in full, we would satisfy as much of the subscription obligation of the Clinton-Flood Purchasers as possible with any remaining available shares sold to Rock Island Investors, LLC and Tuscarora Wayne based upon their pro rata subscription commitment. If eligible members, together with directors, officers and employees, subscribe for less than 2,100,000 shares, we will satisfy the purchase obligations of each investor in full.

If eligible members subscribe for less than 3,680,000 shares, but together with the ESOP, directors, officers and employees subscribe for more than 3,500,000 shares, each eligible member will be allowed to purchase the full amount of shares for which he or she subscribed and the remaining shares of common stock will be allocated among the directors, officers and employees based on the amount that each director, officer and employee subscribed to purchase. If we sell more than 3,500,000 shares in our offering, the investors do not have an obligation to purchase any shares. See “The Conversion and Offering — Investor Agreements.”

If we receive in the subscription offering subscriptions for less than 2,720,000 shares of common stock, but in the subscription, community, and syndicated community offerings and sales to those investors together we receive subscriptions and orders for more than 2,720,000 shares, but less than 3,500,000 shares we will sell to participants in the subscription offering the number of shares sufficient to satisfy their subscriptions in full, and then may accept orders in the community offering and the syndicated community offering, with preference given to orders received in the community offering, provided that the total number of shares sold in all three offerings does not exceed 3,500,000 shares (excluding the shares sold to the ESOP).

If we receive in the subscription offering subscriptions for less than 2,720,000 shares of common stock, but in the subscription, community, and syndicated community offerings together we receive subscriptions and orders for more than 2,720,000 shares, we will sell to participants in the subscription offering the number of shares sufficient to satisfy their subscriptions in full, and then may accept orders in the community offering and the syndicated community offering, with preference given to orders received in the community offering, provided that the total number of shares sold in all three offerings does not exceed 4,088,889 shares (including the shares sold to the ESOP). If we sell more than 3,500,000 shares in our offering, the investors do not have an obligation to purchase any shares. See “The Conversion and Offering — Investor Agreements.”

Undersubscription

If the number of shares purchased in the subscription, community and syndicated community offerings and by the investors are collectively less than 2,720,000, then we will return all funds received in the offerings promptly to purchasers, without interest. In that event, we may cause a new valuation of the Company to be performed, and based on this valuation amend the registration statement of which this prospectus is a part and commence a new offering of the common stock. In that event, people who submitted subscriptions or orders will be permitted to submit new subscriptions or orders. See "The Conversion and Offering — Resolicitation."

Shares Outstanding Immediately After the Offering

After the offering, there will be a minimum of 2,720,000 shares and a maximum of 4,088,889 shares of our common stock issued and outstanding.

Management Purchases of Stock

The directors and executive officers of ICC, together with their affiliates and associates, propose to purchase approximately 269,500 shares of common stock in the offering. This amount does not include any of the shares of common stock to be purchased by the ESOP, but does include any shares that businesses owned or controlled by our directors may subscribe to purchase in their capacity as an eligible policyholder. Our directors and executive officers and their affiliates and associates are not obligated to purchase this number of shares, and in the aggregate they may purchase a greater or smaller number of shares. Our plan of conversion and Illinois law also requires that our officers and directors not sell stock purchased pursuant to the conversion within one year after their issuance in the conversion. See "The Conversion and Offering —Proposed Management Purchases."

Benefits to Management

Upon completion of the offering, the ESOP will own 10.0% of the total shares of common stock issued in the offering. These shares will be allocated under the ESOP over a fifteen year period to our eligible employees, including our executive officers, as a retirement benefit.

Our board of directors also adopted a stock-based incentive plan on , 2016 for the benefit of our directors, executive officers and other eligible employees. The stock-based incentive plan will be submitted to our shareholders for approval. However, the plan cannot be proposed to shareholders until at least six months after the offering has been completed and, under the terms of the plan, the plan must be approved by our shareholders within twelve months of the adoption of the plan by our board of directors.

Under the proposed stock-based incentive plan, we may award options to purchase common stock or award shares of restricted stock or restricted stock units to directors, executive officers and other eligible employees. The exercise price of stock options will be the fair market value of our common stock on the date of the option award. All awards under the stock-based incentive plan will be subject to such vesting, performance criteria, or other conditions as the compensation committee of our board of directors may establish. A number of shares equal to 10% of the shares issued in the offering (including shares issued to the ESOP) will be available for future issuance upon the exercise of stock options and a number of shares equal to 4% of the shares issued in the offering (including shares issued to the ESOP) will be available for future issuance upon the award of restricted stock or restricted stock units settled in our common stock. No decisions concerning the number of shares to be awarded or options to be granted to any director, officer or employee have been made at this time.

The following table presents information regarding the participants in each benefit plan, and the total amount, the percentage, and the dollar value of the stock that we intend to set aside for our ESOP and

stock-based incentive plan. No options, restricted stock, or restricted stock units will be issued under the stock-based incentive plan until the plan is approved by our shareholders. The table assumes the following:

- that 3,500,000 shares will be sold in the offering; and
- that the value of the stock in the table is $10.00 per share.

Options are assigned no value because their exercise price will be equal to the fair market value of the stock on the day the options are awarded. As a result, anyone who receives an option will benefit from the option only if the price of the stock rises above the exercise price and the option is exercised.

Plan	Individuals Eligible to Receive Awards	Percent of Shares Issued in the Offering	Number of Shares	Value of Shares Based on $10.00 Share Price
ESOP	All eligible full-time employees	10.0%	350,000	$3,500,000
Shares available under the stock-based incentive plan for restricted stock and restricted stock unit awards	Directors and selected officers and employees	4.0%	140,000	$1,400,000
Shares available under the stock-based incentive plan for stock options	Directors and selected officers and employees	10.0%	350,000	$3,500,000(1)

(1) Stock options will be awarded with a per share exercise price equal to the market price of our common stock on the date of award. The value of a stock option will depend upon increases, if any, in the price of our common stock during the term of the stock option.

Deadlines for Purchasing Stock

If you wish to purchase shares of our common stock, a properly completed and signed original stock order form, together with full payment for the shares, must be received (not postmarked) at no later than 12:00 noon, Central Time, on , 2016. You may submit your order form in one of two ways: by mail using the order reply envelope provided or by overnight courier to the address indicated on the stock order form. The Stock Information Center is open weekdays, except bank holidays, from 10:00 a.m. to 4:00 p.m., Central Time. Once submitted, your order is irrevocable unless the offering is terminated or extended. We may extend the , 2016 expiration date, without notice to you. If we extend the subscription offering to a date later than , 2016, the stock orders will be canceled and all funds received will be returned promptly without interest. The subscription offering may not be extended to a date later than , 2016. The community offering and syndicated community offering, if conducted, may terminate at any time without notice, but no later than 45 days after the termination of the subscription offering.

Conditions That Must Be Satisfied Before We Can Complete the Offering and Issue the Stock

Before we can complete the offering and issue our stock, the Illinois Department of Insurance must approve the plan of conversion of Illinois Casualty, the members of Illinois Casualty as of February 16, 2016 must approve the plan of conversion, and we must sell at least the minimum number of shares offered.

No funds will be released from the escrow account until all phases of the offering have been completed and all of these conditions have been satisfied. If all of these conditions are not satisfied by , 2016, the offering will be terminated and all funds will be returned promptly without interest.

Termination of the Offering

We have the right to cancel the offering at any time. If we cancel the offering, your money will be promptly refunded, without interest.

Dividend Policy

We currently do not have any plans to pay dividends to our shareholders. In addition, as a holding company, our ability to pay dividends will be dependent upon any proceeds from the offering retained at the holding company, distributions from ICC Realty, LLC after it is acquired by ICC Holdings and Illinois Casualty declaring and paying a dividend to us. The payment of such dividends may require the prior approval of the Illinois Department of Insurance. For additional information regarding restrictions on our ability to pay dividends. See "Dividend Policy."

Market for Common Stock

We have applied for listing on the Nasdaq Capital Market, but this does not mean that an active trading market for our stock will develop.

Delivery of Prospectus

To ensure that each person receives a prospectus at least 48 hours before the offering deadline, we may not mail prospectuses any later than five days before such date or hand-deliver prospectuses later than two days before that date. Stock order forms may only be delivered if accompanied or preceded by a prospectus. We are not obligated to deliver a prospectus or order form by means other than U.S. mail.

We will make reasonable attempts to provide a prospectus and offering materials to holders of subscription rights. The subscription offering and all subscription rights will expire at 12:00 noon, Central Time, on , 2016 whether or not we have been able to locate each person entitled to subscription rights.

Delivery of Shares of Common Stock

All shares of common stock of ICC sold in the subscription offering and community offering will be issued in book entry form and held electronically on the books of our transfer agent. Stock certificates will not be issued. A statement reflecting ownership of shares of common stock sold in the offering will be mailed by our transfer agent to the persons entitled thereto at the address noted by them on their stock order form as soon as practicable following consummation of the conversion. Shares of common stock sold in the syndicated community offering may be delivered electronically through the services of The Depository Trust Company. We expect trading in the stock to begin on the business day of or on the business day immediately following the completion of the conversion and stock offering. **It is possible that until a statement reflecting ownership of shares of common stock is available and delivered to purchasers, purchasers might not be able to sell the shares of common stock that they ordered, even though the common stock will have begun trading.** Your ability to sell the shares of common stock before receiving your statement will depend on arrangements you may make with a brokerage firm.

How You May Obtain Additional Information Regarding the Offering

If you have any questions regarding the stock offering, please call the Stock Information Center at 1- - - , Monday through Friday between 10:00 a.m. and 4:00 p.m., Central Time or email us at _____@ilcasco.com. The Stock Information Center will be closed on weekends and bank holidays. Our Stock Information Center is located at the offices of Griffin at 607 Washington Street, Reading, Pennsylvania 19603. Additional copies of the materials will be available from the Stock Information Center.

Risk Factors

An investment in our common stock involves numerous risks. See "Risk Factors."

RISK FACTORS

In addition to all other information contained in this prospectus, you should carefully consider the following risk factors in deciding whether to purchase our common stock.

Risks Related to Our Business

A reduction in our A.M. Best rating could affect our ability to write new business or renew our existing business.

Ratings assigned by A.M. Best are an important factor influencing the competitive position of insurance companies. A.M. Best ratings, which are reviewed at least annually, represent independent opinions of financial strength and ability to meet obligations to policyholders and are not directed toward the protection of investors. Therefore, our A.M. Best rating should not be relied upon as a basis for an investment decision to purchase our common stock.

Illinois Casualty Company holds a financial strength rating of "B++" (Good) by A.M. Best, the fifth highest rating out of 15 rating classifications. Our most recent evaluation by A.M. Best occurred on February 23, 2016, when A.M. Best upgraded its outlook to positive from stable for Illinois Casualty's issuer credit rating, while affirming its financial strength rating of "B++" and issuer credit rating of "bbb" (Good). Financial strength ratings are used by producers and customers as a means of assessing the financial strength and quality of insurers. Issuer credit ratings is an opinion by A.M. Best of an entity's ability to meet its ongoing financial obligations. If our financial position deteriorates, we may not maintain our favorable financial strength and issuer credit ratings from A.M. Best. A downgrade of our rating could severely limit or prevent us from writing desirable business or from renewing our existing business. In addition, a downgrade could negatively affect our ability to implement our strategy. See "Business — A.M. Best Rating."

Our food and beverage customers have been the target of claims and lawsuits. Proceedings of this nature, if successful, could result in our payment of substantial costs and damages.

Occasionally, patrons of our food and beverage industry insured customers file complaints or lawsuits against our insureds alleging a variety of claims arising in the ordinary course of their business, including personal injury claims, contract claims and claims alleging violations of federal and state laws. In addition, certain of our insured customers who serve alcohol are subject to state "dram shop" or similar laws that generally allow a person to sue our customer if that person was injured by a legally intoxicated person who was wrongfully served alcoholic beverages by our customer. A number of these lawsuits in the food and beverage industry have resulted in the payment of substantial damages by us on behalf of our insureds.

Additionally, states have, from time to time, explored lowering the blood alcohol content levels for criminal statutes related to driving under the influence or similar laws, removing or increasing caps for liability with respect to injuries by a legally intoxicated person, or preventing or limiting rate changes by insurance companies.

Regardless of whether any claims against our customers are valid or whether they are liable, claims may be expensive to defend and may result in significant liabilities. Defense costs, even for unfounded claims, or a judgment or other liability in excess of our reinsurance limits for any claims or any adverse publicity resulting from claims could adversely affect our business, results of operations and financial condition.

Our strategy for growing our business may not be profitable.

Over the past several years, we have made, and our current plans are to continue to make, investments in our lines of business, and we have increased expenses in order to, among other things, strengthen our product offerings and service capabilities, expand into new geographic areas, improve technology and our operating

models, build expertise in our personnel, and expand our distribution capabilities, with the ultimate goal of achieving significant, sustained growth. The ability to achieve significant profitable premium growth in order to earn adequate returns on such investments and expenses, and to grow further without proportionate increases in expenses, is an important part of our current strategy. There can be no assurance that we will be successful at profitably growing our business, or that we will not alter our current strategy due to changes in our markets or an inability to successfully maintain acceptable margins on new business or for other reasons, in which case premiums written and earned, operating income and net book value could be adversely affected.

Our investment performance may suffer as a result of adverse capital market developments, which may affect our financial results and ability to conduct business.

We invest the premiums we receive from policyholders until cash is needed to pay insured claims or other expenses. For the six months ended June 30, 2016, we had $138,000 in net realized investment gains as compared to investment gains of $81,000 for the year ended December 31, 2015 and $459,000 for the year ended December 31, 2014. Our investments will be subject to a variety of investment risks, including risks relating to general economic conditions, market volatility, interest rate fluctuations, liquidity risk and credit risk. An unexpected increase in the volume or severity of claims may force us to liquidate securities, which may cause us to incur capital losses. If we do not structure the duration of our investments to match our insurance liabilities, we may be forced to liquidate investments prior to maturity at a significant loss to cover such payments. Investment losses could significantly decrease our asset base and statutory surplus, thereby affecting our ability to conduct business. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations —Quantitative and Qualitative Information About Market Risk.”

The geographic distribution of our business exposes us to significant natural disasters, which may negatively affect our financial and operating results.

As of June 30, 2016, approximately 39.4% of our direct premiums written originated from business written in Illinois, and therefore, we have a greater exposure to catastrophic or other significant natural or man-made losses in that geographic region. The incidence and severity of such events are inherently unpredictable. In recent years, changing climate conditions have increased the unpredictability, severity and frequency of tornados, hurricanes, and other storms.

States and regulators from time to time have taken action that has the effect of limiting the ability of insurers to manage these risks, such as prohibiting insurers from reducing exposures or withdrawing from catastrophe-prone areas, or mandating that insurers participate in residual markets. Our ability or willingness to manage our exposure to these risks may be limited due to considerations of public policy, the evolving political environment, or social responsibilities. We may choose to write business in catastrophe-prone geographic areas that we might not otherwise write for strategic purposes, such as improving our access to other underwriting opportunities.

Our ability to properly estimate reserves related to tornados and storms can be affected by the inability to access portions of the impacted areas, the complexity of factors contributing to the losses, the legal and regulatory uncertainties, and the nature of the information available to establish the reserves. These complex factors include, but are not limited to the following:

- determining whether damages were caused by flooding versus wind;
- evaluating general liability and pollution exposures;
- the impact of increased demand for products and services necessary to repair or rebuild damaged properties;
- infrastructure disruption;
- fraud;

- the effect of mold damage;
- business interruption costs; and
- reinsurance collectability.

The estimates related to catastrophes are adjusted as actual claims are filed and additional information becomes available. This adjustment could reduce income during the period in which the adjustment is made, which could have a material adverse impact on our financial condition and results of operations.

Large-scale natural disasters may have a material adverse effect on our business, financial condition and results of operations.

The Midwest has historically been at a relatively high risk of natural disasters such as tornados, blizzards and flooding. If the Midwest were to experience a large-scale natural disaster, claims incurred would likely increase and our insured's properties may incur substantial damage, which could have a material adverse effect on our business, financial condition and results of operations.

Our results may fluctuate as a result of many factors, including cyclical changes in the insurance industry, which may lead to reduced premium volume.

Results of companies in the insurance industry, and particularly the property and casualty insurance industry, historically have been subject to significant fluctuations and uncertainties. The industry's profitability can be affected significantly by:

- rising levels of actual costs that are not known by companies at the time they price their products;
- volatile and unpredictable developments, including man-made and natural catastrophes;
- changes in reserves resulting from the general claims and legal environments as different types of claims arise and judicial interpretations relating to the scope of insurers' liability develop; and
- fluctuations in interest rates, inflationary pressures and other changes in the investment environment, which affect returns on invested capital and may impact the ultimate payout of losses.

Historically, the financial performance of the insurance industry has fluctuated in cyclical periods of low premium rates and excess underwriting capacity resulting from increased competition (a so-called "soft market"), followed by periods of high premium rates and a shortage of underwriting capacity resulting from decreased competition (a so-called "hard market"). Fluctuations in underwriting capacity, demand and competition, and the impact on our business of the other factors identified above, could have a negative impact on our results of operations and financial condition.

Because estimating future losses is difficult and uncertain, if our actual losses exceed our loss reserves our operating results may be adversely affected.

We maintain reserves to cover amounts we estimate will be needed to pay for insured losses and for the expenses necessary to settle claims. Estimating loss and loss expense reserves is a difficult and complex process involving many variables and subjective judgments. We regularly review our reserve estimate protocols and our overall amount of reserves. We review historical data and consider the impact of various factors such as:

- trends in claim frequency and severity;
- information regarding each claim for losses;
- legislative enactments, judicial decisions and legal developments regarding damages; and
- trends in general economic conditions, including inflation.

Our actual losses could exceed our reserves. If we determine that our loss reserves are inadequate, we will have to increase them. This adjustment would reduce income during the period in which the adjustment is made, which could have a material adverse impact on our financial condition and results of operations. Such adjustments to loss reserve estimates are referred to as "loss development." If existing loss reserves exceed the revised estimate, it is referred to as positive loss development. Negative loss development occurs when the revised estimate of expected losses with respect to a calendar year exceed existing loss reserves. For additional information, see "Business — Loss and LAE Reserves."

If our reinsurers do not pay our claims in accordance with our reinsurance agreements, we may incur losses.

We are subject to loss and credit risk with respect to the reinsurers with whom we deal because buying reinsurance does not relieve us of our liability to policyholders. If our reinsurers are not capable of fulfilling their financial obligations to us, our insurance losses would increase. For the six months ended June 30, 2016, we ceded 15.8% of our gross written premiums to our reinsurers. We secure reinsurance coverage from a number of reinsurers. The lowest A.M. Best rating issued to any of our reinsurers is "A-" (Excellent), which is the fourth highest of fifteen ratings. See "Business — Reinsurance."

The property and casualty insurance market in which we operate is highly competitive, which limits our ability to increase premiums for our products and recruit new producers.

Competition in the property and casualty insurance business is based on many factors. These factors include the perceived financial strength of the insurer, premiums charged, policy terms and conditions, services provided, reputation, financial ratings assigned by independent rating agencies and the experience of the insurer in the line of insurance to be written. We compete with stock insurance companies, mutual companies, local cooperatives and other underwriting organizations. Many of these competitors have substantially greater financial, technical and operating resources than we have. Many of the lines of insurance we write are subject to significant price competition. If our competitors price their products aggressively, our ability to grow or renew our business may be adversely affected. We pay producers on a commission basis to produce business. Some of our competitors may offer higher commissions or insurance at lower premium rates through the use of salaried personnel or other distribution methods that do not rely on independent agents. Increased competition could adversely affect our ability to attract and retain business and thereby reduce our profits from operations.

Our results of operations may be adversely affected by any loss of business from key producers.

Our products are primarily marketed by independent agents. Other insurance companies compete with us for the services and allegiance of these producers. These producers may choose to direct business to our competitors, or may direct less desirable risks to us. One producer accounted for $2.9 million or approximately 6.1% of our direct premiums written in 2015. No other producer accounted for more than 6% of our 2015 direct premiums written. If we experience a significant decrease in business from, or lose entirely, our largest producers it would have a material adverse effect on us.

Our revenues may fluctuate with our investment results and changes in interest rates.

Our investment portfolio contains a significant amount of fixed income securities. The fair values of these invested assets fluctuate depending upon economic conditions, particularly changes in interest rates. We may not be able to prevent or minimize the negative impact of interest rate changes. Additionally, unforeseen circumstances may force us to sell certain of our invested assets at a time when their fair values are less than their original cost, resulting in realized capital losses, which would reduce our net income.

Proposals to federally regulate the insurance business could affect our business.

Currently, the U.S. federal government does not directly regulate the insurance business. However, federal legislation and administrative policies in several areas can significantly and adversely affect insurance companies. These areas include financial services regulation, securities regulation, pension regulation, privacy, tort reform legislation and taxation. In addition, various forms of direct federal regulation of insurance have been proposed. These proposals generally would maintain state-based regulation of insurance, but would affect state regulation of certain aspects of the insurance business, including rates, producer and company licensing, and market conduct examinations. We cannot predict whether any of these proposals will be adopted, or what impact, if any, such proposals or, if enacted, such laws may have on our business, financial condition or results of operations.

If we fail to comply with insurance industry regulations, or if those regulations become more burdensome, we may not be able to operate profitably.

We are regulated by the Illinois Department of Insurance, as well as, to a more limited extent, the federal government and the insurance departments of other states in which we do business. For the quarter ended June 30, 2016, approximately 39.4% of our direct premiums written originated from business written in Illinois. Therefore, the cancellation or suspension of our license in Illinois, as a result of any failure to comply with the applicable insurance laws and regulations, may negatively impact our operating results.

Most insurance regulations are designed to protect the interests of policyholders rather than shareholders and other investors. These regulations relate to, among other things:

- approval of policy forms and premium rates;
- standards of solvency, including establishing requirements for minimum capital and surplus, and for risk-based capital;
- classifying assets as admissible for purposes of determining solvency and compliance with minimum capital and surplus requirements;
- licensing of insurers and their producers;
- advertising and marketing practices;
- restrictions on the nature, quality and concentration of investments;
- assessments by guaranty associations and mandatory pooling arrangements;
- restrictions on the ability to pay dividends;
- restrictions on transactions between affiliated companies;
- restrictions on the size of risks insurable under a single policy;
- requiring deposits for the benefit of policyholders;
- requiring certain methods of accounting;
- periodic examinations of our operations and finances;
- claims practices;
- prescribing the form and content of reports of financial condition required to be filed; and
- requiring reserves for unearned premiums, losses and other purposes.

The Illinois Department of Insurance also conducts periodic examinations of the affairs of insurance companies and requires the filing of annual and other reports relating to financial condition, holding company

issues and other matters. These regulatory requirements may adversely affect or inhibit our ability to achieve some or all of our business objectives. Our last examination by the Illinois Department of Insurance was in February 2012.

In addition, regulatory authorities have relatively broad discretion to deny or revoke licenses for various reasons, including the violation of regulations. Further, changes in the level of regulation of the insurance industry or changes in laws or regulations themselves or interpretations by regulatory authorities could adversely affect our ability to operate our business.

Our ability to manage our exposure to underwriting risks depends on the availability and cost of reinsurance coverage.

Reinsurance is the practice of transferring part of an insurance company's liability and premium under an insurance policy to another insurance company. We use reinsurance arrangements to limit and manage the amount of risk we retain, to stabilize our underwriting results and to increase our underwriting capacity. The availability and cost of reinsurance are subject to current market conditions and may vary significantly over time. Any decrease in the amount of our reinsurance will increase our risk of loss. We may be unable to maintain our desired reinsurance coverage or to obtain other reinsurance coverage in adequate amounts and at favorable rates. If we are unable to renew our expiring coverage or obtain new coverage, it will be difficult for us to manage our underwriting risks and operate our business profitably.

It is also possible that the losses we experience on risks we have reinsured will exceed the coverage limits on the reinsurance. If the amount of our reinsurance coverage is insufficient, our insurance losses could increase substantially.

We could be adversely affected by the loss of our existing management or key employees.

The success of our business is dependent, to a large extent, on our ability to attract and retain key employees, in particular our senior officers. Our business may be adversely affected if labor market conditions make it difficult for us to replace our current key officers with individuals having equivalent qualifications and experience at compensation levels competitive for our industry. In particular, because of the shortage of experienced underwriters and claims personnel who have experience or training in the liquor liability sector of the insurance industry, replacing key employees in that line of our business could be challenging. Our key officers include: Arron K. Sutherland, our President and Chief Executive Officer, Michael R. Smith, our Chief Financial Officer, Norman D. Schmeichel, our Vice President and Chief Information Officer, Howard J. Beck, our Chief Underwriting Officer, Julia B. Suiter, our Chief Legal Officer, Rickey Plunkett, our Director of Claims, and Kathleen S. Springer, our Director of Human Resources. These key officers have an average of more than 20 years of experience in the property and casualty insurance industry.

We do not have agreements not to compete or employment agreements with our employees, except for our employment agreement with Mr. Sutherland and change in control agreements with certain officers, including Messrs. Smith, Schmeichel, Beck, and Plunkett and Mesdames Suiter and Springer. Each of our employment agreement with Mr. Sutherland and change in control agreements has change of control provisions that provide for certain payments and the continuation of certain benefits in the event such officer is terminated without cause or such officer voluntarily quits for good reason after a change in control. See "Management —Benefit Plans and Employment Agreements."

Losses resulting from political instability, acts of war or terrorism may negatively affect our financial and operating results.

Numerous classes of business are exposed to terrorism related catastrophic risks. The frequency, number and severity of these losses are unpredictable. As a result, we have changed our underwriting protocols to address terrorism and the limited availability of terrorism reinsurance. However, given the uncertainty of the potential threats, we cannot be sure that we have addressed all the possibilities.

The Terrorism Risk Insurance Act of 2002, as extended by the Terrorism Risk Insurance Program Reauthorization Act of 2015, is effective through December 31, 2020. Prior to the act, insurance coverage by private insurers for losses (other than workers' compensation) arising out of acts of terrorism was severely limited. The act provides, among other things, that all licensed insurers must offer coverage on most commercial lines of business for acts of terrorism. Losses arising out of acts of terrorism that are certified as such by the Secretary of the Treasury of the United States and that exceed $120 million for calendar year 2016 will be reimbursed by the federal government subject to a limit of $100 billion in any year, which loss trigger increases each year by $20 million until it reaches $200 million in 2020 and any calendar year thereafter. Each insurance company is responsible for a deductible equal to 20% of its direct earned premiums in the previous calendar year. For 2016, our deductible is approximately $9.5 million. For losses in excess of the deductible, the federal government will reimburse 84% of the insurer's loss, up to the insurer's proportionate share of the $100 billion. Such reimbursement percentage will be reduced by one percentage point each year until it reaches 80%.

Notwithstanding the protection provided by reinsurance and the Terrorism Risk Insurance Act of 2002, the risk of severe losses to us from acts of terrorism has not been eliminated. Our reinsurance contracts include various limitations or exclusions limiting the reinsurers' obligation to cover losses caused by acts of terrorism. Accordingly, events constituting acts of terrorism may not be covered by, or may exceed the capacity of, our reinsurance and could adversely affect our business and financial condition.

We could be adversely affected by any interruption to our ability to conduct business at our current location.

Our business operations could be substantially interrupted by flooding, snow, ice, and other weather-related incidents, or from fire, power loss, telecommunications failures, terrorism, or other such events. In such an event, we may not have sufficient redundant facilities to cover a loss or failure in all aspects of our business operations and to restart our business operations in a timely manner. Any damage caused by such a failure or loss may cause interruptions in our business operations that may adversely affect our service levels and business. See "Business — Technology."

Changes in accounting standards issued by the Financial Accounting Standards Board (FASB) or other standard-setting bodies may adversely affect our consolidated financial statements.

Our consolidated financial statements are subject to the application of GAAP, which is periodically revised and/or expanded. Accordingly, we are required to adopt new or revised accounting standards from time to time issued by recognized authoritative bodies, including the FASB. It is possible that future changes we are required to adopt could change the current accounting treatment that we apply to our consolidated financial statements and that such changes could have a material effect on our financial condition and results of operations.

Assessments and premium surcharges for state guaranty funds, second injury funds and other mandatory pooling arrangements may reduce our profitability.

Most states require insurance companies licensed to do business in their state to participate in guaranty funds, which require the insurance companies to bear a portion of the unfunded obligations of impaired, insolvent or failed insurance companies. These obligations are funded by assessments, which are expected to continue in the future. State guaranty associations levy assessments, up to prescribed limits, on all member insurance companies in the state based on their proportionate share of premiums written in the lines of business in which the impaired, insolvent or failed insurance companies are engaged. Accordingly, the assessments levied on us may increase as we increase our written premiums. Some states also have laws that establish second injury funds to reimburse insurers and employers for claims paid to injured employees for aggravation of prior conditions or injuries. These funds are supported by either assessments or premium surcharges based on incurred losses. See "Business — Regulation."

In addition, as a condition to conducting business in some states, insurance companies are required to participate in residual market programs to provide insurance to those who cannot procure coverage from an insurance carrier on a negotiated basis. Insurance companies generally can fulfill their residual market obligations by, among other things, participating in a reinsurance pool where the results of all policies provided through the pool are shared by the participating insurance companies. Although we price our insurance to account for our potential obligations under these pooling arrangements, we may not be able to accurately estimate our liability for these obligations. Accordingly, mandatory pooling arrangements may cause a decrease in our profits. At June 30, 2016, we participated in mandatory pooling arrangements in three states. As we write policies in new states that have mandatory pooling arrangements, we will be required to participate in additional pooling arrangements. Further, the impairment, insolvency or failure of other insurance companies in these pooling arrangements would likely increase the liability for other members in the pool. The effect of assessments and premium surcharges or increases in such assessments or surcharges could reduce our profitability in any given period or limit our ability to grow our business. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Other Segment.”

Risk Factors Relating to the Ownership of Our Common Stock

A small number of shareholders will collectively own a substantial portion of our common stock and voting power, and, because of restrictions on their ability to buy or sell our shares, our public float will be limited.

Collectively, the three investors purchasing shares from us pursuant to investment agreements (the Clinton-Flood Purchasers, Rock Island Investors, LLC and Tuscarora Wayne) will own or exercise voting and investment control of up to 1.4 million of our shares, or 40% of our outstanding common stock if we sold 3.5 million shares in this offering. Pursuant to their respective purchase agreement, each investor has agreed to, among other things, vote as recommended by our board of directors (subject to limited exceptions), agree to a standstill provision, including from purchasing shares of our common stock except as provided by a contractual preemptive right, for up to seven years, agreed to restrictions on their respective ability to sell their shares of our common stock. For more information regarding these purchase agreements, see “The Conversion Offering — Investor Agreements” below.

If and for so long as an investor beneficially owns two percent (2.0%) or more of the shares of our common stock and a standstill termination event has not occurred, the investor shall generally vote and cause to be voted all shares of common stock beneficially owned by such investor (a) for persons nominated and recommended by ICC Holdings’ board of directors for election as directors of ICC Holdings’ board of directors and against any person nominated for election as a director by any other person or entity, and (b) as directed or recommended by ICC Holdings’ board of directors with respect to any proposal presented at any meeting of ICC Holdings’ shareholders, including, but not limited to (i) the entire slate of directors recommended for election by the ICC Holdings’ board of directors to the shareholders of ICC Holdings at any meeting of ICC Holdings’ shareholders at which any directors are elected, (ii) any shareholder proposal submitted for a vote at any meeting of ICC Holdings’ shareholders, and (iii) any proposal submitted by ICC Holdings for a vote at any meeting of ICC Holdings’ shareholders relating (A) to the appointment of ICC Holdings’ accountants, or (B) an equity compensation plan of ICC Holdings and/or any material revisions thereto. This provision may have the effect of entrenching our board of directors and management team and may deprive you of the opportunity to sell your shares to potential acquirers at a premium over prevailing prices. As a result, other shareholders may be prevented from affecting matters involving our company, including:

- the composition of our board of directors and, through it, any determination with respect to our business direction and policies, including the appointment and removal of officers;
- any determinations with respect to mergers or other business combinations;
- our acquisition or disposition of assets; and
- our corporate financing activities.

Furthermore, this concentration of voting power could have the effect of delaying, deterring or preventing a change of control or other business combination that might otherwise be beneficial to our shareholders. This significant concentration of share ownership may also adversely affect the trading price for our common stock because investors may perceive disadvantages in owning stock in a company that is controlled by a small number of shareholders.

In addition, these investors are restricted from buying or selling shares of our common stock pursuant to their respective investment agreements and, in some cases, by restrictions under applicable securities laws. For three years following the closing, each of the investors are generally prohibited from selling any shares of our common stock. Beginning on the third anniversary of the closing date, subject to our right of first refusal in favor of us, each investor could sell no more than six and one-quarter percent (6-1/4%) of the number of shares purchased at the closing of the offering every ninety days. Upon the occurrence of a death or disability of Mr. Clinton, no more than six and one-quarter percent (6-1/4%) of the number of shares purchased at the closing of the offering by Mr. Clinton and certain other purchasers who together have subscribed to purchase up to 600,000 shares of our common stock every ninety days by their trusts, estate or spouse could be sold beginning, unless an earlier date has been approved by a majority of the members of our board of directors other than Mr. Clinton or his replacement on our board of directors, (a) one year following such occurrence, if such event occurs during the first year following the closing date, (b) six months following such occurrence, if such event occurs during the second year following the closing date, or (c) following such occurrence, if such event occurs during the third year following the closing date. Until the expiration of the standstill provision discussed below, each investor is restricted from buying any shares of our common stock other than those acquired pursuant to their respective investment agreements and pursuant to their respective preemptive right thereunder. As a result, the liquidity of our common stock relative to what it would have been had these shares been purchased by other investors may be reduced.

For so long as an investor beneficially owns two percent (2.0%) or more of the issued and outstanding shares of our common stock, these standstill provisions will continue until the earliest of (a) the seventh anniversary of the closing of the offering, or (b) the date on which ICC Holdings includes a balance sheet in a filing with the SEC in which its “adjusted shareholders’ equity” at the end of such fiscal quarter is less than 85% of the “starting shareholders’ equity”. Assuming we receive gross proceeds of $35.0 million in the offering, using information as of June 30, 2016 as the starting shareholders’ equity, the adjusted shareholders equity would have to be $9.4 million lower in order to trigger a termination of the standstill provisions. For the definition of each of these terms, see “The Conversion and Offering - Investor Agreements” below. Following the expiration of the standstill and other provisions, if these investors retain their ownership levels, such investors together may be able to exhibit significant control over us and our management and will have significant influence over matters requiring shareholder approval, including future amendments to our amended and restated articles of incorporation or other significant or extraordinary transactions. The interests of these investors may differ from the interests of our other shareholders with respect to certain matters.

Our ESOP and stock-based incentive plan will increase our costs, which will reduce our income.

Our ESOP will purchase 10.0% of the shares of common stock sold in the offering with funds borrowed from us prior to the expiration of the offering. The cost of acquiring the shares of common stock for the ESOP, and therefore the amount of the loan, will be between $2,720,000 at the minimum of the offering range and $4,088,889 at the adjusted maximum of the offering range. The loan will be repaid over a fifteen year period. We will record annual employee stock ownership plan expense in an amount equal to the fair value of the shares of common stock committed to be released to employees under the ESOP for each year. If shares of our common stock appreciate in value over time, compensation expense relating to the employee stock ownership plan will increase.

We have adopted a stock-based incentive plan that we will submit to our shareholders for approval no earlier than six months after the offering. Under this plan, we may award participants restricted shares of our

common stock, restricted stock units denominated in shares of our common stock, or options to purchase shares of our common stock. Restricted stock and restricted stock unit awards will be made at no cost to the participants. Restricted stock units are payable in shares of common stock or in cash in the discretion of the compensation committee. The number of shares of common stock that may be issued pursuant to restricted stock and restricted stock unit awards (to the extent that such restricted stock unit awards are not paid in cash) or upon exercise of stock option awards under the stock-based incentive plan may not exceed 4% and 10%, respectively, of the total number of shares sold in the offering.

The costs associated with the grant of restricted stock awarded under the stock-based incentive plan will be recognized and expensed over the vesting period of the award at the fair market value of the shares on the date they are awarded. If the restricted shares of common stock to be awarded under the plan are repurchased in the open market (rather than issued directly from our authorized but unissued shares of common stock) and cost the same as the purchase price in the offering, the reduction to shareholders' equity due to the plan would be between $1,088,000 at the minimum of the offering range and $1,635,556 at the adjusted maximum of the offering range. To the extent we repurchase such shares in the open market and the price of such shares exceeds the offering price of $10.00 per share, the reduction to shareholders' equity would exceed the range described above. Conversely, to the extent the price of such shares is below the offering price of $10.00 per share, the reduction to shareholders' equity would be less than the range described above. The costs associated with the grant of restricted stock unit awards to be settled in cash will similarly be recognized and expensed over their vesting period at the fair market value of the shares on the date they are awarded. However, unlike awards of restricted stock, the fair market value will be remeasured on a quarterly basis until the award vests or is otherwise settled. Therefore, in addition to reducing our net income by recording this compensation and benefit expense, increases in our stock price will increase this expense for restricted stock unit awards settled in cash, thereby further reducing our net income.

Finally, accounting rules require companies to recognize as compensation expense the award-date fair value of stock options. This compensation expense will be recognized over the appropriate service period. When we record an expense for the award of options using the fair value method, we will incur significant compensation and benefits expense, which will reduce our net income.

The implementation of the stock-based incentive plan may dilute your percentage ownership interest and may also result in downward pressure on the price of our stock.

The proposed stock-based incentive plan will be funded through either open market purchases or from the issuance of authorized but unissued shares. In the event that authorized but unissued shares are used to fund restricted stock or restricted stock unit awards and the exercise of stock option awards under the plan in an amount equal to 4% and 10%, respectively, of the shares issued in a midpoint offering, shareholders would experience a reduction in ownership interest of approximately 12.3%. In addition, the number of shares of common stock available for issuance pursuant to restricted stock or restricted stock unit awards and upon exercise of stock option awards following the approval of our stock-based incentive plan may be perceived by the market as having a dilutive effect, which could lead to a decrease in the price of our common stock.

The valuation of our common stock in the offering is not necessarily indicative of the future price of our common stock, and the price of our common stock may decline after this offering.

There can be no assurance that shares of our common stock will be able to be sold in the market at or above the $10.00 per share initial offering price in the future. The final aggregate purchase price of our common stock in the offering will be based upon an independent appraisal. The appraisal is not intended, and should not be construed, as a recommendation of any kind as to the advisability of purchasing shares of common stock. The valuation is based on estimates of a number of matters, all of which are subject to change from time to time. See "The Conversion and Offering — The Valuation" for the factors considered by Feldman Financial in determining the appraisal.

The price of shares of our common stock may decline for many reasons, some of which are beyond our control, including among others:

- Capital market conditions generally;
- quarterly variations in our results of operations;
- changes in expectations as to our future results of operations, including financial estimates by securities analysts and investors;
- announcements by third parties of claims against us;
- changes in law and regulation;
- results of operations that vary from those expected by investors; and
- future sales of shares of our common stock.

In addition, the stock market routinely experiences substantial price and volume fluctuations that sometimes have been unrelated or disproportionate to the operating performance of companies. As a result, the trading price of shares of our common stock may be below the initial public offering price, and you may not be able to sell your shares at or above the price you pay to purchase them.

Statutory provisions and our articles and bylaws may discourage takeover attempts on ICC that you may believe are in your best interests or that might result in a substantial profit to you.

We are subject to provisions of Pennsylvania corporate law and Illinois insurance law that hinder a change of control. Illinois law requires the Illinois Department of Insurance's prior approval of a change of control of an insurance holding company. Under Illinois law, the acquisition of 10% or more of the outstanding voting stock of an insurer or its holding company is presumed to be a change in control. Approval by the Illinois Department of Insurance may be withheld even if the transaction would be in the shareholders' best interest if the Illinois Department of Insurance determines that the transaction would be detrimental to policyholders.

Our articles of incorporation and bylaws also contain provisions that may discourage a change in control. These provisions include:

- a prohibition on a person, including a group acting in concert, from acquiring voting control of more than 10% of our outstanding stock without prior approval of the board of directors;
- a classified board of directors divided into three classes serving for successive terms of three years each;
- the prohibition of cumulative voting in the election of directors;
- the requirement that nominations for the election of directors made by shareholders and any shareholder proposals for inclusion on the agenda at any annual meeting must be made by notice (in writing) delivered or mailed to us not less than 90 days prior to the meeting;
- the prohibition of shareholders' action without a meeting and of shareholders' right to call a special meeting;
- unless otherwise waived by the board of directors, to be elected as a director, a person must be a shareholder of ICC Holdings, Inc. for the lesser of one year or the time that has elapsed since the completion of the conversion;
- the requirement imposing a mandatory tender offering requirement on a shareholder that has a combined voting power of 25% or more of the votes that our shareholders are entitled to cast;

- the requirement that certain provisions of our articles of incorporation can only be amended by an affirmative vote of shareholders entitled to cast at least 80% of all votes that shareholders are entitled to cast, unless approved by an affirmative vote of at least 80% of the members of the board of directors; and
- the requirement that certain provisions of our bylaws can only be amended by an affirmative vote of shareholders entitled to cast at least 66 2/3%, or in certain cases 80%, of all votes that shareholders are entitled to cast.

These provisions may serve to entrench management and may discourage a takeover attempt that you may consider to be in your best interest or in which you would receive a substantial premium over the current market price. These provisions may make it extremely difficult for any one person, entity or group of affiliated persons or entities to acquire voting control of ICC, with the result that it may be extremely difficult to bring about a change in the board of directors or management. Some of these provisions also may perpetuate present management because of the additional time required to cause a change in the control of the board. Other provisions make it difficult for shareholders owning less than a majority of the voting stock to be able to elect even a single director. See “Management — Benefit Plans and Employment Agreements” and “Description of the Capital Stock.”

We will have broad discretion over the use of the net proceeds that we retain from the offering.

Although we expect to use part of the net proceeds of the offering to potentially make open market purchases of our shares for our stock incentive plan, our management will have broad discretion with respect to the use of the net proceeds that are contributed to Illinois Casualty. Except as specified above, we expect to use the net proceeds for general corporate purposes, which may include, among other things, purchasing investment securities and further expanding our insurance operations. See “Use of Proceeds.”

We believe that subscription rights have no value, but the Internal Revenue Service may disagree, and therefore eligible members may be deemed to have taxable income as a result of their receipt of the subscription rights.

Generally, the federal income tax consequences of the receipt, exercise and expiration of subscription rights are uncertain. We intend to take the position that, for U.S. federal income tax purposes, eligible members will be treated as transferring their membership interests in Illinois Casualty to ICC Holdings, Inc. in exchange for subscription rights to purchase ICC Holdings, Inc. common stock, and that any gain realized by an eligible member as a result of the receipt of a subscription right that is determined to have ascertainable fair market value on the date of such deemed exchange must be recognized and included in such eligible member’s gross income for federal income tax purposes, whether or not such right is exercised.

Feldman Financial has advised us that it believes the subscription rights will not have any fair market value. Feldman Financial has noted that the subscription rights will be granted at no cost to recipients, will be legally nontransferable and of short duration, and will provide the recipient with the right only to purchase shares of our common stock at the same price to be paid by members of the general public in the community offering. Nevertheless, Feldman Financial cannot assure us that the Internal Revenue Service will not challenge its determination that the subscription rights will not have any fair market value or that such challenge, if made, would not be successful.

You should consult your tax advisors with respect to the potential tax consequences to you of the receipt, exercise and expiration of subscription rights.

The United States federal income tax consequences of the receipt, exercise or expiration of the subscription rights granted to eligible members of Illinois Casualty, our ESOP, and the directors, officers and employees of ICC are uncertain.

For more information see “Federal Income Tax Considerations — Tax Consequences of Subscription Rights” and “Federal Income Tax Considerations — Recent Developments.”

If Illinois Casualty is not sufficiently profitable, our ability to pay dividends will be limited.

Following the conversion, we will be a separate entity with no operations of our own other than holding the stock of Illinois Casualty. We will depend primarily on dividends paid by Illinois Casualty and any proceeds from the offering that are not contributed to Illinois Casualty to pay the debt service on our existing loans and to provide funds for the payment of dividends. Following the acquisition of ICC Realty, LLC from Illinois Casualty by ICC Holdings, we may receive distributions from ICC Realty, LLC. We will receive dividends only after all of Illinois Casualty’s obligations and regulatory requirements with the Illinois Department of Insurance have been satisfied. During any twelve-month period, the amount of dividends paid by Illinois Casualty to us, without the prior approval of the Illinois Department of Insurance, may not exceed the greater of 10% of Illinois Casualty’s surplus as regards policyholders as reported on its most recent annual statement filed with the Illinois Department of Insurance or Illinois Casualty’s statutory net income as reported on such statement. We presently do not intend to pay dividends to our shareholders. If Illinois Casualty is not sufficiently profitable, our ability to pay dividends to you in the future will be limited.

Compliance with the requirements of the Securities Exchange Act and the Sarbanes-Oxley Act could result in higher operating costs and adversely affect our results of operations.

When the offering is completed, we will be subject to the periodic reporting, proxy solicitation, insider trading prohibitions and other obligations imposed under the Securities Exchange Act. In addition, certain of the provisions of the Sarbanes-Oxley Act will immediately become applicable to us. Compliance with these requirements will increase our legal, accounting and other compliance costs and the cost of directors and officer’s liability insurance, and will require management to devote substantial time and effort to ensure initial and ongoing compliance with these obligations. A key component of compliance under the Exchange Act is to produce quarterly and annual financial reports within prescribed time periods after the close of our fiscal year and each fiscal quarter. Historically, we have not been required to prepare such financial reports within these time periods. Failure to satisfy these reporting requirements may result in delisting of our common stock by the Nasdaq Capital Market, and inquiries from or sanctions by the U.S. Securities and Exchange Commission (SEC). Moreover, the provision of the Sarbanes-Oxley Act that requires public companies to review and report on the adequacy of their internal controls over financial reporting will be applicable to us in 2021. We expect these rules, regulations and requirements to significantly increase our accounting, legal, compliance and other costs and to make some activities more time-consuming and costly. We also will need to hire additional accounting, legal, compliance and administrative staff with experience working for public companies. We may be unable to hire such additional staff on terms that are favorable to us, or at all. In addition, such additional staff may not be able to provide such services at levels sufficient to comply with these requirements. Moreover, the rules that will be applicable to us as a public company after this offering could make it more difficult and expensive for us to attract and retain qualified members of our board of directors and qualified executive officers. We also anticipate that these rules will make it more expensive for us to obtain directors’ and officers’ insurance, and we may be required to incur substantially higher costs to obtain such coverage. If we fail to predict these costs accurately or to manage these costs effectively, our operating results could be adversely affected.

Failure to achieve and maintain effective internal controls in accordance with Section 404 of the Sarbanes-Oxley Act could have a material adverse effect on our ability to accurately report our financial results or prevent fraud.

Upon completion of the offering, we will become a public reporting company. The federal securities laws and regulations of the Exchange Act and the Sarbanes-Oxley Act will require that we file annual, quarterly and current reports, that we maintain effective disclosure controls and procedures and internal controls over financial reporting and that we certify the adequacy of our internal controls and procedures. Before this offering, we and

our independent registered public accounting firm did not, and were not required to, perform an evaluation of our internal controls over financial reporting in accordance with the provisions of the Sarbanes-Oxley Act.

Our high price-to-earnings ratio may cause our stock to trade at less than $10 per share in the secondary market after completion of the offering.

Because of our relatively low returns on equity in recent reporting periods, Feldman Financial did not rely solely on the pro forma price-to-earnings ratio in performing its valuation of us. Instead, Feldman Financial relied significantly on the pro forma price-to-book ratio as a valuation metric in determining the value of the Company. As a result, the price-to-earnings ratio of our shares may be substantially higher than our peers after completion of the offering. This may result in our shares trading in the secondary market after completion of the offering at less than the $10 per share offering price.

If we do not obtain approval to list on the Nasdaq Capital Market, we may fail to complete our offering, and the price and liquidity of our stock may be adversely affected.

We have applied for listing on the Nasdaq Capital Market. In order to list, we must meet certain minimum requirements for our shareholders' equity, net income, the market value and number of publicly held shares, the number of shareholders, and the market price of our stock. In addition, to initially list, we must have at least three market makers agree to make a market in our stock. Even if we are approved, an active trading market may not develop and similar minimum criteria is required for continued listing on the Nasdaq Capital Market, including having up to four market makers making a market in our stock under certain continued listing standards. The failure to receive approval to list or a subsequent delisting from the Nasdaq Capital Market may adversely affect the market price for our stock and reduce the liquidity of our common stock, and therefore, make it more difficult for you to sell our stock. Additionally, approval of our shares of common stock to be listed on the Nasdaq Capital Market is a closing condition with those investors with whom we have entered into purchase agreements. Failure to complete those transactions may result in our failure to complete this offering. For more information regarding the reduced liquidity as a result of our agreements with the investors, see "- Risks Related to the Ownership of Our Common Stock — A small number of shareholders will collectively own a substantial portion of our common stock and voting power, and, because of restrictions on their ability to buy or sell our shares, our public float will be limited."

Because Stevens & Lee is acting as legal counsel to us and is an affiliate of Griffin, a conflict of interest exists which may adversely affect us.

Stevens & Lee is acting as our counsel in connection with this transaction. Griffin, an affiliate of Stevens & Lee, is acting as our underwriter in connection with this transaction. Accordingly, conflicts of interest may arise because Stevens & Lee is acting as counsel to us and is an affiliate of Griffin.

FORWARD-LOOKING INFORMATION

This document contains forward-looking statements, which can be identified by the use of such words as “estimate,” “project,” “believe,” “intend,” “anticipate,” “plan,” “may,” “seek,” “expect” and similar expressions. These forward-looking statements include:

- statements of goals, intentions and expectations;
- statements regarding prospects and business strategy; and
- estimates of future costs, benefits and results.

The forward-looking statements are subject to numerous assumptions, risks and uncertainties, including, among other things, the factors discussed under the heading “Risk Factors” that could affect the actual outcome of future events.

All of these factors are difficult to predict and many are beyond our control. These important factors include those discussed under “Risk Factors” and those listed below:

- the potential impact of fraud, operational errors, systems malfunctions, or cybersecurity incidents;
- future economic conditions in the markets in which we compete that are less favorable than expected;
- our ability to expand geographically;
- the effects of weather-related and other catastrophic events;
- the effect of legislative, judicial, economic, demographic and regulatory events in the jurisdictions where we do business, especially changes with respect to laws, regulations and judicial decisions relating to liquor liability;
- our ability to enter new markets successfully and capitalize on growth opportunities either through acquisitions or the expansion of our producer network;
- financial market conditions, including, but not limited to, changes in interest rates and the stock markets causing a reduction of investment income or investment gains and a reduction in the value of our investment portfolio;
- heightened competition, including specifically the intensification of price competition, the entry of new competitors and the development of new products by new or existing competitors, resulting in a reduction in the demand for our products;
- the impact of acts of terrorism and acts of war;
- the effects of terrorist related insurance legislation and laws;
- changes in general economic conditions, including inflation, unemployment, interest rates and other factors;
- the cost, availability and collectability of reinsurance;
- estimates and adequacy of loss reserves and trends in loss and loss adjustment expenses;
- changes in the coverage terms selected by insurance customers, including higher limits;
- our inability to obtain regulatory approval of, or to implement, premium rate increases;
- our ability to obtain reinsurance coverage at reasonable prices or on terms that adequately protect us;
- the potential impact on our reported net income that could result from the adoption of future auditing or accounting standards issued by the Public Company Accounting Oversight Board or the Financial Accounting Standards Board or other standard-setting bodies;

- unanticipated changes in industry trends and ratings assigned by nationally recognized rating organizations;
- adverse litigation or arbitration results; and
- adverse changes in applicable laws, regulations or rules governing insurance holding companies and insurance companies, and environmental, tax or accounting matters including limitations on premium levels, increases in minimum capital and reserves, and other financial viability requirements, and changes that affect the cost of, or demand for our products.

Because forward-looking information is subject to various risks and uncertainties, actual results may differ materially from that expressed or implied by the forward-looking information.

ALL SUBSEQUENT WRITTEN AND ORAL FORWARD-LOOKING INFORMATION ATTRIBUTABLE TO ICC OR ANY PERSON ACTING ON OUR BEHALF IS EXPRESSLY QUALIFIED IN ITS ENTIRETY BY THE CAUTIONARY STATEMENTS CONTAINED OR REFERRED TO IN THIS SECTION.

SELECTED FINANCIAL AND OTHER DATA

The following table sets forth selected financial data for Illinois Casualty prior to the offering. The selected statements of operations and expenses data for each of the years ended December 31, 2015 and 2014 and the selected balance sheet data as of December 31, 2015 and 2014 are derived from the audited consolidated financial statements of Illinois Casualty and its subsidiaries contained herein. The selected statements of operations and expenses data for the six months ended June 30, 2016 and 2015 and the selected balance sheet data as of June 30, 2016 and June 30, 2015 are derived from the unaudited consolidated financial statements of Illinois Casualty and its subsidiaries contained herein. We have prepared the unaudited consolidated financial information set forth below on the same basis as our audited consolidated financial statements and have included all adjustments, consisting of only normal recurring adjustments, that we consider necessary for a fair presentation of our financial position and operating results for such periods. You should read this data in conjunction with our financial statements and accompanying notes, "Management's Discussion and Analysis of Financial Condition and Results of Operations" and other financial information included elsewhere in this prospectus.

We evaluate our insurance operations by monitoring certain key measures of growth and profitability. In addition to GAAP measures, we utilize certain non-GAAP financial measures that we believe are valuable in managing our business and for providing comparisons to our peers. These non-GAAP measures are loss and loss adjustment expense ratios, expense ratios and combined ratios, written premiums, and net written premiums to statutory surplus ratio.

These historical results are not necessarily indicative of future results, and the results for any interim period are not necessarily indicative of the results that may be expected for a full year.

The selected historical financial data of ICC Holdings, Inc. have not been presented as ICC Holdings, Inc. is a newly incorporated entity, has had no business transactions or activities to date and had no assets or liabilities during the periods presented in this section.

	At or for the years ended December 31,		At or for the six months ended June 30,	
	2015	2014	2016	2015
	(Dollars in thousands)			
Statement of Operations Data:				
Direct premiums written	$49,047	$46,340	$25,878	$24,844
Net premiums written	$41,631	$41,077	$21,898	$20,853
Net premiums earned	$40,220	38,121	$20,846	19,217
Net investment income	1,333	1,141	770	694
Other net realized investment gains	81	459	138	34
Other revenue	190	113	76	136
Total revenue	$41,823	39,833	$21,830	20,081
Expenses:				
Loss and loss adjustment expense	$23,801	22,748	$12,557	11,747
Amortization of deferred acquisition costs	6,814	6,821	3,437	3,280
Underwriting and administrative expense	7,742	7,501	4,106	3,738
Other operating expenses	450	397	291	212
Total losses and expenses	$38,806	37,468	$20,391	18,977
	0	0		
Income, before income taxes	$ 3,016	2,365	$ 1,439	1,104
Income tax expense	862	779	548	315
Net income	$ 2,155	1,585	$ 891	789

	At or for the years ended December 31,		At or for the six months ended June 30,	
	2015	2014	2016	2015
	(Dollars in thousands)			
Balance Sheet Data (at period end):				
Total investments, cash and cash equivalents	$ 76,260	72,917	$ 77,717	72,433
Premiums receivable, net of allowance	15,638	14,522	17,254	17,149
Reinsurance receivable	19,535	25,855	15,557	22,719
Total assets	123,373	123,428	123,608	123,341
Unpaid loss and loss adjustment expenses	61,056	64,617	57,387	63,619
Unearned premiums	23,948	22,498	25,263	24,147
Total liabilities	93,208	94,393	90,733	94,070
Equity	30,166	29,035	32,876	29,271
Non-GAAP Ratios:				
Loss and loss adjustment expense ratio (1)	59.18%	59.67%	60.24%	61.13%
Expense ratio (2)	36.19%	37.57%	36.19%	36.52%
Combined ratio (3)	96.49%	98.29%	96.42%	97.65%
Return on average equity	7.3%	5.7%	2.9%	2.5%
Statutory Data:				
Statutory net income (loss)	$ 1,849	$ 1,381	$ 699	$ 528
Statutory surplus	$ 26,856	$ 25,193	$ 27,719	$ 25,492
Ratio of net premiums written to statutory surplus (4)	155.02%	163.05%	153.96%	157.04%

(1) Calculated by dividing loss and loss adjustment expenses by net premiums earned.
(2) Calculated by dividing amortization of deferred policy acquisition costs and underwriting and administrative expenses by net premiums earned.
(3) The sum of the loss and loss adjustment expense ratio and the expense ratio. A combined ratio of under 100% indicates an underwriting profit. A combined ratio over 100% indicates an underwriting loss.
(4) The information as of June 30, 2016 and June 30, 2015 is presented on an annualized basis.

USE OF PROCEEDS

Although the actual proceeds from the sale of our common stock cannot be determined until the offering is complete, we currently anticipate that the gross proceeds from the sale of our common stock will be between $27.2 million, at the minimum, and $40.9 million, at the adjusted maximum, of the offering range. We expect net proceeds from this offering to be between $25.9 million and $39.3 million, after payment of our offering expenses. See "Unaudited Pro Forma Financial Information — Additional Pro Forma Data" and "The Conversion and Offering — The Valuation" as to the assumptions used to arrive at such amounts. While we currently have no specific plan for a majority of the net proceeds, the principal purpose of this offering is to convert Illinois Casualty from a mutual insurance company into a stock insurance company in order to enhance our strategic and financial flexibility and to provide Illinois Casualty's eligible members with the right to acquire an equity interest in us. Additionally, we believe that additional capital resulting from the offering should: (i) support further organic growth in direct written premium, (ii) enhance the prospect for Illinois Casualty to receive a rating upgrade from A. M. Best, (iii) permit prudent geographic expansion, and (iv) provide a more cost effective capital structure.

We expect to use the net proceeds from the offering as follows:

	Minimum	Adjusted Maximum
Net Proceeds		
Gross proceeds	$ 27,200,000	$ 40,888,889
Estimated offering expenses	625,000	625,000
Estimated selling agent fees and expenses (1)	644,000	917,778
Net proceeds	$ 25,931,000	$ 39,346,112
Use of Net Proceeds		
Conversion expenses	1,050,000	1,050,000
Purchase of ICC Realty, LLC	5,000,000	5,000,000
General corporate purposes	17,161,000	29,207,222
Total	$ 25,931,000	$ 39,346,112

(1) Because of the purchase agreements with those certain investors, at this time, we do not anticipate selling shares to the public in a syndicated community offering. Commissions payable in connection with shares purchased in the syndicated community offering are higher than those payable for shares sold in the subscription and community offerings. For information regarding such commissions, see "The Conversion and Offering — Marketing and Underwriting Arrangements" below.

After the payment of our conversion and offering expenses and commissions, contingent upon approval from the Illinois Department of Insurance, we expect to purchase from Illinois Casualty its subsidiary, ICC Realty, LLC, for approximately $5 million, which we believe represents its fair market value. ICC Realty, LLC holds real estate assets consisting of our corporate headquarters building, an assisted living facility and other investment real estate. We believe that transferring ICC Realty, LLC out of Illinois Casualty in exchange for cash represents a more efficient use of capital. Under current Risk Based Capital (RBC) Calculation promulgated by the National Association of Insurance Commissioners, which has been adopted by the Illinois Department of Insurance, we are required to maintain RBC equal to 10% of the value of the real estate owned by ICC Realty, LLC, as a subsidiary of Illinois Casualty, which amounted to approximately $437,000. If $5 million were held as investments in the same proportion among cash, bonds and equity as held overall on June 30, 2016, the amount of RBC we would be required to maintain would be approximately $135,000, reducing our RBC requirements by approximately $302,000.

We expect to contribute most of the remaining net proceeds from the offering to Illinois Casualty. The net proceeds contributed to the capital of Illinois Casualty will also be used for general corporate purposes, which may include reducing our reliance on reinsurance, furthering our geographic diversification through expansion of our producer network. See “Business — Our Business Strategies and Offering Rationale.” On a short-term basis, the net proceeds contributed to Illinois Casualty will be invested primarily in U.S. government securities, other federal agency securities, and other securities consistent with our investment policy.

Also, we intend to use the net proceeds of the offering for general corporate purposes, including the possible purchase of stock to fund restricted stock awards and stock option grants. Except as described above, we currently have no specific plans, arrangements or understandings regarding the use of the net proceeds from this offering.

MARKET FOR THE COMMON STOCK

We have applied for listing of our common stock on the Nasdaq Capital Market under the symbol “ICCH,” subject to the completion of the offering.

We have never issued any capital stock to the public. Consequently, there is no established market for our common stock. The development of a public market having the desirable characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace of a sufficient number of willing buyers and sellers at any given time. Neither we nor any market maker has any control over the development of such a public market. Although we have applied to have our stock listed on the Nasdaq Capital Market, an active trading market is unlikely to develop. This is, in part, because the size of the offering is small and a majority of our common stock will be held by certain investors, our management and our ESOP.

One of the requirements for initial listing of the common stock on the Nasdaq Capital Market is that there are at least three market makers for the common stock. Griffin intends to become a market maker in our common stock following the offering, but is under no obligation to do so. We cannot assure you that there will be three or more market makers for our common stock. Furthermore, we cannot assure you that you will be able to resell your shares of common stock for a price at or above $10.00 per share, or that approval for listing on the Nasdaq Capital Market will be available, as contemplated.

DIVIDEND POLICY

Payment of dividends on our common stock is subject to determination and declaration by our board of directors. Our dividend policy will depend upon our financial condition, results of operations and future prospects.

At present, we have no intention to pay dividends to our shareholders. We cannot assure you that dividends will be paid, or if and when paid, that they will continue to be paid in the future.

We initially will have no significant source of cash flow other than dividends from Illinois Casualty and the investment earnings on any net proceeds of the offering not contributed to Illinois Casualty. After we acquire ICC Realty, LLC from Illinois Casualty, we may receive distributions from ICC Realty, LLC. Therefore, the payment of dividends by us will depend significantly upon our receipt of dividends from Illinois Casualty or ICC Realty, LLC.

Illinois law sets the maximum amount of dividends that may be paid by Illinois Casualty during any twelve-month period after notice to, but without prior approval of, the Illinois Department of Insurance. This amount cannot exceed the greater of 10% of the company's surplus as regards policyholders as reported on the most recent annual statement filed with the Illinois Department of Insurance, or the company's statutory net income for the period covered by the annual statement as reported on such statement. As of June 30, 2016, the amount available for payment of dividends by Illinois Casualty to us in 2016 without the prior approval of the Illinois Department of Insurance is approximately $2.7 million. We cannot assure you that the Illinois Department of Insurance would approve the declaration or payment by Illinois Casualty of any dividends in excess of such amount to us. See "Business — Regulation."

Even if we receive any dividends from Illinois Casualty, we may not declare any dividends to our shareholders because of our working capital requirements. We are not subject to regulatory restrictions on the payment of dividends to shareholders, but we are subject to the requirements of the Pennsylvania Business Corporation Law of 1988. This law generally permits dividends or distributions to be paid as long as, after making the dividend or distribution, we will be able to pay our debts in the ordinary course of business and our total assets will exceed our total liabilities plus the amount that would be needed to satisfy the preferential rights upon dissolution of holders of stock with senior liquidation rights if we were to be dissolved at the time the dividend or distribution is paid.

CAPITALIZATION

The following table displays information regarding our historical and pro forma capitalization at June 30, 2016, on a consolidated basis. The pro forma information gives effect to the sale of common stock at the minimum, midpoint, and maximum of the range of our estimated consolidated pro forma market value, as determined by the independent valuation of Feldman Financial. The pro forma information also is displayed at the maximum of the estimated valuation range plus shares issuable to the ESOP, which we refer to as the "adjusted maximum." The various capital positions are displayed based upon the assumptions set forth under "Use of Proceeds." For additional financial information, see the consolidated financial statements of Illinois Casualty Company and related notes beginning on page F-2 of this prospectus. The total number of shares to be issued in the offering will range from 2,720,000 shares to 4,088,889 shares. The exact number will depend on market and financial conditions. See "Use of Proceeds" and "The Conversion and Offering — Stock Pricing and Number of Shares to be Issued."

Pro Forma Capitalization at June 30, 2016

	ICC Historical Consolidated Capitalization	Minimum	Midpoint	Maximum	Adjusted Maximum
	(Dollars in thousands, except share and per share data)				
Shareholders' equity:					
Common stock, $0.01 par value per share; authorized shares 10,000,000 (1)	$ —	$ 27	$ 32	$ 37	$ 41
Additional paid in capital	—	25,904	30,603	35,302	39,305
Retained earnings	30,526	30,526	30,526	30,526	30,526
Accumulated other comprehensive income (loss), net of tax	2,350	2,350	2,350	2,350	2,350
Less: common stock to be acquired by ESOP (2)	—	2,720	3,200	3,680	4,089
Total shareholders' equity	$ 32,876	$ 56,087	$ 60,311	$ 64,535	$ 68,133

(1) No effect has been given to the issuance of additional shares of common stock pursuant to the proposed stock-based incentive plan. We intend to adopt a stock-based incentive plan and will submit such plan to shareholders for their approval at a meeting of shareholders to be held at least six months following completion of the offering. If the plan is approved by shareholders, an amount equal to 14% of the shares of common stock sold in the offering will be available for future issuance under such plan. Under such plan, 4% will be available for future awards of restricted stock and restricted stock unit awards settled in our common stock, and 10% will be available for future stock option grants. Your ownership percentage would decrease by approximately 12.3% if shares were issued from our authorized but unissued shares upon the grant of all potential restricted stock awards and the exercise of all potential stock options, and if 2,720,000 shares were sold in the offering. No decrease in your ownership percentage will occur if the shares are purchased for the plan on the open market. See "Unaudited Pro Forma Financial Information — Additional Pro Forma Data" and "Management — Benefit Plans and Employment Agreements — Stock-Based Incentive Plan."

(2) Assumes that 10.0% of the common stock sold in the offering will be purchased by the ESOP. The common stock acquired by the ESOP is reflected as a reduction in shareholders' equity. Assumes the funds used to acquire the ESOP shares will be borrowed from ICC Holdings. See Note 1 to the table set forth under "Unaudited Pro Forma Financial Information — Additional Pro Forma Data" and "Management — Benefit Plans and Employment Agreements — Employee Stock Ownership Plan."

UNAUDITED PRO FORMA FINANCIAL INFORMATION

The following unaudited pro forma condensed balance sheet as of June 30, 2016 and December 31, 2015, gives effect to the completion of the offering, including implementation of the ESOP, as if it had occurred as of those dates. The data is based on the assumption that 2,720,000 shares of common stock (the minimum number of shares required to be sold in the offering) are sold to eligible members of Illinois Casualty, our directors, officers, and employees, the investors, and the ESOP and other purchasers in the subscription offering and community offering, and that no shares are sold in the syndicated community offering.

The following unaudited pro forma condensed statement of operations for the six months ended June 30, 2016 and for the year ended December 31, 2015, presents our operating results as if the offering was completed and the implementation of the ESOP had occurred as of January 1, 2016 and January 1, 2015, respectively.

Completion of the offering is contingent on the sale of a minimum of 2,720,000 shares of common stock in the offering. If less than 2,720,000 shares of common stock are subscribed for in the subscription offering and community offering phases, the remaining shares may be sold in the syndicated community offering phase.

The unaudited pro forma information does not claim to represent what our financial position or results of operations would have been had the offering occurred on the dates indicated. This information is not intended to project our financial position or results of operations for any future date or period. The pro forma adjustments are based on available information and certain assumptions that we believe are factually supportable and reasonable under the circumstances. The unaudited pro forma financial information should be read in conjunction with our financial statements, the accompanying notes, and the other financial information included elsewhere in this prospectus.

The pro forma adjustments and pro forma amounts are provided for informational purposes only. Our financial statements will reflect the effects of the offering only from the date it is completed.

Unaudited Pro Forma Condensed Balance Sheet
As of June 30, 2016
(Dollars in thousands)

	ICC Historical Consolidated	Pro Forma Adjustments	ICC Pro Forma Consolidated (3)
Assets			
Investments and Cash			
Fixed Income			
Available-for-sale, at fair value (amortized cost — $61,100 at June 30, 2016)	$ 64,502		$ 64,502
Equity securities available-for-sale, at fair value (cost — $9,671 at June 30, 2016)	9,829		9,829
Short-term investments, at cost which approximates fair value	—		—
Cash and invested assets	3,386	$ 22,061(1)	25,447
Total investments and cash	77,717	22,061	99,778
Accrued investment income	505		505
Premiums and Reinsurance receivable, net of allowances for uncollectible amounts of $100 at June 30, 2016	17,254		17,254
Ceded unearned premiums	270		270
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 at June 30, 2016	15,557		15,557
Current federal income taxes	299		299
Net deferred federal income taxes	392		392
Deferred policy acquisition costs, net	4,214		4,214
Property and equipment, net of accumulated depreciation of $3,938 at June 30, 2016	6,047		6,047
Other assets	1,353		1,353
Total assets	$ 123,608	$ 22,061	$ 145,669
Liabilities and Shareholders' Equity			
Liabilities:			
Unpaid losses and settlement expenses	$ 57,387		$ 57,387
Unearned premiums	25,263		25,263
Reinsurance balances payable	233		233
Corporate debt	3,743	$ (1,150)(4)	2,593
Accrued expenses	3,263		3,263
Bank overdraft	—		—
Other liabilities	844		844
Total liabilities	$ 90,733	$ (1,150)	$ 89,583
Shareholders' equity			
Common stock (2,720,000 shares with a par value of $0.01)		27(1)	27
Paid in Capital		25,904(2)	25,904
Unearned compensation		(2,720)	(2,720)
Accumulated other comprehensive loss, net of taxes	2,349		2,349
Retained earnings	30,526		30,526
Total shareholders' equity	$ 32,875	$ 23,211	$ 56,086
Total liabilities and shareholders' equity	$ 123,608	$ 22,061	$ 145,669

(1) The unaudited pro forma condensed balance sheet, as prepared, gives effect to the sale of common stock at the minimum of the estimated range of our consolidated pro forma market value, as determined by the independent valuation of Feldman Financial. The unaudited pro forma condensed balance sheet is based upon the assumptions set forth under "Use of Proceeds."

(2) Reflects the $2,720,000 loan from us to our ESOP prior to the expiration of the offering, the proceeds of which will be used to purchase 10.0% of the common stock issued in the offering at a purchase price of $10.00 per share. The amount of this borrowing has been reflected as a reduction from net proceeds to determine the estimated funds available for investment. The amount of the ESOP loan will increase to $3,200,000, $3,680,000 and $4,088,889 if 3,200,000 shares, 3,680,000 shares and 4,088,889 shares, respectively, are sold in the offering. The ESOP loan will bear interest at an annual rate equal to the current long-term Applicable Federal Rate with annual compounding in effect on the closing date of the offering and will be amortized over a fifteen year period.

(3) No effect has been given to the issuance of additional shares in connection with the grant of options or awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan that we intend to adopt. Under the stock-based incentive plan, an amount equal to the aggregate of 10% of the shares of common stock sold in the offering, or 272,000, 320,000, 368,000, and 408,889 shares at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be available for future issuance upon the exercise of options to be granted under the stock-based incentive plan. Also under the stock-based incentive plan an amount equal to the aggregate of 4% of the shares of common stock sold in the offering, or 108,800, 128,000, 147,200 and 163,556 shares of common stock at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be purchased either through open market purchases or issued by ICC for the purposes of making awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan. We expect to seek shareholder approval of the plan at least six months after completion of the offering. The issuance of authorized but unissued shares of our common stock for the purpose of making awards of stock options, restricted stock, or restricted stock units under the stock-based incentive plan instead of open market purchases would dilute the voting interests of existing shareholders by approximately 12.3% at the midpoint of the offering range.

(4) Assumes the conversion of the surplus notes issued by Illinois Casualty to John R. Klockau, a member of our board of directors, in connection with the offering. The surplus notes have an aggregate principal amount of $1.15 million.

For comparison with the above, the following table provides the net proceeds we will receive from the sale of common stock at the minimum, midpoint and maximum of the estimated valuation range and at the adjusted maximum, which includes the shares to be issued to the ESOP in the event we accept subscriptions to purchase the maximum number of shares from other purchasers in the offering.

	Minimum	Midpoint	Maximum	Adjusted Maximum
	(dollars in thousands, except share data)			
Gross proceeds from the offering	$ 27,200	$ 32,000	$ 36,800	$ 40,889
Less: common stock acquired by the ESOP	2,720	3,200	3,680	4,089
Less: offering expenses	625	625	625	625
Less: underwriting commissions	644	740	836	918
Net proceeds from the offering	$ 23,211	$ 27,435	$ 31,659	$ 35,257
Total shares issued by ICC in the offering	2,720,000	3,200,000	3,680,000	4,088,889

The ESOP loan will require at least annual payments of principal and interest for a term of fifteen years. Illinois Casualty intends to make contributions to the ESOP at least equal to the principal and interest requirement of the ESOP loan. As the ESOP loan is repaid, the shareholders' equity of ICC Holdings, Inc. will be increased. The ESOP expense reflects adoption of ASC 718-40, which requires recognition of expense based upon shares committed to be allocated under the ESOP, and the exclusion of unallocated shares from earnings per share computations. The valuation of shares committed to be allocated under the ESOP would be based upon the average market value of the shares during the year. For purposes of this calculation, the average market value was assumed to be equal to $10.00 per share. See "Management — Benefit Plans and Employment Agreements."

Unaudited Pro Forma Condensed Balance Sheet
As of December 31, 2015
(Dollars in thousands)

	ICC Historical Consolidated	Pro Forma Adjustments	ICC Pro Forma Consolidated (3)
Assets			
Investments and Cash			
Fixed Income			
Available-for-sale, at fair value (amortized cost — $63,995 in 2015)	$ 65,195		$ 65,195
Equity securities available-for-sale, at fair value (cost — $8,967 in 2015)	8,885		8,885
Short-term investments, at cost which approximates fair value	—		—
Cash and invested assets	2,180	$ 22,061(1)	24,241
Total investments and cash	76,260	22,061	98,321
Accrued investment income	580		580
Premiums and Reinsurance receivable, net of allowances for uncollectible amounts of $100 in 2015	15,638		15,638
Ceded unearned premiums	57		57
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 in 2015	19,535		19,535
Current federal income taxes	773		773
Net deferred federal income taxes	1,401		1,401
Deferred policy acquisition costs, net	3,983		3,983
Property and equipment, net of accumulated depreciation of $3,553 in 2015	4,241		4,241
Other assets	905		905
Total assets	$ 123,373	$ 22,061	$ 145,434
Liabilities and Shareholders' Equity			
Liabilities:			
Unpaid losses and settlement expenses	$ 61,056		$ 61,056
Unearned premiums	23,948		23,948
Reinsurance balances payable	—		—
Corporate debt	3,274	(1,150)(4)	2,124
Accrued expenses	4,096		4,096
Other liabilities	834		834
Total liabilities	$ 93,208	$ (1,150)	$ 92,058
Shareholders' equity			
Common stock (2,720,000 shares with a par value of $0.01)	—	27(1)	27
Paid in Capital	—	25,904(2)	25,904
Unearned compensation	—	(2,720)	(2,720)
Accumulated other comprehensive loss, net of taxes	530		530
Retained earnings	29,636		29,636
Total shareholders' equity	$ 30,166	$ 23,211	$ 53,377
Total liabilities and shareholders' equity	$ 123,373	$ 22,061	$ 145,434

(1) The unaudited pro forma condensed balance sheet, as prepared, gives effect to the sale of common stock at the minimum of the estimated range of our consolidated pro forma market value, as determined by the independent valuation of Feldman Financial. The unaudited pro forma condensed balance sheet is based upon the assumptions set forth under "Use of Proceeds."

(2) Reflects the $2,720,000 loan from us to our ESOP prior to the expiration of the offering, the proceeds of which will be used to purchase 10.0% of the common stock issued in the offering at a purchase price of $10.00 per share. The amount of this borrowing has been reflected as a reduction from net proceeds to determine the estimated funds available for investment. The amount of the ESOP loan will increase to $3,200,000, $3,680,000 and $4,088,889 if 3,200,000 shares, 3,680,000 shares and 4,088,889 shares, respectively, are sold in the offering. The ESOP loan will bear interest at an annual rate equal to the current long-term Applicable Federal Rate with annual compounding in effect on the closing date of the offering and will be amortized over a fifteen year period.

(3) No effect has been given to the issuance of additional shares in connection with the grant of options or awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan that we intend to adopt. Under the stock-based incentive plan, an amount equal to the aggregate of 10% of the shares of common stock sold in the offering, or 272,000, 320,000, 368,000, and 408,889 shares at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be available for future issuance upon the exercise of options to be granted under the stock-based incentive plan. Also under the stock-based incentive plan an amount equal to the aggregate of 4% of the shares of common stock sold in the offering, or 108,800, 128,000, 147,200 and 163,556 shares of common stock at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be purchased either through open market purchases or issued by ICC for the purposes of making awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan. We expect to seek shareholder approval of the plan at least six months after completion of the offering. The issuance of authorized but unissued shares of our common stock for the purpose of making awards of stock options, restricted stock, or restricted stock units under the stock-based incentive plan instead of open market purchases would dilute the voting interests of existing shareholders by approximately 12.3% at the midpoint of the offering range.

(4) Assumes the conversion of the surplus notes issued by Illinois Casualty to John R. Klockau, a member of our board of directors, in connection with the offering. The surplus notes have an aggregate principal amount of $1.15 million.

Unaudited Pro Forma Condensed Statement of Operations
For the Six Months Ended June 30, 2016
(dollars in thousands, except share and per share data)

	ICC Historical Consolidated	Pro Forma Adjustments	ICC Pro Forma Consolidated
Net premiums earned	$ 20,846		$ 20,846
Net investment income	770		770
Net realized investment gains	138		138
Other income	76		76
Consolidated revenues	21,830		21,830
Losses and settlement expenses	12,557		12,557
Policy acquisition costs	7,543		7,543
Interest expense on debt	92		92
General corporate expenses	199	91(1)	290
Total expenses	20,391	91	20,482
Earnings before income taxes	1,439	(91)	1,348
Income tax expense (benefit):			
Current	477	(31)(2)	446
Deferred	71		71
Total income tax expense:	548	(31)	517
Net earnings	$ 891	$ (60)	$ 831
Basic and Fully Diluted EPS	$ —		$ 0.339(4)

Notes to Unaudited Pro Forma Condensed Statements of Operations

(1) General operating expenses include a pro forma adjustment to recognize compensation expense under the ESOP will be offset by a dollar-for-dollar reduction in expense for the Illinois Casualty Company Profit Sharing Cash Bonus Program for shares of common stock committed to be released to participants as the principal and interest of the $2,720,000 loan from us to the ESOP is repaid. The pro forma adjustment reflects the amounts repaid on the ESOP loan based on fifteen equal annual installments of principal and interest.

(2) Adjustments to reflect the federal income tax effects in note (1) above assuming an effective federal and state income tax rate of 34%.

(3) It is assumed that 10.0% of the shares issuable in the offering will be purchased by our ESOP. For purposes of this table, the funds used to acquire such shares are assumed to have been borrowed by the ESOP from ICC Holdings, Inc. The amount to be borrowed is reflected as a reduction to shareholders' equity. Illinois Casualty expects to make annual contributions to the ESOP in an amount at least equal to the principal and interest requirement of the debt. Annual payments of the ESOP debt are based upon fifteen equal annual installments of principal and interest. The pro forma net earnings assumes: (i) that the contribution to the ESOP is equivalent to the debt service requirement for the six months ended June 30, 2016; (ii) (A) that 9,067, 10,667, 12,267, and 13,630 shares at the minimum, the midpoint, the maximum and adjusted maximum of the offering range, respectively, were committed to be released at the end of the year ended December 31, 2016, at an average fair value of $10.00 per share, in accordance with ASC 718-40; and (B) for purposes of calculating the net income per share, the weighted average of the ESOP shares which have not been committed for release, equal 270,116, 317,784, 365,451 and 406,057 at the minimum,

midpoint, maximum and adjusted maximum of the offering range during the six months ended June 30, 2016, were subtracted from total shares outstanding of 2,720,000, 3,200,000, 3,680,000, and 4,088,889 at the minimum, midpoint, maximum and adjusted maximum of the offering range on such dates.

(4) No effect has been given to the issuance of additional shares in connection with the grant of options or awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan that we intend to adopt. Under the stock-based incentive plan, an amount equal to the aggregate of 10% of the shares of common stock sold in the offering, or 272,000, 320,000, 368,000, and 408,889 shares at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be available for future issuance upon the exercise of options to be granted under the stock-based incentive plan. Also under the stock-based incentive plan an amount equal to the aggregate of 4% of the shares of common stock sold in the offering, or 108,800, 128,000, 147,200 and 163,556 shares of common stock at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be purchased either through open market purchases or issued by ICC for the purposes of making awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan. We expect to seek shareholder approval of the plan at least six months after completion of the offering. The issuance of authorized but unissued shares of our common stock for the purpose of making awards of stock options, restricted stock, and restricted stock units under the stock-based incentive plan instead of open market purchases would dilute the voting interests of existing shareholders by approximately 12.3% at the midpoint of the offering range.

Additional Pro Forma Data

The actual net proceeds from the sale of our common stock in the offering cannot be determined until the offering is completed. However, the offering net proceeds are currently estimated to be between $25.9 million and $39.4 million, based upon the following assumptions:

- expenses of the conversion and offering will be $1.1 million; and
- underwriting commissions will equal 2.0% of the gross proceeds of the offering and that no shares will be sold in the syndicated community offering.

We have prepared the following table, which sets forth our historical net income and retained earnings prior to the offering and our pro forma net income and shareholders' equity following the offering. In preparing this table and in calculating pro forma data, the following assumptions have been made:

- the loan from us to our ESOP to purchase an amount equal to 10.0% of the shares of common stock sold in the offering is treated as a reduction in net proceeds;
- average weighted shares outstanding and ESOP expense have been calculated as if our common stock had been sold in the offering on January 1, 2016;
- pro forma per share amounts have been calculated by dividing historical and pro forma amounts by the indicated number of shares of stock, as adjusted to give effect to the purchase of shares by our ESOP; and
- pro forma shareholders' equity amounts, pro forma net income, and pro forma loss per share have been calculated as if our common stock had been sold in the offering on June 30, 2016, and, accordingly, no effect has been given to the assumed earnings effect of the net proceeds from the offering.

The following pro forma information may not be representative of the financial effects of the offering at the date on which the offering actually occurs and should not be taken as indicative of future results of operations. The pro forma shareholders' equity is not intended to represent the fair market value of the common stock and may be different than amounts that would be available for distribution to shareholders in the event of liquidation.

The following table summarizes historical data and our pro forma data at June 30, 2016, based on the assumptions set forth above and in the table and should not be used as a basis for projection of the market value of the common stock following the completion of the offering.

	At or For the Six Months Ended June 30, 2016 (dollars in thousands, except for share and per share data)			
	2,720,000 shares sold at $10.00 per share (minimum of range)	3,200,000 shares sold at $10.00 per share (midpoint of range)	3,680,000 shares sold at $10.00 per share (maximum of range)	4,088,889 shares sold at $10.00 per share (adjusted maximum of range)
Pro forma offering proceeds				
Gross proceeds of public offering	$ 27,200	$ 32,000	$ 36,800	$ 40,889
Less offering expenses and commissions	1,269	1,365	1,461	1,543
Net proceeds	25,931	30,635	35,339	39,346
Less ESOP shares (1)	2,720	3,200	3,680	4,089
Net proceeds after ESOP shares	$ 23,211	$ 27,435	$ 31,659	$ 35,257
Pro forma shareholders' equity				
Historical equity of ICC	32,876	32,876	32,876	32,876
Pro forma proceeds after ESOP shares	23,211	27,435	31,659	35,257
Pro forma shareholders' equity (2)	$ 56,087	$ 60,311	$ 64,535	$ 68,133
Pro forma per share data				
Total shares outstanding after the offering	2,720,000	3,200,000	3,680,000	4,088,889
Pro forma book value per share	20.62	18.85	17.54	16.66
Pro forma price-to-book value	48.5%	53.1%	57.0%	60.0%
Pro forma net income:				
Historical income	890.6	890.6	890.6	890.6
ESOP and other expense, net of tax	59.8	70.4	81.0	90.0
Pro forma income	$ 830.7	$ 820.2	$ 809.6	$ 800.6
Weighted average shares outstanding (3)	2,449,884	2,882,216	3,314,549	3,682,832
Pro forma net income per share	$ 0.34	$ 0.28	$ 0.24	$ 0.22

(1) It is assumed that 10.0% of the aggregate shares sold in the offering will be purchased by the ESOP. The funds used to acquire such shares are assumed to have been borrowed by the ESOP from us. The amount to be borrowed is reflected as a reduction to shareholders' equity. Annual contributions are expected to be made to the ESOP in an amount at least equal to the principal and interest requirement of the debt. The pro forma net income assumes: (i) that the contribution to the ESOP is equivalent to the debt service requirements for the six months ended June 30, 2016; and (ii) only the ESOP shares committed to be released were considered outstanding for purposes of the net income per share calculations.

(2) No effect has been given to the issuance of additional shares in connection with the grant of options or awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan that we intend to adopt. Under the stock-based incentive plan, an amount equal to the aggregate of 10% of the shares of common stock sold in the offering, or 272,000, 320,000, 368,000, and 408,889 shares at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be available for future issuance upon the exercise of options to be granted under the stock-based incentive plan. Also under the stock-based incentive plan an amount equal to the aggregate of 4% of the shares of common stock sold in the offering, or 108,800, 128,000, 147,200 and 163,556 shares of common stock at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be purchased either through open market purchases or issued by ICC for the purposes of making awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan. We expect to seek shareholder approval of the plan at least six months after completion of the offering. The issuance of authorized but unissued shares of our common stock for the purpose of making awards of stock options, restricted stock and restricted stock units under the stock-based incentive plan instead of open market purchases would dilute the voting interests of existing shareholders by approximately 12.3% at the midpoint of the offering range.

(3) It is assumed that 10.0% of the shares issuable in the offering will be purchased by our ESOP. For purposes of this table, the funds used to acquire such shares are assumed to have been borrowed by the ESOP from ICC Holdings, Inc. The

amount to be borrowed is reflected as a reduction to shareholders' equity of ICC Holdings, Inc. Annual contributions are expected to be made to the ESOP in an amount at least equal to the principal and interest requirement of the debt. The annual payment of the ESOP debt is based upon fifteen equal annual installments of principal and interest. The pro forma net earnings assumes: (i) that the contribution to the ESOP is equivalent to the debt service requirement for the year ended December 31, 2016; (ii) that 9,067, 10,667, 12,267 and 13,630 shares at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively, were committed to be released at the end of the year ended December 31, 2016, at an average fair value of $10.00 per share in accordance with ASC 718-40; and (iii) for purposes of calculating the net income per share, the weighted average of the ESOP shares which have not been committed for release, equal to 270,116, 317,784, 365,451 and 406,057 at the minimum, midpoint, maximum and adjusted maximum of the offering range during the six months ended June 30, 2016, were subtracted from total shares outstanding of 2,720,000, 3,200,000, 3,680,000 and 4,088,889 at the minimum, midpoint, maximum and adjusted maximum of the offering range on such dates.

Unaudited Pro Forma Condensed Statement of Operations
For the Year Ended December 31, 2015
(dollars in thousands, except share and per share data)

	ICC Historical Consolidated	Pro Forma Adjustments	ICC Pro Forma Consolidated
Net premiums earned	$ 40,220		$ 40,220
Net investment income	1,333		1,333
Net realized investment gains	81		81
Other income	190		190
Consolidated revenues	41,823		41,823
Losses and settlement expenses	23,801		23,801
Policy acquisition costs	14,555		14,555
Interest expense on debt	136		136
General corporate expenses	314	181(1)	495
Total expenses	38,806	181	38,988
Earnings before income taxes	3,016	(181)	2,835
Income tax expense (benefit):			
Current	462	(62)(2)	400
Deferred	400		400
Total income tax expense:	862	(62)	800
Net earnings	$ 2,155	$ (120)	$ 2,035
Basic and Fully Diluted EPS	$ —		$ 0.828(4)

Notes to Unaudited Pro Forma Condensed Statements of Operations

(1) General operating expenses include a pro forma adjustment to recognize compensation expense under the ESOP for shares of common stock committed to be released to participants as the principal and interest of the $2,720,000 loan from us to the ESOP is repaid. The pro forma adjustment reflects the amounts repaid on the ESOP loan based on fifteen equal annual installments of principal and interest.

(2) Adjustments to reflect the federal income tax effects in note (1) above assuming an effective federal and state income tax rate of 34%.

(3) It is assumed that 10.0% of the shares issuable in the offering will be purchased by our ESOP. For purposes of this table, the funds used to acquire such shares are assumed to have been borrowed by the ESOP from ICC Holdings, Inc. The amount to be borrowed is reflected as a reduction to shareholders' equity. Illinois Casualty expects to make annual contributions to the ESOP in an amount at least equal to the principal and interest requirement of the debt. Annual payments of the ESOP debt are based upon fifteen equal annual installments of principal and interest. The pro forma net earnings assumes: (i) that the contribution to the ESOP is equivalent to the debt service requirement for the year ended December 31, 2015; (ii) (A) that 18,133, 21,333 24,533, and 27,259 shares at the minimum, the midpoint, the maximum and adjusted maximum of the offering range, respectively, were committed to be released at the end of the year ended December 31, 2015, at an average fair value of $10.00 per share, in accordance with ASC 718-40; and (B) for purposes of calculating the net income per share, the weighted average of the ESOP shares which have not been committed for release, equal to 263,650, 310,176, 356,702 and 396,336 at the minimum, midpoint, maximum and adjusted maximum of the offering range during the year ended December 31, 2015, were subtracted from total shares outstanding of 2,720,000, 3,200,000, 3,680,000, and 4,088,889 at the minimum, midpoint, maximum and adjusted maximum of the offering range on such dates.

(4) No effect has been given to the issuance of additional shares in connection with the grant of options or awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan that we intend to adopt. Under the stock-based incentive plan, an amount equal to the aggregate of 10% of the shares of common stock sold in the offering, or 272,000, 320,000, 368,000, and 408,889 shares at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be available for future issuance upon the exercise of options to be granted under the stock-based incentive plan. Also under the stock-based incentive plan an amount equal to the aggregate of 4% of the shares of common stock sold in the offering, or 108,800, 128,000, 147,200 and 163,556 shares of common stock at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be purchased either through open market purchases or issued by ICC for the purposes of making awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan. We expect to seek shareholder approval of the plan at least six months after completion of the offering. The issuance of authorized but unissued shares of our common stock for the purpose of making awards of stock options, restricted stock, and restricted stock units under the stock-based incentive plan instead of open market purchases would dilute the voting interests of existing shareholders by approximately 12.3% at the midpoint of the offering range.

Additional Pro Forma Data

The actual net proceeds from the sale of our common stock in the offering cannot be determined until the offering is completed. However, the offering net proceeds are currently estimated to be between $23.2 million and $35.3 million, based upon the following assumptions:

- expenses of the conversion and offering will be $1.1 million; and
- underwriting commissions will equal 2.0% of the gross proceeds of the offering and that no shares will be sold in the syndicated community offering.

We have prepared the following table, which sets forth our historical net income and retained earnings prior to the offering and our pro forma net income and shareholders' equity following the offering. In preparing this table and in calculating pro forma data, the following assumptions have been made:

- the loan from us to our ESOP to purchase an amount equal to 10.0% of the shares of common stock sold in the offering is treated as a reduction in net proceeds;
- average weighted shares outstanding and ESOP expense have been calculated as if our common stock had been sold in the offering on January 1, 2015;
- pro forma per share amounts have been calculated by dividing historical and pro forma amounts by the indicated number of shares of stock, as adjusted to give effect to the purchase of shares by our ESOP; and
- pro forma shareholders' equity amounts, pro forma net income, and pro forma loss per share have been calculated as if our common stock had been sold in the offering on December 31, 2015, and, accordingly, no effect has been given to the assumed earnings effect of the net proceeds from the offering.

The following pro forma information may not be representative of the financial effects of the offering at the date on which the offering actually occurs and should not be taken as indicative of future results of operations. The pro forma shareholders' equity is not intended to represent the fair market value of the common stock and may be different than amounts that would be available for distribution to shareholders in the event of liquidation.

The following table summarizes historical data and our pro forma data at December 31, 2015, based on the assumptions set forth above and in the table and should not be used as a basis for projection of the market value of the common stock following the completion of the offering.

	At or For the Year Ended December 31, 2015 (dollars in thousands, except for share and per share data)			
	2,720,000 shares sold at $10.00 per share (minimum of range)	3,200,000 shares sold at $10.00 per share (midpoint of range)	3,680,000 shares sold at $10.00 per share (maximum of range)	4,088,889 shares sold at $10.00 per share (adjusted maximum of range)
Pro forma offering proceeds				
Gross proceeds of public offering	$ 27,200	$ 32,000	$ 36,800	$ 40,889
Less offering expenses and commissions	1,269	1,365	1,461	1,543
Net proceeds	25,931	30,635	35,339	39,346
Less ESOP shares (1)	2,720	3,200	3,680	4,089
Net proceeds after ESOP shares	$ 23,211	$ 27,435	$ 31,659	$ 35,257
Pro forma shareholders' equity				
Historical equity of ICC	30,166	30,166	30,166	30,166
Pro forma proceeds after ESOP shares	23,211	27,435	31,659	35,257
Pro forma shareholders' equity (2)	$ 53,377	$ 57,601	$ 61,825	$ 65,423
Pro forma per share data				
Total shares outstanding after the offering	2,720,000	3,200,000	3,680,000	4,088,889
Pro forma book value per share	$ 19.62	$ 18.00	$ 16.80	$ 16.00
Pro forma price-to-book value	51.0%	55.6%	59.5%	62.5%
Pro forma net income:				
Historical income	$ 2,154.7	$ 2,154.7	$ 2,154.7	$ 2,154.7
ESOP and other expense, net of tax	119.7	140.8	161.9	179.9
Pro forma income	$ 2,035.0	$ 2,013.9	$ 1,992.8	$ 1,974.8
Weighted average shares outstanding (3)	2,456,350	2,889,824	3,323,298	3,692,553
Pro forma net income per share	$ 0.83	$ 0.70	$ 0.60	$ 0.53

(1) It is assumed that 10.0% of the aggregate shares sold in the offering will be purchased by the ESOP. The funds used to acquire such shares are assumed to have been borrowed by the ESOP from us. The amount to be borrowed is reflected as a reduction to shareholders' equity. Annual contributions are expected to be made to the ESOP in an amount at least equal to the principal and interest requirement of the debt. The pro forma net income assumes: (i) that the contribution to the ESOP is equivalent to the debt service requirements for the year ended December 31, 2015 and (ii) only the ESOP shares committed to be released were considered outstanding for purposes of the net income per share calculations.

(2) No effect has been given to the issuance of additional shares in connection with the grant of options or awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan that we intend to adopt. Under the stock-based incentive plan, an amount equal to the aggregate of 10% of the shares of common stock sold in the offering, or 272,000, 320,000, 368,000, and 408,889 shares at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be available for future issuance upon the exercise of options to be granted under the stock-based incentive plan. Also under the stock-based incentive plan an amount equal to the aggregate of 4% of the shares of common stock sold in the offering, or 108,800, 128,000, 147,200 and 163,556 shares of common stock at the minimum, midpoint, maximum, and adjusted maximum of the estimated offering range, respectively, will be purchased either through open market purchases or issued by ICC for the purposes of making awards of restricted stock or restricted stock units settled in our common stock under the stock-based incentive plan. We expect to seek shareholder approval of the plan at least six months after completion of the offering. The issuance of authorized but unissued shares of our common stock for the purpose of making awards of stock options, restricted stock and restricted stock units under the stock-based incentive plan instead of open market purchases would dilute the voting interests of existing shareholders by approximately 12.3% at the midpoint of the offering range.

(3) It is assumed that 10.0% of the shares issuable in the offering will be purchased by our ESOP. For purposes of this table, the funds used to acquire such shares are assumed to have been borrowed by the ESOP from ICC Holdings, Inc. The

amount to be borrowed is reflected as a reduction to shareholders' equity of ICC Holdings, Inc. Annual contributions are expected to be made to the ESOP in an amount at least equal to the principal and interest requirement of the debt. The annual payment of the ESOP debt is based upon fifteen equal annual installments of principal and interest. The pro forma net earnings assumes: (i) that the contribution to the ESOP is equivalent to the debt service requirement for the year ended December 31, 2015; (ii) that 18,133, 21,333, 24,533, and 27,259 shares at the minimum, midpoint, maximum and adjusted maximum of the offering range, respectively, were committed to be released at the end of the year ended December 31, 2015, at an average fair value of $10.00 per share in accordance with ASC 718-40; and (iii) for purposes of calculating the net income per share, the weighted average of the ESOP shares which have not been committed for release, equal to 263,650, 310,176, 356,702, and 396,336 at the minimum, midpoint, maximum and adjusted maximum of the offering range during the year ended December 31, 2015, were subtracted from total shares outstanding of 2,720,000, 3,200,000, 3,680,000, and 4,088,889 at the minimum, midpoint, maximum and adjusted maximum of the offering range on such dates.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis of our financial condition and results of operations should be read in conjunction with the financial statements and accompanying notes included elsewhere in this prospectus. Some of the information contained in this discussion and analysis or set forth elsewhere in this prospectus constitutes forward-looking information that involves risks and uncertainties. Please see "Forward-Looking Information" and "Risk Factors" for more information. You should review "Risk Factors" for a discussion of important factors that could cause actual results to differ materially from the results described, or implied by, the forward-looking statements contained herein.

Overview

Illinois Casualty Company is a regional property and casualty insurance company incorporated in Illinois and focused exclusively on the food and beverage industry. On the effective date of the conversion, Illinois Casualty will become a wholly owned subsidiary of ICC Holdings, Inc. The consolidated financial statements of Illinois Casualty prior to the conversion will become the consolidated financial statements of ICC Holdings, Inc. upon completion of the conversion.

For the six months ended June 30, 2016, we had direct written premium of $25.9 million, net premiums earned of $20.8 million, and net income from operations of $0.9 million. For the six months ended June 30, 2015, we had direct written premium of $24.8 million, net premiums earned of $19.2 million and net income from operations of $0.8 million. For the year ended December 31, 2015, we had direct premiums written of $49.0 million, net premiums earned of $40.2 million, and net income from operations of $2.2 million. For the year ended December 31, 2014, we had direct premiums written of $46.3 million, net premiums earned of $38.1 million, and net income from operations of $1.6 million. At June 30, 2016, we had total assets of $123.6 million and equity of $32.9 million.

We are an "emerging growth company" as defined in the JOBS Act, and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not "emerging growth companies" including, but not limited to: not required to comply with the auditor attestation requirements of Section 404 of the Sarbanes-Oxley Act; reduced disclosure obligations regarding executive compensation in our periodic reports and proxy statements; exemptions from the requirements of holding an annual non-binding advisory vote on executive compensation and nonbinding stockholder approval of any golden parachute payments not previously approved.

In addition, Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have taken advantage of the extended transition period provided by Section 107 of the JOBS Act. However, we may decide to comply with the effective dates for financial accounting standards applicable to emerging growth companies at a later date in compliance with the requirements in Sections 107(b)(2) and (3) of the JOBS Act. If we do so, we will prominently disclose this decision in the first periodic report or registration statement following our decision, and such decision is irrevocable.

Principal Revenue and Expense Items

We derive our revenue primarily from premiums earned, net investment income and net realized gains (losses) from investments.

Gross and net premiums written

Gross premiums written is equal to direct and assumed premiums before the effect of ceded reinsurance. Net premiums written is the difference between gross premiums written and premiums ceded or paid to reinsurers (ceded premiums written).

Premiums earned

Premiums earned is the earned portion of our net premiums written. Gross premiums written include all premiums recorded by an insurance company during a specified policy period. Insurance premiums on property and casualty insurance contracts are recognized in proportion to the underlying risk insured and are earned ratably over the duration of the policies. At the end of each accounting period, the portion of the premiums that is not yet earned is included in unearned premiums and is realized as revenue in subsequent periods over the remaining term of the policy. Our policies typically have a term of twelve months. Thus, for example, for a policy that is written on July 1, 2015, one-half of the premiums would be earned in 2015 and the other half would be earned in 2016.

Net investment income and net realized gains (losses) on investments

We invest our surplus and the funds supporting our insurance liabilities (including unearned premiums and unpaid loss and loss adjustment expenses) in cash, cash equivalents, equities, fixed maturity securities and real estate. Investment income includes interest and dividends earned on invested assets. Net realized gains and losses on invested assets are reported separately from net investment income. We recognize realized gains when invested assets are sold for an amount greater than their cost or amortized cost (in the case of fixed maturity securities) and recognize realized losses when investment securities are written down as a result of an other than temporary impairment or sold for an amount less than their cost or amortized cost, as applicable. Our portfolio of investment securities is managed by an independent third party and manager specializing in the insurance industry.

Illinois Casualty's expenses consist primarily of:

Loss and loss adjustment expense

Loss and loss adjustment expenses represent the largest expense item and include: (1) claim payments made, (2) estimates for future claim payments and changes in those estimates for prior periods, and (3) costs associated with investigating, defending and adjusting claims.

Amortization of deferred policy acquisition costs and underwriting and administrative expenses

Expenses incurred to underwrite risks are referred to as policy acquisition expenses. Variable policy acquisition costs consist of commission expenses, premium taxes and certain other underwriting expenses that vary with and are primarily related to the writing and acquisition of new and renewal business. These policy acquisition costs are deferred and amortized over the effective period of the related insurance policies. Fixed policy acquisition costs, referred to herein as underwriting and administrative expenses are expensed as incurred. These costs include salaries, rent, office supplies, depreciation and all other operating expenses not otherwise classified separately.

Income taxes

We use the asset and liability method of accounting for income taxes. Deferred income taxes arise from the recognition of temporary differences between financial statement carrying amounts and the tax bases of our assets and liabilities. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. The effect of a change in tax rates is recognized in the period of the enactment date.

Key Financial Measures

We evaluate our insurance operations by monitoring certain key measures of growth and profitability. In addition to reviewing our financial performance based on results determined in accordance with generally

accepted accounting principles in the United States (GAAP), we utilize certain non-GAAP financial measures that we believe are valuable in managing our business and for comparison to our peers. These non-GAAP measures are combined ratio, written premiums, underwriting income, the loss and loss adjustment expense ratio, the expense ratio, the ratio of net written premiums to statutory surplus and return on average equity.

We measure growth by monitoring changes in gross premiums written and net premiums written. We measure underwriting profitability by examining loss and loss adjustment expense, underwriting expense and combined ratios. We also measure profitability by examining underwriting income (loss) and net income (loss).

Loss and loss adjustment expense ratio

The loss and loss adjustment expense ratio is the ratio (expressed as a percentage) of loss and loss adjustment expenses incurred to premiums earned. We measure the loss ratio on an accident year and calendar year loss basis to measure underwriting profitability. An accident year loss ratio measures loss and loss adjustment expenses for insured events occurring in a particular year, regardless of when they are reported, as a percentage of premiums earned during that year. A calendar year loss ratio measures loss and loss adjustment expense for insured events occurring during a particular year and the change in loss reserves from prior accident years as a percentage of premiums earned during that year.

Expense ratio

The underwriting expense ratio is the ratio (expressed as a percentage) of amortization of deferred policy acquisition costs and net underwriting and administrative expenses (attributable to insurance operations) to premiums earned, and measures our operational efficiency in producing, underwriting and administering our insurance business.

GAAP combined ratio

Our GAAP combined ratio is the sum of the loss and loss adjustment expense ratio and the expense ratio and measures our overall underwriting profit. If the GAAP combined ratio is below 100%, we are making an underwriting profit. If our combined ratio is at or above 100%, we are not profitable without investment income and may not be profitable if investment income is insufficient.

Net premiums written to statutory surplus ratio

The net premiums written to statutory surplus ratio represents the ratio of net premiums written, after reinsurance ceded, to statutory surplus. This ratio measures our exposure to pricing errors in our current book of business. The higher the ratio, the greater the impact on surplus should pricing prove inadequate.

Underwriting income (loss)

Underwriting income (loss) measures the pre-tax profitability of our insurance operations. It is derived by subtracting loss and loss adjustment expense, amortization of deferred policy acquisition costs, and underwriting and administrative expenses from earned premiums. Each of these items is presented as a caption in our statements of operations.

Net income (loss) and return on average equity

We use net income (loss) to measure our profit and return on average equity to measure our effectiveness in utilizing equity to generate net income. In determining return on average equity for a given year, net income (loss) is divided by the average of the beginning and ending equity for that year.

Critical Accounting Policies

General

The preparation of financial statements in accordance with GAAP requires both the use of estimates and judgment relative to the application of appropriate accounting policies. We are required to make estimates and assumptions in certain circumstances that affect amounts reported in our financial statements and related footnotes. We evaluate these estimates and assumptions on an on-going basis based on historical developments, market conditions, industry trends and other information that we believe to be reasonable under the circumstances. There can be no assurance that actual results will conform to our estimates and assumptions and that reported results of operations will not be materially adversely affected by the need to make accounting adjustments to reflect changes in these estimates and assumptions from time to time. We believe the following policies are the most sensitive to estimates and judgments.

Investments

The Company classifies its investments in all debt and equity securities as available-for-sale.

Available-for-Sale Securities

Debt and equity securities are classified as available-for-sale and reported at fair value. Unrealized gains and losses on these securities are excluded from net earnings but are recorded as a separate component of comprehensive earnings and shareholders' equity, net of deferred income taxes.

Other Than Temporary Impairment

Under current accounting standards, an OTTI write-down of debt securities, where fair value is below amortized cost, is triggered by circumstances where (1) an entity has the intent to sell a security, (2) it is more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis or (3) the entity does not expect to recover the entire amortized cost basis of the security. If an entity intends to sell a security or if it is more likely than not the entity will be required to sell the security before recovery, an OTTI write-down is recognized in earnings equal to the difference between the security's amortized cost and its fair value. If an entity does not intend to sell the security or it is not more likely than not that it will be required to sell the security before recovery, the OTTI write-down is separated into an amount representing the credit loss, which is recognized in earnings, and the amount related to all other factors, which is recognized in other comprehensive income. Impairment losses result in a reduction of the underlying investment's cost basis.

The Company regularly evaluates its fixed income and equity securities using both quantitative and qualitative criteria to determine impairment losses for other-than-temporary declines in the fair value of the investments. The following are the key factors for determining if a security is other-than-temporarily impaired:

- The extent to which the fair value is less than cost,
- The assessment of significant adverse changes to the cash flows on a fixed income investment,
- The occurrence of a discrete credit event resulting in the issuer defaulting on a material obligation, the issuer seeking protection from creditors under the bankruptcy laws, the issuer proposing a voluntary reorganization under which creditors are asked to exchange their claims for cash or securities having a fair value substantially lower than par value,
- The probability that the Company will recover the entire amortized cost basis of the fixed income securities prior to maturity,
- The ability and intent to hold fixed income securities until maturity or
- For equity securities, the expectation of recovery to cost within a reasonable period of time.

Quantitative and qualitative criteria are considered during this process to varying degrees depending on the sector the analysis is being performed:

Corporates

The Company performs a qualitative evaluation of holdings that fall below the price threshold. The analysis begins with an opinion of industry and competitive position. This includes an assessment of factors that enable the profit structure of the business (e.g., reserve profile for exploration and production companies), competitive advantage (e.g., distribution system), management strategy, and an analysis of trends in return on invested capital. Analysts may also review other factors to determine whether an impairment exists including liquidity, asset value cash flow generation, and industry multiples.

Municipals

The Company analyzes the screened impairment candidates on a quantitative and qualitative basis. This includes an assessment of the factors that may be contributing to the unrealized loss and whether the recovery value is greater or less than current market value.

Structured Securities

The “stated assumptions” analytic approach relies on actual 6-month average collateral performance measures (voluntary prepayment rate, gross default rate, and loss severity) sourced through third party data providers or remittance reports. The analysis applies the stated assumptions throughout the remaining term of the transaction using forecasted cash flows, which are then applied through the transaction structure (reflecting the priority of payments and performance triggers) to determine whether there is a loss to the security (“Loss to Tranche”). For securities or sectors for which no actual loss or minimal loss has been observed (certain Prime Residential Mortgage Backed Securities (RMBS) and Commercial Mortgage Backed Securities (CMBS), for example), sector-based assumptions are applied or an alternative quantitative or qualitative analysis is performed.

Investment Income

Interest on fixed maturities and short-term investments is credited to earnings on an accrual basis. Premiums and discounts are amortized or accreted over the lives of the related fixed maturities. Dividends on equity securities are credited to earnings on the ex-dividend date. Realized gains and losses on disposition of investments are based on specific identification of the investments sold on the settlement date, which does not differ significantly from trade date accounting.

Cash and Cash Equivalents

Cash consists of uninvested balances in bank accounts. Cash equivalents consist of investments with original maturities of 90 days or less, primarily AAA-rated prime and government money market funds. Cash equivalents are carried at cost, which approximates fair value. The Company has not experienced losses on these instruments.

Loss and Loss Adjustment Expense Reserves

We maintain reserves for the payment of claims (incurred losses) and expenses related to adjusting those claims (loss adjustment expenses or LAE). Our loss reserves consist of case reserves, which are reserves for claims that have been reported to us, defense and cost containment expense (DCC) reserve, which includes all defense and litigation-related expenses, whether internal or external to us, and reserves for claims that have been incurred but have not yet been reported or for case reserve deficiencies or redundancies (IBNR).

When a claim is reported to us, our claims personnel establish a case reserve for the estimated amount of the ultimate payment. The amount of the loss reserve for the reported claim is based primarily upon a claim-by-claim evaluation of coverage, liability, injury severity or scope of property damage, and any other information considered pertinent to estimating the exposure presented by the claim. Each claim is settled individually based upon its merits, and some claims may take years to settle, especially if legal action is involved. Case reserves are reviewed on a regular basis and are updated as new data becomes available.

In addition to case reserves, we maintain an estimate of reserves for loss and loss adjustment expenses incurred but not reported. Some claims may not be reported for several years. As a result, the liability for unpaid loss and loss adjustment reserves includes significant estimates for IBNR.

We utilize an independent actuary to assist with the estimation of our loss and LAE reserves bi-annually. This actuary prepares estimates of the ultimate liability for unpaid losses and LAE based on established actuarial methods described below. Our management reviews these estimates and supplements the actuarial analysis with information not fully incorporated into the actuarially based estimate, such as changes in the external business environment and changes in internal company processes and strategy. We may adjust the actuarial estimates based on this supplemental information in order to arrive at the amount recorded in the financial statements.

We accrue liabilities for unpaid loss and loss adjustment expenses based upon estimates of the ultimate amount payable.

Policy Acquisition Costs

The Company defers commissions, premium taxes, and certain other costs that are incrementally or directly related to the successful acquisition of new or renewal insurance contracts. Acquisition-related costs may be deemed ineligible for deferral when they are based on contingent or performance criteria beyond the basic acquisition of the insurance contract or when efforts to obtain or renew the insurance contract are unsuccessful. All eligible costs are capitalized and charged to expense in proportion to premium revenue recognized. The method followed in computing deferred policy acquisition costs limits the amount of such deferred costs to their estimated realizable value. This deferral methodology applies to both gross and ceded premiums and acquisition costs.

Premiums

Premiums are recognized ratably over the term of the contracts, net of ceded reinsurance. Unearned premiums represent the portion of premiums written relative to the unexpired terms of coverage. Unearned premiums are calculated on a daily pro rata basis.

Reinsurance

Ceded unearned premiums and reinsurance balances recoverable on paid and unpaid losses and settlement expenses are reported separately as assets instead of being netted with the related liabilities, since reinsurance does not relieve us of our legal liability to our policyholders.

Quarterly, the Company monitors the financial condition of its reinsurers. The Company’s monitoring efforts include, but are not limited to, the review of annual summarized financial data and analysis of the credit risk associated with reinsurance balances recoverable by monitoring the A.M. Best and Standard & Poor’s (S&P) ratings. In addition, the Company subjects its reinsurance recoverables to detailed recoverable tests, including an analysis based on average default by A.M. Best rating. Based upon the review and testing, the Company’s policy is to charge to earnings, in the form of an allowance, an estimate of unrecoverable amounts from reinsurers. This allowance is reviewed on an ongoing basis to ensure that the amount makes a reasonable provision for reinsurance balances that the Company may be unable to recover.

Income Taxes

The Company files a consolidated federal income tax return. Federal income taxes are accounted for using the asset and liability method under which deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities, operating losses and tax credit carry forwards. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance if it is more likely than not all or some of the deferred tax assets will not be realized.

The Company considers uncertainties in income taxes and recognizes those in its financial statements as required. As it relates to uncertainties in income taxes, unrecognized tax benefits, including interest and penalty accruals, are not considered material to the consolidated financial statements. Also, no tax uncertainties are expected to result in significant increases or decreases to unrecognized tax benefits within the next 12-month period. Penalties and interest related to income tax uncertainties, should they occur, would be included in income tax expense in the period in which they are incurred.

As an insurance company, the Company is subject to minimal state income tax liabilities. On a state basis, since the majority of income is from insurance operations, the Company pays premium taxes in lieu of state income tax. Premium taxes are a component of policy acquisition costs and calculated as a percentage of gross premiums written.

Comprehensive Earnings

Comprehensive earnings include net earnings plus unrealized gains/losses on available-for-sale investment securities, net of tax. In reporting the components of comprehensive earnings on a net basis in the statement of earnings, the Company used a 34 percent tax rate.

Reserving Methods

In developing our loss and DCC reserve estimates, we relied upon five widely used and accepted loss reserving methods (described below). Based on the deemed predictive qualities of each of the applied methods, we selected estimated ultimates by year in order to determine our reserve estimates. Our estimates can be considered actuarial central estimates, which means that they represent an expected value over the range of reasonably possible outcomes.

Loss Development Methods (Paid and Incurred Loss and DCC). Loss development ultimates are determined by multiplying current reported values by cumulative loss development factors. Incremental loss development factors are determined by analyzing historical development of losses and assuming that future development will mimic historical. Cumulative development factors are calculated from the selection of incremental factors.

This method is also applied to incurred DCC to incurred loss ratios and paid DCC to paid loss ratios to estimate ultimate DCC.

Loss development methods are particularly appropriate when historical loss development patterns have been relatively stable and can be predicted with reasonable accuracy.

Expected Loss Ratio Method. The expected loss ratio method applies a selected ultimate loss ratio to premium to determine ultimate losses and LAE. Expected loss ratios for 2007 and prior were selected based on the results of the loss development methods discussed above, industry experience, actual loss experience of ICC to date and general industry conditions. Beginning with 2008, expected loss ratios have been calculated based on the prior expected loss ratios, rate changes and loss trend.

Bornhuetter-Ferguson (B-F) Methods (Paid and Incurred Loss). The Loss Development Methods rely heavily on data as of the most recent evaluation date, and a relatively small swing in early reported (or paid) losses may result in a large swing in the ultimate loss projections. Therefore, other methods may also be considered.

The B-F Methods offer a blend of stability and responsiveness by estimating ultimate losses as a weighted combination of an expected loss estimate and current loss data. The weight applied to the expected loss estimate is based on the appropriate cumulative loss development factor from the Loss Development Methods. This percentage is multiplied by expected losses to determine expected future development. This estimate of future loss development is then added to losses as of the current evaluation date to project ultimate losses.

A&OE Method. During 2012, we began to implement a new approach to reserving for unpaid Adjusting & Other Expenses (A&OE). This method is referred to as the "Wendy Johnson Method" where historical A&OE payments are measured against certain claim units to develop an average rate for projecting into future years. These claim units are defined as a means of measuring the overall level of claim activity in a year as follows:

Units =
2 x (Newly Reported Claims in Year X) +
(Number of Claims Open at Start of Year X)

Future A&OE costs are projected by inflating the selected average A&OE per unit rate, 1.0% annually, against future units calculated by claims runoff patterns.

Range of Estimates

In addition to our actuarial central estimate, we have also developed a range of estimates. This range is not designed to represent minimum or maximum possible outcomes. It is developed to represent low and high ends for a reasonable range of expected outcomes given the selection of alternative, but reasonable assumptions. Actual results may fall outside of this range.

High and low net reserve estimates were developed by stressing our expected loss ratio and loss development factor selections. By applying a factor to increase (and decrease) these assumptions, we developed high (and low) ultimate loss and DCC estimates. These estimates, along with paid and incurred loss information, result in a range of reserves. The gross reserve range is based on selected percentages which produce a range which is slightly wider than the net range.

We estimate IBNR reserves by first deriving an actuarially based estimate of the ultimate cost of total loss and loss adjustment expenses incurred by line of business as of the financial statement date. We then reduce the estimated ultimate loss and loss adjustment expenses by loss and loss adjustment expense payments and case reserves carried as of the financial statement date. The actuarially determined estimate is based upon indications from one of the above actuarial methodologies or uses a weighted average of these results. The specific method used to estimate the ultimate losses for individual lines of business, or individual accident years within a line of business, will vary depending on the judgment of the actuary as to what is the most appropriate method for a line of business' unique characteristics. Finally, we consider other factors that impact reserves that are not fully incorporated in the actuarially based estimate, such as changes in the external business environment and changes in internal company processes and strategy.

The process of estimating loss reserves involves a high degree of judgment and is subject to a number of variables. These variables can be affected by both internal and external events, such as changes in claims handling procedures, economic inflation, legal trends, and legislative changes, among others. The impact of many of these items on ultimate costs for claims and claim adjustment expenses is difficult to estimate. Loss reserve estimation difficulties also differ significantly by line of business due to differences in claim complexity,

the volume of claims, the potential severity of individual claims, the determination of occurrence date for a claim, and reporting lags (the time between the occurrence of the policyholder event and when it is actually reported to the insurer). Informed judgment is applied throughout the process, including the application of various individual experiences and expertise to multiple sets of data and analyses. We continually refine our loss reserve estimates in a regular ongoing process as historical loss experience develops and additional claims are reported and settled. We consider all significant facts and circumstances known at the time loss reserves are established.

Due to the inherent uncertainty underlying loss reserve estimates, final resolution of the estimated liability for loss and loss adjustment expenses may be higher or lower than the related loss reserves at the reporting date. Therefore, actual paid losses, as claims are settled in the future, may be materially higher or lower in amount than current loss reserves. We reflect adjustments to loss reserves in the results of operations in the period the estimates are changed.

Results of Operations

Our results of operations are influenced by factors affecting the property and casualty insurance industry in general. The operating results of the United States property and casualty insurance industry are subject to significant variations due to competition, weather, catastrophic events, regulation, general economic conditions, judicial trends, fluctuations in interest rates and other changes in the investment environment.

Our premium growth and underwriting results have been, and continue to be, influenced by market conditions. Pricing in the property and casualty insurance industry historically has been cyclical. During a soft market cycle, price competition is more significant than during a hard market cycle and makes it difficult to attract and retain properly priced commercial business. A hard market typically has a positive effect on premium growth.

The major components of operating revenues and net (loss) income are as follows (dollars in thousands):

	June 30,		December 31,	
	2016	2015	2015	2014
Revenues:				
Total premiums earned	$20,846	$19,217	$40,220	$38,121
Investment income, net of investment expense	770	694	1,333	1,141
Realized investment gains (losses), net	138	34	81	459
Other income	76	136	190	113
Total revenues	$21,830	$20,081	$41,823	$39,833
Components of net income (loss):				
Underwriting (loss) income	$ 746	$ 452	$ 1,864	$ 1,050
Investment income, net of investment expense	770	694	1,333	1,141
Realized investment gains (losses), net	138	34	81	459
Other income	76	136	190	113
Corporate expense	199	147	314	263
Interest expense	92	64	136	134
Other expense, net				
Income (loss), before income taxes	$ 1,439	$ 1,104	$ 3,016	$ 2,365
Income tax expense (benefit)	548	315	862	779
Net income (loss)	$ 891	$ 789	$ 2,155	$ 1,585
Total other comprehensive (loss) earnings	1,819	(553)	(1,024)	904
Comprehensive Earnings	$ 2,710	$ 236	$ 1,131	$ 2,489

Six Months Ended June 30, 2016 Compared to Six Months Ended June 30, 2015

The following summarizes our results for the six months ended June 30, 2016 and 2015:

Premiums

Direct premiums written grew by $1.03 million, or 4.2%, from the six months ended June 30, 2016 as compared to the same period of 2015, while net written premium grew slightly faster, increasing by $1.04 million, or 5.0%, during the same period. Net premiums earned grew by $1.6 million, or 8.5%, in the six months ended June 30, 2016 as compared to the six months ended June 30, 2015, primarily due to increased organic growth and lower levels of premium ceded to reinsurance.

For the six months ended June 30, 2016, we ceded to reinsurers $4.06 million of written premiums, compared to $4.12 million of written premiums for the six months ended June 30, 2015. Ceded earned premiums as a percent of direct premiums written were 14.9% in the six months ended June 30, 2016, and 16.5% in the six months ended June 30, 2015. This favorable decrease is a result of overall improving reinsurance market pricing.

Premiums are earned ratably over the term of the policy whereas written premiums are reflected on the effective date of the policy.

Other income

Substantially all other income is derived from policies we write and represents additional charges to policyholders for services outside of the premium charge, such as installment billing or policy issuance costs. Other income decreased by $60,000 from the six months ended June 30, 2016 as compared to the same period of 2015. Typically, other income remains relatively flat, however, a whole life insurance policy's cash surrender value was not available as of the second quarter of 2015 and, therefore, the associated income was deferred to the third quarter.

Unpaid Losses and Settlement Expenses

The table below details our unpaid losses and settlement expenses ("LAE") and loss reserves for the quarters ended June 30, 2016 and 2015.

Dollars in thousands	At June 30,	
	2016	2015
Unpaid losses and LAE at beginning of the period:		
Gross	$ 61,056	$ 64,617
Ceded	(19,158)	(25,822)
Net	41,898	38,795
Increase (decrease) in incurred losses and LAE:		
Current year	12,781	11,864
Prior years	(224)	(116)
Total incurred	12,557	11,747
Loss and LAE payments for claims incurred:		
Current year	(2,608)	(2,193)
Prior years	(10,017)	(7,449)
Total paid	(12,625)	(9,642)
Net unpaid losses and LAE at end of the period	$ 41,830	$ 40,900

Net unpaid losses and LAE increased $0.9 million, or 2.2%, in the six months ended June 30, 2016 as compared to the same period in 2015. This increase was due principally to increases in net additional IBNR established in 2016.

Expense Ratio

Our expense ratio is calculated by dividing the sum of policy acquisition costs and operating expenses by net earned premiums. We use the expense ratio to evaluate the operating efficiency of our consolidated operations. Costs that cannot be readily identifiable as a direct cost of a product line remain in Corporate and Other.

Our expense ratio decreased 33 basis points during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. As earned premiums grow year-over-year on an expense structure that is less variable to premium volume, we expect a decrease in the expense ratio.

Policy Acquisition Costs

Policy acquisition costs are either variable costs we incur to issue policies, which include commissions, premium taxes, and certain underwriting expenses, or fixed period costs including underwriter compensation costs. The Company offsets the direct commissions it pays with ceded commissions it receives from reinsurers. Policy acquisition costs increased by $525,000, or 7.5%, during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. The percentage of policy acquisition costs to net earned premiums remained relatively flat at 36.2% and 36.5% for the quarter ended June 30, 2016 and 2015, respectively.

General Corporate Expenses

General corporate expenses consist primarily of real estate and occupancy costs, such as utilities and maintenance. These costs are largely fixed and, therefore, do not vary significantly with premium volume. Accordingly, our general corporate expenses increased by $52,000, or 35.4% during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. The increase was due to our continued investment in our infrastructure and retaining highly qualified personnel to execute our growth strategy. Necessarily, those costs are incurred prior to our writing sufficient premium to support that expense structure. As we continue to grow we expect the expense ratio to continue to decline as our current infrastructure and personnel is adequate, with minimal additional operating costs, to write substantially more premium volume.

Investment Income

Net investment income increased by $76,000, or 11.0% during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015, primarily from the growth of the investment portfolio. Average cash and invested assets during the six months ended June 30, 2016 was $77.0 million compared to $72.7 million during the same period in 2015, an increase of $4.3 million, or 5.9%. The increase in the portfolio was primarily due to new borrowings of $0.7 million and the collection of approximately $3.0 million in reinsurance recoverables in the second quarter of 2016.

For additional information, see “Business — Investments” above.

Interest Expense

Interest expense increased to $92,000 for the six months ended June 30, 2016 from $64,000 for the same period during 2015. This 43.8% increase reflects $0.7 million in new borrowings late in the first quarter of 2016 in addition to other new borrowings in 2016 that did not exist in the first half of 2015.

Income Tax Expense

Income tax expense increased by $233,000, or 74.0% during the six months ended June 30, 2016 as compared to the six months ended June 30, 2015. This was primarily the result of a more conservative approach in the calculation of the income tax provision.

The Company has not established a valuation allowance against any of the net deferred tax assets.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Premiums

Direct premiums written increased by $2.7 million, or 5.8%, primarily from organic growth from 2014 to 2015, while net written premium was essentially flat, growing by $555,000, or 1.4%, during the same period. Net premiums earned grew slightly less than direct premiums written from 2014 to 2015, growing by $2.1 million, or 5.5%.

For the year ended December 31, 2015, we ceded to reinsurers $7.8 million of written premiums, compared to $5.6 million of written premiums for the year ended December 31, 2014. Ceded earned premiums as a percent of direct premiums written were 15.7% in 2015, and 16.0% in 2014. This favorable decrease is a result of an overall softer reinsurance market pricing.

Premiums are earned ratably over the term of the policy whereas written premiums are reflected on the effective date of the policy.

Other income

Substantially all other income is derived from policies we write and represents additional charges to policyholders for services outside of the premium charge, such as installment billing or policy issuance costs. Other income grew by $77,000, or 68.4%, in 2015 as compared to 2014 primarily as a result of the growth in premium volume.

Unpaid Losses and Settlement Expenses

The table below details our unpaid losses and settlement expenses (“LAE”) and loss reserves for the years ended December 31, 2015 and 2014.

Dollars in thousands	At December 31,	
	2015	2014
Unpaid losses and LAE at beginning of year:		
Gross	$ 64,617	$ 57,336
Ceded	(25,822)	(20,994)
Net	38,795	36,342
Increase (decrease) in incurred losses and LAE:		
Current year	24,293	22,267
Prior years	(493)	481
Total incurred	23,800	22,748
Loss and LAE payments for claims incurred:		
Current year	(6,466)	(7,798)
Prior years	(14,231)	(12,497)
Total paid	(20,697)	(20,295)
Net unpaid losses and LAE at end of year	41,898	38,795
Unpaid losses and LAE at end of year:		
Gross	61,056	64,617
Ceded	(19,158)	(25,822)
Net	$ 41,898	$ 38,795

Differences from the initial reserve estimates emerged as changes in the ultimate loss estimates as those estimates were updated through the reserve analysis process. The recognition of the changes in initial reserve estimates occurred over time as claims were reported, initial case reserves were established, initial reserves were reviewed in light of additional information and ultimate payments were made on the collective set of claims incurred as of that evaluation date. The new information on the ultimate settlement value of claims is updated until all claims in a defined set are settled. As a small specialty insurer with a niche product portfolio, our experience will ordinarily exhibit fluctuations from period to period. While management attempts to identify and react to systematic changes in the loss environment, management must also consider the volume of experience directly available to us and interpret any particular period's indications with a realistic technical understanding of the reliability of those observations.

We experienced favorable development in 2015 relative to 2014's reserve estimates in our property line of business primarily from the 2014 accident year. The largest contributor to the adverse development in the casualty line of business was liquor liability, with approximately 89.3% of the development coming from this business.

Expense Ratio

Our expense ratio is calculated by dividing the sum of policy acquisition costs and operating expenses by net earned premiums. We use the expense ratio to evaluate the operating efficiency of our consolidated operations. Costs that cannot be readily identifiable as a direct cost of a product line remain in Corporate and Other.

Our expense ratio decreased 138 basis points for the year ended December 31, 2015 as compared to 2014, due to the premium volume growth rate well exceeding the increase in the cost of our infrastructure. As our earned premiums grow year-over-year on an expense structure that is less variable to premium volume, we expect this trend to continue in the near future, but at a slower pace.

Policy Acquisition Costs

Policy acquisition costs are costs we incur to issue policies, which include commissions, premium taxes, underwriting reports, and underwriter compensation costs. The Company offsets the direct commissions it pays with ceded commissions it receives from reinsurers. Policy acquisition costs were essentially flat, increasing by $233,000, or 1.6%. The percentage of policy acquisition costs to net earned premiums was 36.2% and 37.6% for 2015 and 2014, respectively. The reduction in the ratio was mostly due to organic premium growth year over year.

Also contributing to the improvement in policy acquisition costs were small reductions in expense ratios as seen across most product lines. These efficiencies are the result of prior policies written entering the renewal stage, as renewal policies are less expensive to underwrite than new policies.

General Corporate Expenses

General corporate expenses consist primarily of employee compensation and occupancy costs, such as rent and utilities. These costs are largely fixed and, therefore, do not vary significantly with premium volume. Accordingly, our general corporate expenses increased by $51,000, or 19.4%, in 2015 as compared to 2014. The increase was due to our continued investment in our infrastructure and retaining highly qualified personnel to execute our growth strategy. Necessarily, those costs are incurred prior to our writing sufficient premium to support that expense structure. As we continue to grow we expect the expense ratio to continue to decline as our current infrastructure and personnel is adequate, with minimal additional operating costs, to write substantially more premium volume.

Investment Income

Our investment portfolio is generally highly liquid and 88.0% and 87.3% of the portfolio consisted of readily marketable, investment-grade fixed-income securities as of December 31, 2015 and 2014, respectively. The remainder of the portfolio is comprised of exchange traded funds. Net investment income is primarily comprised of interest earned and dividends paid on these securities and rental income on investment real estate, net of related investment expenses, and excludes realized gains and losses.

Net investment income increased by $192,000 for the year ended December 31, 2015 as compared to 2014, primarily from the growth of the investment portfolio. Average invested assets for 2015 was $74.6 million compared to $69.0 million for 2014, an increase of $5.6 million, or 8.1%. The increase in the portfolio was primarily due to net cash provided by operating activities of $5.7 million.

For additional information, see “Business — Investments” above.

Interest Expense

Interest expense remained flat, increasing slightly to $136,000 for the year ended December 31, 2015 from $134,000 for the year ended December 31, 2014.

Income Tax Expense

We reported an income tax expense of $862,000 in 2015, as compared to an income tax expense of $779,000 in 2014. The income tax expense increase for 2015 relates to earnings before income taxes in 2015.

The Company has not established a valuation allowance against any of the net deferred tax assets.

Financial Position

The major components of our assets and liabilities are as follows (dollars in thousands):

	As of	
	June 30, 2016	December 31, 2015
Assets		
Investments and cash:		
Fixed income		
Available-for-sale, at fair value (amortized cost — $61,100 at June 30, 2016 and $63,995 at December 31, 2015)	$ 64,502	$ 65,195
Equity securities available -for-sale, at fair value (cost — $9,671 at June 30, 2016 and $9,282 at December 31, 2015)	9,829	8,885
Short-term investments, at cost which approximates fair value		
Cash and cash equivalents	3,386	2,180
Total investments and cash	77,717	76,260
Accrued investment income	505	581
Premiums and reinsurance balances receivable, net of allowances for uncollectible amounts of $100,000 at June 30, 2016 and December 31, 2015	17,254	15,638
Ceded unearned premiums	270	57
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 at June 30, 2016 and December 31, 2015	15,557	19,535
Current federal income taxes	299	773
Net deferred federal income taxes	392	1,401
Deferred policy acquisition costs, net	4,214	3,983
Property and equipment, at cost, net of accumulated depreciation of $3,938 at June 30, 2016 and $3,553 at December 31, 2015	6,047	4,241
Other assets	1,353	905
Total assets	$123,608	$ 123,373
Liabilities and Equity		
Liabilities:		
Unpaid losses and settlement expenses	$ 57,387	$ 61,056
Unearned premiums	25,263	23,948
Reinsurance balances payable	233	—
Corporate debt	3,743	3,274
Accrued expenses	3,263	4,096
Bank overdraft	—	—
Other liabilities	843	834
Total liabilities	90,733	93,208
Equity:		
Accumulated other comprehensive earnings, net of tax	2,349	530
Retained earnings	30,526	29,636
Total equity	32,875	30,166
Total liabilities and equity	$123,608	$ 123,373

Unpaid Losses and LAE

Our reserves for unpaid loss and LAE are summarized below (dollars in thousands):

	As of June 30,		As of December 31,	
	2016	2015	2015	2014
Case reserves	$22,448	$22,893	$23,139	$21,807
IBNR reserves	19,382	18,007	18,759	16,988
Net unpaid loss and LAE	41,830	40,900	41,897	38,795
Reinsurance recoverable on unpaid loss and LAE	15,557	22,719	19,158	25,822
Reserves for unpaid loss and LAE	$57,387	$63,619	$61,056	$64,617

Actuarial Ranges

The selection of the ultimate loss is based on information unique to each line of business and accident year and the judgment and expertise of our actuary and management.

The following table provides case and IBNR reserves for losses and loss adjustment expenses as of June 30, 2016 and 2015 and December 31, 2015 and 2014.

As of June 30, 2016

(dollars in thousands)	Case Reserves	IBNR Reserves	Total Reserves
Commercial liability	$16,569	$14,318	$30,887
Property	3,450	3,694	7,145
Other	2,428	1,369	3,798
Total net reserves	22,448	19,382	41,830
Reinsurance recoverables	8,340	7,217	15,557
Gross reserves	$30,788	$26,599	$57,387

As of June 30, 2015

(dollars in thousands)	Case Reserves	IBNR Reserves	Total Reserves
Commercial liability	$16,899	$13,404	$30,304
Property	3,422	3,484	6,906
Other	2,572	1,119	3,690
Total net reserves	22,893	18,007	40,900
Reinsurance recoverables	10,592	12,127	22,719
Gross reserves	$33,485	$30,134	$63,619

As of December 31, 2015

(dollars in thousands)	Case Reserves	IBNR Reserves	Total Reserves	Actuarially Determined Range of Estimates	
				Low	High
Commercial liability	$17,712	$13,850	$31,562		
Property	1,983	1,295	3,279		
Other	3,443	3,613	7,056		
Total net reserves	23,139	18,759	41,897	$37,725	$42,886
Reinsurance recoverables	10,231	8,928	19,158	13,773	17,799
Gross reserves	$33,369	$27,686	$61,056	$51,498	$60,685

As of December 31, 2014

(dollars in thousands)	Case Reserves	IBNR Reserves	Total Reserves	Actuarially Determined Range of Estimates Low	High
Commercial liability	$16,359	$12,987	$29,346		
Property liability	2,446	1,118	3,564		
Other	3,002	2,883	5,885		
Total net reserves	21,807	16,988	38,795	$34,939	$39,837
Reinsurance recoverables	14,890	10,932	25,822	20,083	25,000
Gross reserves	$36,697	$27,920	$64,617	$55,022	$64,837

Our actuary determined a range of reasonable reserve estimates which reflect the uncertainty inherent in the loss reserve process. This range does not represent the range of all possible outcomes. We believe that the actuarially-determined ranges represent reasonably likely changes in the loss and LAE estimates, however actual results could differ significantly from these estimates. The range was determined by line of business and accident year after a review of the output generated by the various actuarial methods utilized. The actuary reviewed the variance around the select loss reserve estimates for each of the actuarial methods and selected reasonable low and high estimates based on his knowledge and judgment. In making these judgments the actuary typically assumed, based on his experience, that the larger the reserve the less volatility and that property reserves would exhibit less volatility than casualty reserves. In addition, when selecting these low and high estimates, the actuary considered:

- historical industry development experience in our business line;
- historical company development experience;
- the impact of court decisions on insurance coverage issues, which can impact the ultimate cost of settling claims;
- changes in our internal claims processing policies and procedures; and
- trends and risks in claim costs, such as risk that medical cost inflation could increase.

Our actuary is required to exercise a considerable degree of judgment in the evaluation of all of these and other factors in the analysis of our loss and LAE reserves, and related range of anticipated losses. Because of the level of uncertainty impacting the estimation process, it is reasonably possible that different actuaries would arrive at different conclusions. The method of determining the reserve range has not changed and the reserve range generated by our actuary is consistent with the observed development of our loss reserves over the last few years.

The width of the range in reserves arises primarily because specific losses may not be known and reported for some period and the ultimate losses paid and loss adjustment expenses incurred with respect to known losses may be larger than currently estimated. The ultimate frequency or severity of these claims can be very different than the assumptions we used in our estimation of ultimate reserves for these exposures.

Specifically, the following factors could impact the frequency and severity of claims, and therefore, the ultimate amount of loss and LAE paid:

- the rate of increase in labor costs, medical costs, and material costs that underlie insured risks;
- development of risk associated with our expanding producer relationships and our growth in new states or states where we currently have small market share; and
- impact of changes in laws or regulations.

The estimation process for determining the liability for unpaid loss and LAE inherently results in adjustments each year for claims incurred (but not paid) in preceding years. Negative amounts reported for claims incurred related to prior years are a result of claims being settled for amounts less than originally

estimated (favorable development). Positive amounts reported for claims incurred related to prior years are a result of claims being settled for amounts greater than originally estimated (unfavorable development). For the years ended December 31, 2015 and 2014, we experienced favorable (unfavorable) development of $0.5 million and $(0.5) million, respectively. For the six months ended June 30, 2016 and June 30, 2015, we experienced favorable developments of $0.2 million and $0.1 million respectively.

Potential for variability in our reserves is evidenced by this development. As further illustration of reserve variability, we initially estimated our ultimate incurred for unpaid loss and LAE net of reinsurance at the end of 2014 at $38.8 million. As of December 31, 2015, that reserve was re-estimated at $38.3 million, which is $0.5 million, or 1.3%, lower than the initial estimate.

As discussed earlier, the estimation of our reserves is based on several actuarial methods, each of which incorporates many quantitative assumptions. The judgment of the actuary plays an important role in selecting among various loss development factors and selecting the appropriate method, or combination of methods, to use for a given accident year. The ranges presented above represent the expected variability around the actuarially determined central estimate. The total range around our actuarially determined estimate varies from -5.8% to +7.1%. As shown in the table below, since 2011 the variance in our originally estimated accident year loss reserves has ranged from (0.3)% deficient to 6.0% redundant as of June 30, 2016.

Recent Variabilities of the Liability for Unpaid Loss and LAE, Net of Reinsurance Recoverables

Dollars in thousands	Accident Year Data				
	2011	2012	2013	2014	2015
As originally estimated	$19,420	$19,276	$22,064	$22,267	$24,293
As estimated at June 30, 2016	18,263	18,721	21,381	22,273	24,202
Net cumulative redundancy (deficiency)	$ 1,157	$ 555	$ 682	$ (6)	$ 91
% redundancy (deficiency)	6.0%	2.9%	3.1%	(0.3)%	0.4%

The table below summarizes the impact on equity from changes in estimates of unpaid loss and LAE reserves as of December 31, 2015 and 2014 (dollars in thousands):

Reserve Range for Unpaid Loss and LAE	Aggregate Loss and LAE Reserve	Percentage Change in Equity (1)
As of December 31, 2015		
Low End	$ 37,725	9.2%
Recorded	$ 41,897	—
High End	$ 42,886	(2.2)%
As of December 31, 2014		
Low End	$ 34,939	8.8%
Recorded	$ 38,795	—
High End	$ 39,837	(2.4%)

(1) Net of tax

If the loss and LAE reserves were recorded at the high end of the actuarially-determined range, the loss and LAE reserves would increase by $1.0 million before taxes. This increase in reserves would have the effect of decreasing net income and equity as of December 31, 2015 by $0.7 million. If the loss and LAE reserves were recorded at the low end of the actuarially-determined range, the loss and LAE reserves at December 31, 2015 would be reduced by $4.2 million with corresponding increases in net income and equity of $2.8 million.

If the loss and LAE reserves were to adversely develop to the high end of the range, approximately $1.0 million of anticipated future payments for the loss and LAE expenses would be required to be paid, thereby affecting cash flows in future periods as the payments for losses are made.

Investments

Our fixed maturity and equity securities investments are classified as available-for-sale and carried at estimated fair value as determined by management based upon quoted market prices or a recognized pricing service at the reporting date for those or similar investments. Changes in unrealized investment gains or losses on our investments, net of applicable income taxes, are reflected directly in equity as a component of comprehensive income (loss) and, accordingly, have no effect on net income (loss). Investment income is recognized when earned, and capital gains and losses are recognized when investments are sold, or other-than-temporarily impaired.

The fair value and unrealized losses for our securities that were temporarily impaired as of June 30, 2016, December 31, 2015 and December 31, 2014 are as follows:

	Less than 12 months (dollars in thousands)		12 months or longer (dollars in thousands)		Total (dollars in thousands)	
Description of securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
June 30, 2016:						
U.S. Government and government agencies and authorities	$ —	$ —	$ —	$ —	$ —	$ —
MBS/ABS/CMBS	1,149	(19)	66	(1)	1,215	(20)
Corporate	1,135	(15)	469	(24)	1,604	(39)
Total fixed maturities	2,284	(34)	535	(25)	2,818	(58)
Common stocks, unaffiliated	374	(56)	3,324	(285)	3,698	(341)
Total temporarily impaired securities	$2,657	$ (89)	$3,859	$ (310)	$6,516	$ (399)

	Less than 12 months (dollars in thousands)		12 months or longer (dollars in thousands)		Total (dollars in thousands)	
Description of securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2015:						
U.S. Government and government agencies and authorities	$ 1,233	$ (10)	$ —	$ —	$ 1,233	$ (10)
MBS/ABS/CMBS	9,405	(126)	729	(18)	10,133	(144)
Corporate	11,205	(480)	1,263	(42)	12,468	(522)
Total fixed maturities	21,843	(616)	1,992	(60)	23,835	(676)
Common stocks, unaffiliated	398	(31)	3,222	(387)	3,620	(419)
Total temporarily impaired securities	$22,241	$ (647)	$5,214	$ (447)	$27,455	$ (1,094)

	Less than 12 months (dollars in thousands)		12 months or longer (dollars in thousands)		Total (dollars in thousands)	
Description of securities	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
December 31, 2014:						
U.S. Government and government agencies and authorities	$ —	$ —	$ 293	$ (4)	$ 293	$ (4)
MBS/ABS/CMBS	1,963	(7)	4,043	(64)	6,006	(71)
Corporate	3,503	(21)	3,720	(90)	7,223	(111)
Total fixed maturities	5,466	(28)	8,056	(158)	13,522	(186)
Common stocks, unaffiliated	3,707	(110)	—	—	3,707	(110)
Total temporarily impaired securities	$9,173	$ (138)	$8,056	$ (158)	$17,229	$ (296)

Fair values of interest rate sensitive instruments may be affected by increases and decreases in prevailing interest rates which generally translate, respectively, into decreases and increases in fair values of fixed maturity investments. The fair values of interest rate sensitive instruments also may be affected by the credit worthiness of the issuer, prepayment options, relative values of other investments, the liquidity of the instrument, and other general market conditions.

For the six months ended June 30, 2016 and for the year ended December 31, 2015, our fixed maturity portfolio experienced unrealized gains/(losses) of $2.2 million and $(1.1) million due to changes in the interest rate environment, respectively. Most of the increase in fair value in our fixed maturity portfolio was in corporate bonds and asset-backed securities as a result of decreases in prevailing interest rates.

We monitor our investment portfolio and review securities that have experienced a decline in fair value below cost to evaluate whether the decline is other than temporary. When assessing whether the amortized cost basis of the security will be recovered, we compare the present value of the cash flows likely to be collected, based on an evaluation of all available information relevant to the collectability of the security, to the amortized cost basis of the security. The shortfall of the present value of the cash flows expected to be collected in relation to the amortized cost basis is referred to as the “credit loss.” If there is a credit loss, the impairment is considered to be other-than-temporary. If we identify that an other-than-temporary impairment loss has occurred, we then determine whether we intend to sell the security, or if it is more likely than not that we will be required to sell the security prior to recovering the amortized cost basis less any current-period credit losses. If we determine that we do not intend to sell, and it is not more likely than not that we will be required to sell the security, the amount of the impairment loss related to the credit loss will be recorded in earnings, and the remaining portion of the other-than-temporary impairment loss will be recognized in other comprehensive income (loss), net of tax. If we determine that we intend to sell the security, or that it is more likely than not that we will be required to sell the security prior to recovering its amortized cost basis less any current-period credit losses, the full amount of the other-than-temporary impairment will be recognized in earnings.

For the years ended December 31, 2015 and 2014 and the six months ended June 30, 2016 and June 30, 2015, we did not determine that any securities were other-than-temporarily impaired. Adverse investment market conditions, or poor operating results of underlying investments, could result in impairment charges in the future.

We use quoted values and other data provided by independent pricing services in our process for determining fair values of our investments. The evaluations of such pricing services represent an exit price and a good faith opinion as to what a buyer in the marketplace would pay for a security in a current sale. This pricing service provides us with one quote per instrument. For fixed maturity securities that have quoted prices in active markets, market quotations are provided. For fixed maturity securities that do not trade on a daily basis, the independent pricing service prepares estimates of fair value using a wide array of observable inputs including relevant market information, benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing. The observable market inputs that our independent pricing service utilizes may include (listed in order of priority for use) benchmark yields, reported trades, broker-dealer quotes, issuer spreads, two-sided markets, benchmark securities, market bids/offers, and other reference data on markets, industry, and the economy. Additionally, the independent pricing service uses an option adjusted spread model to develop prepayment and interest rate scenarios. The pricing service did not use broker quotes in determining fair values of our investments.

Should the independent pricing service be unable to provide a fair value estimate, we would attempt to obtain a non-binding fair value estimate from a number of broker-dealers and review this estimate in conjunction with a fair value estimate reported by an independent business news service or other sources. In instances where only one broker-dealer provides a fair value for a fixed maturity security, we use that estimate. In instances where we are able to obtain fair value estimates from more than one broker-dealer, we would review the range of estimates and would select the most appropriate value based on the facts and circumstances. Should neither the independent pricing service nor a broker-dealer provide a fair value estimate, we would develop a fair value

estimate based on cash flow analyses and other valuation techniques that utilize certain unobservable inputs. Accordingly, we would classify such a security as a Level 3 investment.

The fair value estimates of our investments provided by the independent pricing service at June 30, 2016 and December 31, 2015, respectively, were utilized, among other resources, in reaching a conclusion as to the fair value of our investments.

Management reviews the reasonableness of the pricing provided by the independent pricing service by employing various analytical procedures. We review all securities to identify recent downgrades, significant changes in pricing, and pricing anomalies on individual securities relative to other similar securities. This will include looking for relative consistency across securities in common sectors, durations, and credit ratings. This review will also include all fixed maturity securities rated lower than "A" by Moody's or S&P. If, after this review, management does not believe the pricing for any security is a reasonable estimate of fair value, then it will seek to resolve the discrepancy through discussions with the pricing service. In our review we did not identify any such discrepancies for the six months ended June 30, 2016 and 2015 and for the years ended December 31, 2015 and 2014, and no adjustments were made to the estimates provided by the pricing service for the years 2015 and 2014. The classification within the fair value hierarchy of Accounting Standards Codification (ASC) Topic 820, Fair Value Measurement, is then confirmed based on the final conclusions from the pricing review.

Deferred Policy Acquisition Costs

Certain direct acquisition costs consisting of commissions, premium taxes and certain other direct underwriting expenses that vary with and are primarily related to the production of business are deferred and amortized over the effective period of the related insurance policies as the underlying policy premiums are earned. At June 30, 2016 and 2015, and December 31, 2015 and 2014, deferred acquisition costs and the related unearned premium reserves were as follows (dollars in thousands):

	June 30,		December 31,	
	2016	2015	2015	2014
Deferred acquisition costs	$ 4,214	$ 4,006	$ 3,983	$ 3,801
Unearned premium reserves	$25,263	$24,147	$23,948	$22,498

The method followed in computing deferred acquisition costs limits the amount of deferred costs to their estimated realizable value, which gives effect to the premium to be earned, related investment income, loss and loss adjustment expenses, and certain other costs expected to be incurred as the premium is earned. Future changes in estimates, the most significant of which is expected loss and loss adjustment expenses, may require adjustments to deferred policy acquisition costs. If the estimation of net realizable value indicates that the deferred acquisition costs are not recoverable, they would be written off.

Income Taxes

We use the asset and liability method of accounting for income taxes. Deferred income taxes arise from the recognition of temporary differences between financial statement carrying amounts and the tax bases of our assets and liabilities. A valuation allowance is provided when it is more likely than not that some portion of the deferred tax asset will not be realized. The effect of a change in tax rates is recognized in the period of the enactment date.

We had net deferred tax assets of $392,000 and $1.4 million at June 30, 2016 and at December 31, 2015. A valuation allowance is required to be established for any portion of the deferred tax asset for which we believe it is more likely than not that it will not be realized. At June 30, 2016 and December 31, 2015, we had no valuation allowance with respect to our deferred tax asset.

We exercise significant judgment in evaluating the amount and timing of recognition of the resulting tax liabilities and assets. These judgments require us to make projections of future taxable income. The judgments and estimates we make in determining our deferred tax assets, which are inherently subjective, are reviewed on a continual basis as regulatory and business factors change. Any reduction in estimated future taxable income may require us to record an additional valuation allowance against our deferred tax assets.

As of June 30, 2016 and December 31, 2015, we had no material unrecognized tax benefits or accrued interest and penalties. Federal tax years 2012 through 2015 are open for examination.

Outstanding Debt

As of June 30, 2016, December 31, 2015 and 2014, outstanding debt balances totaled $3.7 million, $3.3 million and $2.8 million, respectively. On August 31, 2016, surplus notes with a par value of $250,000 matured. We incurred interest expense for the years ended December 31, 2015 and 2014 of $136,000 and $134,000, respectively. The average rate on debt in 2015 was 4.50%. The debt balance is comprised of the following:

Surplus Notes. We had $1.9 million and $2.0 million of surplus notes issued, for cash, and outstanding as of December 31, 2015 and 2014, respectively. Payment of principal and interest on all surplus notes requires specific approval by the Illinois Department of Insurance. Our obligation to pay principal and interest on surplus notes is subordinate to the insurance claims of policyholders of Illinois Casualty in accordance with terms of Section 56 of the Illinois Insurance Code.

Subject to the approval of the Director of Insurance of the State of Illinois and the applicable provisions of the Illinois Insurance Code, the noteholder shall have the right at the time of a stock conversion of Illinois Casualty, upon not less than thirty (30) days' written notice to us, to convert all or any portion of the outstanding principal amount of the note into shares of our common stock.

Additional information regarding each surplus note follows (with dollars in thousands):

Date Issued	Interest Rate (%)	Par Value (Face Amount of Notes) ($)	Carrying Value of Note ($)	Principal and/or Interest Paid During 2015 ($)	Total Principal and/or Interest Paid Through Dec. 31, 2015 ($)	Unapproved Principal and/or Interest ($)	Date of Maturity
12/31/2003	5.35%	1,600	1,600	86	1,031	—	12/31/2033
7/15/2004	7.00%	410	250	18	444	—	7/15/2034
8/31/2004	7.00%	250	71	75	340	—	8/31/2016
		2,260	1,921	178	1,815	—	

Note holders are entitled to 1/28th of the principal each year. To date, the note holders of the surplus notes maturing on December 31, 2033 and July 15, 2034 have elected to waive principal repayment.

Leasehold Obligations. We entered into a sale leaseback arrangement in September 2015 that is accounted for as a capital lease. Under the agreement, the third party finance company purchased electronic data processing software and titled vehicles which are leased to us. These assets remain on our books due to provisions within the agreement that trigger capital lease accounting. To secure the lowest rate possible of 4.7%, we pledged bonds totaling $950,000. There was no gain or loss recognized as part of this transaction. Lease payments for 2015 totaled $64,000. The term of the electronic data processing lease is 48 months and the term of the titled vehicles lease is 36 months. The outstanding lease obligation at December 31, 2015, was $860,000.

Future minimum lease payments for the five succeeding years as of December 31, 2015 are:

Year	Amount
2016	$248,446
2017	248,446
2018	248,446
2019	192,353
2020	30,189
	967,880
Interest portion	108,062
Total	$859,818

Home Office Mortgage. We maintain a mortgage on our home office. Interest is charged at a fixed rate of 2.6% and the loan matures in 2017. The building is used as collateral to secure the loan. The loan balance at year end 2015 and 2014 was $492,000 and $793,000, respectively. The interest paid on the loan in 2015 was $17,000 and $25,000 in 2014.

Payments due subsequent to December 31, 2015 are summarized below:

Year	Amount
2016	$317,820
2017	185,395
	503,215
Interest portion	10,900
Total	$492,315

Revolving Line of Credit. We maintain a revolving line of credit with American Bank & Trust, which permits borrowing up to an aggregate principal amount of $2.0 million. This facility was entered into during 2013 and is renewed annually. There are no financial covenants governing this agreement. As of and during the years ended December 31, 2015 and 2014, no amounts were outstanding on this facility.

For information regarding our reinsurance program, investment portfolio, unpaid losses and settlement information, see “Business.”

Effect of Offering on Our Future Financial Condition and Results of Operations

Our future financial condition and results of operations will be affected by the offering. Upon completion of the offering, our pro forma shareholders’ equity will be between $56.0 million and $68.0 million, an increase of approximately 70.6% to 107.2% over our equity at June 30, 2016. See “Use of Proceeds,” “Capitalization” and “Unaudited Pro Forma Financial Information.” This increased capitalization should permit us to (i) increase direct premium volume to the extent competitive conditions permit, (ii) increase net premium volume by decreasing our reliance on reinsurance, and (iii) enhance investment income by increasing our investment portfolio.

ESOP

In connection with the offering, the ESOP intends to finance the purchase of 10.0% of the common stock issued in the offering with the proceeds of a loan from Illinois Casualty prior to the expiration of the offering, and Illinois Casualty will make annual contributions to the ESOP sufficient to repay that loan, which we estimate will total, on a pre-tax basis, between approximately $2,720,000 and $4,088,889. See “Management — Benefit Plans and Employment Agreements —Employee Stock Ownership Plan.”

Stock-based Incentive Plan

Under the stock-based incentive plan, we may issue a total number of shares equal to 14% of the shares of common stock that are issued in the offering. Of this amount, an amount equal to 4% of the shares of common stock issued in the offering may be used to make restricted stock and stock-settled restricted stock unit awards and 10% of the shares of common stock issued in the offering may be used to award stock options under the stock-based incentive plan. The grant-date fair value of any common stock used for restricted stock and restricted stock unit awards will represent unearned compensation. As we accrue compensation expense to reflect the vesting of such shares, unearned compensation will be reduced accordingly. We will also compute compensation expense at the time stock options are awarded based on the fair value of such options on the date they are granted. This compensation expense will be recognized over the appropriate service period. Implementation of the stock-based incentive plan is subject to shareholder approval. See "Management — Benefit Plans and Employment Agreements."

Liquidity and Capital Resources

We generate sufficient funds from our operations and maintain a high degree of liquidity in our investment portfolio to meet the demands of claim settlements and operating expenses. The primary sources of funds are premium collections, investment earnings and maturing investments.

We maintain investment and reinsurance programs that are intended to provide sufficient funds to meet our obligations without forced sales of investments. We maintain a portion of our investment portfolio in relatively short-term and highly liquid assets to ensure the availability of funds.

Upon completion of the offering, we will immediately become subject to the proxy solicitation, periodic reporting, insider trading prohibitions and other requirements of the Exchange Act and to most of the provisions of the Sarbanes-Oxley Act of 2002. We estimate that the cost of initial compliance with the requirements of the Sarbanes-Oxley Act will be approximately $300,000 and that compliance with the ongoing requirements of the Exchange Act and the Sarbanes-Oxley Act will result in an increase of approximately $200,000 in our annual operating expenses.

Cash flows from continuing operations for the six months ended June 30, 2016 and 2015 and for the years ended December 31, 2015 and 2014 were as follows (dollars in thousands):

	Year ended December 31,		Six months ended June 30,	
	2015	2014	2016	2015
Cash flows provided by (used in) operating activities	$ 5,745	$ 7,372	$ 552	$ 1,043
Cash flows provide/(used) in investing activities	(5,195)	(8,113)	345	(1,084)
Cash flows provided by (used in) financing activities	488	(364)	309	(114)
Net increase (decrease) in cash and cash equivalents	$ 1,038	$(1,105)	$1,206	$ (155)

For the year ended December 31, 2015, cash flows from operating activities totaled $5.7 million compared to $7.4 million for the year ended December 31, 2014. This decrease in cash flows from operating activities was primarily due to the cutoff of reinsurance contracts on January 1, 2014 which created positive cash flow of $1.9 million in 2014. Cash flows used in investing activities totaled $5.2 million for the year ended December 31, 2015, compared to $8.1 million in 2014, primarily reflecting decreased cash flows generated from both operations and financing activities. For the six months ended June 30, 2016, cash flows from operating activities totaled $0.6 million compared to $1.0 million for the same period in 2015. This decrease in cash flows from operating activities was primarily due to a large decrease in reinsurance receivables offset by payment of losses and settlement expenses. Cash flows provided from investing activities totaled $0.3 million for the six months ended June 30, 2016, compared to $(1.1) million for the same period in 2015, primarily reflecting proceeds received to fund claim settlements.

Our principal source of liquidity will be dividend payments and other fees received from Illinois Casualty and ICC Realty, LLC. Illinois Casualty is restricted by the insurance laws of Illinois as to the amount of dividends or other distributions it may pay to us. Under Illinois law, there is a maximum amount that may be paid by Illinois Casualty during any twelve-month period. Illinois Casualty may pay dividends to us after notice to, but without prior approval of the Illinois Department of Insurance in an amount "not to exceed" the greater of (i) 10% of the surplus as regards policyholders of Illinois Casualty as reported on its most recent annual statement filed with the Illinois Department of Insurance, or (ii) the statutory net income of Illinois Casualty for the period covered by such annual statement. Dividends in excess of this amount are considered "extraordinary" and are subject to the approval of the Illinois Department of Insurance.

The amount available for payment of dividends from Illinois Casualty in 2016 without the prior approval of the Illinois Department of Insurance is approximately $2.7 million based upon the insurance company's 2015 annual statement. Prior to its payment of any dividend, Illinois Casualty is required to provide notice of the dividend to the Illinois Department of Insurance. This notice must be provided to the Illinois Department of Insurance 30 days prior to the payment of an extraordinary dividend and 10 days prior to the payment of an ordinary dividend. The Illinois Department of Insurance has the power to limit or prohibit dividend payments if Illinois Casualty is in violation of any law or regulation. These restrictions or any subsequently imposed restrictions may affect our future liquidity.

The following table summarizes, as of June 30, 2016 and December 31, 2015, our future payments under contractual obligations and estimated claims and claims related payments for continuing operations.

As of June 30, 2016

	Payments due by period (Dollars in thousands)				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Estimated gross loss & loss adjustment expense payments	$57,387	$22,668	$22,496	$ 7,747	$ 4,476
Operating lease obligations	25	25			
Total	$57,412	$22,693	$22,496	$ 7,747	$ 4,476

As of December 31, 2015

	Payments due by period (Dollars in thousands)				
Contractual Obligations	Total	Less than 1 year	1-3 years	3-5 years	More than 5 years
Estimated gross loss & loss adjustment expense payments	$61,056	$24,117	$23,934	$ 8,243	$ 4,762
Operating lease obligations	21	21			
Total	$61,077	$24,138	$23,934	$ 8,243	$ 4,762

The timing of the amounts of the gross loss and loss adjustment expense payments is an estimate based on historical experience and the expectations of future payment patterns. However, the timing of these payments may vary from the amounts stated above.

Off-Balance Sheet Arrangements

We have no off-balance sheet arrangements that have or are reasonably likely to have a current or future effect on our financial condition, changes in financial condition, revenues or expenses, results of operations, liquidity, capital expenditures, or capital reserves.

Quantitative and Qualitative Information about Market Risk

Market Risk

Market risk is the risk that we will incur losses due to adverse changes in the fair value of financial instruments. We have exposure to three principal types of market risk through our investment activities: interest rate risk, credit risk and equity risk. Our primary market risk exposure is to changes in interest rates. We have not entered, and do not plan to enter, into any derivative financial instruments for hedging, trading or speculative purposes.

Interest Rate Risk

Interest rate risk is the risk that we will incur economic losses due to adverse changes in interest rates. Our exposure to interest rate changes primarily results from our significant holdings of fixed rate investments. Fluctuations in interest rates have a direct impact on the fair value of these securities.

The average maturity of the debt securities in our investment portfolio at June 30, 2016, was 6.2 years. Our debt securities investments include U.S. government bonds, securities issued by government agencies, obligations of state and local governments and governmental authorities, and corporate bonds, most of which are exposed to changes in prevailing interest rates and which may experience moderate fluctuations in fair value resulting from changes in interest rates. We carry these investments as available for sale. This allows us to manage our exposure to risks associated with interest rate fluctuations through active review of our investment portfolio by our management and board of directors and consultation with our third party investment manager.

Fluctuations in near-term interest rates could have an impact on our results of operations and cash flows. Certain of these securities may have call features. In a declining interest rate environment these securities may be called by their issuer and replaced with securities bearing lower interest rates. If we are required to sell these securities in a rising interest rate environment we may recognize losses.

As a general matter, we attempt to match the durations of our assets with the durations of our liabilities. Our investment objectives include maintaining adequate liquidity to meet our operational needs, optimizing our after-tax investment income, and our after-tax total return, all of which are subject to our tolerance for risk.

The table below shows the interest rate sensitivity of our fixed maturity investments measured in terms of fair value (which is equal to the carrying value for all of our investment securities that are subject to interest rate changes) at June 30, 2016:

	As of June 30, 2016	
Hypothetical Change in Interest Rates	**Estimated Change in Fair Value**	**Fair Value**
	(Dollars in thousands)	
200 basis point increase	$ (5,721)	$ 58,781
100 basis point increase	$ (2,903)	$ 61,599
No change	$ —	$ 64,502
100 basis point decrease	$ 2,567	$ 67,069
200 basis point decrease	$ 3,599	$ 68,101

Credit Risk

Credit risk is the potential economic loss principally arising from adverse changes in the financial condition of a specific debt issuer. We address this risk by investing primarily in fixed maturity securities that are rated investment grade and at least 70% of our investment securities must be rated at least “A” by Moody’s or an equivalent rating quality. We also independently, and through our independent third party investment manager, monitor the financial condition of all of the issuers of fixed maturity securities in the portfolio. To limit our exposure to risk, we employ diversification rules that limit the credit exposure to any single issuer or asset class.

Equity Risk

Equity price risk is the risk that we will incur economic losses due to adverse changes in equity prices.

Impact of Inflation

Inflation increases our customers' needs for property and casualty insurance coverage due to the increase in the value of the property covered and any potential liability exposure. Inflation also increases claims incurred by property and casualty insurers as property repairs, replacements and medical expenses increase. These cost increases reduce profit margins to the extent that rate increases are not implemented on an adequate and timely basis. We establish property and casualty insurance premiums levels before the amount of loss and loss expenses, or the extent to which inflation may impact these expenses, are known. Therefore, we attempt to anticipate the potential impact of inflation when establishing rates. Because inflation has remained relatively low in recent years, financial results have not been significantly affected by it.

Recent Accounting Pronouncements

The dates presented below, represent the implementation dates for publicly traded entities. The Company's status as an Emerging Growth Company could delay the required adoption of each of these standards.

In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016 01, Financial Instruments Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The guidance affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements of financial instruments. The amendments will be applied to fiscal years beginning after December 15, 2018. Early adoption is permitted for the accounting guidance on financial liabilities under the fair value option. The Company is currently assessing the impact this new standard will have on its consolidated financial statements.

In February 2016, FASB issued ASU No. 2016 02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with a limited exception for short term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for the Company's year ending December 31, 2020 and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the consolidated balance sheet has not yet been determined.

In June 2016, FASB issued ASU No. 2016 13, Financial Instruments Credit Losses. The guidance affects the recognition of expected credit losses. Credit losses relating to available for sale securities will be recorded through an allowance for credit losses. The amendments will be applied to fiscal years beginning after December 15, 2020 and early adoption is permitted as of fiscal years beginning after December 15, 2018. The effect of applying the new guidance on accounting for credit losses has not yet been determined.

In May 2015, FASB issued Accounting Standards Update (ASU) No. 2015-09, Disclosure about Short-Duration Contracts. The guidance addresses enhanced disclosure requirements for insurers relating to short-duration insurance contract claims and the unpaid claims liability rollforward for long and short-duration contracts. This ASU is effective for annual reporting periods beginning after December 15, 2015, and for interim periods after December 15, 2016. Early adoption is permitted. The Company has not early-adopted this ASU and while disclosures will be increased, management does not believe adoption will have a material effect on the Company's financial statements.

In May 2014, FASB issued ASU No. 2014 09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for the Company’s year ending December 31, 2019. The effect of applying the new lease guidance on the consolidated balance sheet has not yet been determined.

BUSINESS

Overview

We are a regional, multi-line property and casualty insurance company focusing exclusively on the food and beverage industry. In 2015, we had $49.0 million in direct written premiums.

We primarily market our products through a network of approximately 130 independent agents in Illinois, Iowa, Indiana, Minnesota, Missouri, Ohio and Wisconsin. We expect to begin writing premium in Michigan as early as 2017. Illinois Casualty has been assigned a “B++” (Good) financial strength rating by A.M. Best Company, Inc. (A.M. Best), which is the fifth highest out of fifteen possible ratings. Our most recent evaluation by A.M. Best occurred on February 23, 2016, when A.M. Best upgraded its outlook to positive from stable for Illinois Casualty’s issuer credit rating, while affirming its financial strength rating of “B++” and issuer credit rating of “bbb” (Good).

We formed ICC Holdings, Inc. so that it could acquire all of the capital stock of Illinois Casualty in the conversion. Subject to approval from the Illinois Department of Insurance, as part of the conversion, we will acquire control of Illinois Casualty. Prior to the conversion, we do not expect to engage in any significant operations. After the conversion, our primary assets will be the outstanding capital stock of Illinois Casualty, the outstanding membership interests of ICC Realty, LLC and a portion of the net proceeds of this offering.

ICC will consist of a holding company, ICC Holdings, Inc., and an operating insurance company, Illinois Casualty Company, and Illinois Casualty’s three wholly-owned subsidiaries, Beverage Insurance Agency, Inc., an inactive insurance agency, Estrella Innovative Solutions, Inc., an outsourcing company, and ICC Realty, LLC, a real estate services and holding company, which will be purchased from Illinois Casualty by ICC Holdings following the conversion. Illinois Casualty Company is an Illinois insurance company.

For over 66 years, Illinois Casualty has specialized in providing customized insurance products and aggressive claims defense for customers exclusively in the food and beverage industry.

Illinois Casualty was founded as an inter-insurance exchange in 1950 based upon the recognition that establishments serving alcohol require unique insurance protection. Beginning in 1998, we expanded the scope of our product offerings beyond liquor liability to include property, general liability, umbrella, and workers compensation coverage. Our goal was to meet the full range of business insurance needs of our clients in the food and beverage industry.

In 1999, Illinois Casualty recognized the significant need to automate. Upon determining available commercial software was inadequate to meet our long-term vision, we contracted the development of an integrated platform to handle agency, policy, and vendor management. Introduced in 2001, the first module successfully improved productivity and reporting capabilities. We built on that success by adding document imaging, claims, billing, and risk management modules. As it has grown, our information management system has provided us with a unique and comprehensive ability to automate processes, track and examine risk traits, and monitor claims development. As a result, Illinois Casualty has constructed and leveraged a multi-variant pricing algorithm that allows us to better segment our business in order to more effectively price to actual exposure.

Illinois Casualty mutualized in 2004 and began to expand its territory geographically within the Midwest. We are an admitted carrier in eight states: Illinois, Iowa, Indiana, Minnesota, Michigan, Missouri, Ohio and Wisconsin. We currently issue policies in seven states, including Ohio where we began writing policies in the third quarter of 2016, and expect to begin writing premium in Michigan as early as 2017. As we expanded our territory and product lines over the last 66 years, we have maintained our focus and commitment to the food and beverage industry. As a result, we have developed unsurpassed expertise in our niche, particularly within the

areas of underwriting, loss control, and claims management. Illinois Casualty continues to leverage that experience into the ongoing development of innovative insurance products and services uniquely tailored to the food and beverage industry.

Illinois Casualty Company is subject to examination and comprehensive regulation by the Illinois Department of Insurance. See "— Regulation."

Our executive offices are located at 225 20th Street, Rock Island, Illinois 61201, and our phone number is (309) 793-1700. Our web site address is www.ilcasco.com. Information contained on our website is not incorporated by reference into this prospectus, and such information should not be considered to be part of this prospectus.

Our Business Strategies

We believe that our mission is to deliver expertly crafted insurance products and services for the food and beverage industry. Accordingly, we believe that this focus positions us to write profitable business in both hard insurance markets (where industry capital is constricted, competition is low, and premium rates are rising) and soft insurance markets (where industry capital is rising, competition is high and premium rates are falling). As part of our business process, we have developed our business strategy and focus using the following guiding principles to reflect the essence of who ICC aspires to be:

- we endeavor to return value to our stakeholders in the form of strong financial performance and sustained surplus growth;
- we conduct our business with the highest ethics and unquestionable integrity;
- we recognize and reward the commitment of all of our associates who make ICC a success, by challenging our associates, by valuing them and recognizing their contribution, while cultivating a mutually supporting culture;
- we believe that an independent agency system is mutually beneficial to both the agent and ICC because of the drive to deliver the highest quality products at competitive prices;
- customer service, which is understanding and meeting the needs and expectations of our policyholder and agents, is at the fundamental core of our existence;
- we believe we can succeed in the marketplace given our unique understanding of the food and beverage industry, offering customized products and aggressively defending our insureds;
- we focus on innovation, which drives our efficiency, quality and effectiveness;
- we identify worthy causes to support with our corporate and associate resources and promote good corporate citizenship; and
- we strive to improve our products and processes through intelligent investment in talent and technology that meets our exacting needs and those of our customers.

In order to effectuate our mission and guiding principles, we have identified the following core strategies to achieve our long-term success:

- design and market commercial property and casualty products customized for the food and beverage industry, through our in-depth knowledge and research of the industry;
- pursue deliberate geographic expansion;
- Provide and market comprehensive policies with flexible a la carte options;
- foster true partnerships with independent agents who have a significant presence in the food and beverage industry and an appreciation for ICC's commitment and expertise to obtain optimal market share in the food and beverage industry;

- leverage business intelligence to maximize performance, increase operational efficiency, and price our products for sustained profitability;
- implement an investment strategy that maximizes return within acceptable risk tolerances;
- promote a culture of excellence that encourages teamwork and contributes to talent retention and development; and
- maintain a robust and comprehensive enterprise risk management program, focused on upside optimization and downside mitigation.

Competitive Growth Strategies

Technology. We believe that existing and developing technology and information systems are and will continue to impact the insurance industry's use of risk analysis in the underwriting process, provide tools for reduction of claims, and modernize the claims handling process. As part of our focus, we have internally developed a completely integrated policy management system. This system allows us to leverage loss control data for predictive analytics in both the claims and underwriting areas. For example, in the underwriting area, we create pricing models taking into account the unique characteristics of our customers, with industry-specific variables such as latest hour of close, type and frequency of on-site entertainment, and average alcoholic beverage pricing. We also have achieved better efficiency by moving to a more paperless organization and integrate off-site employees in our claims, underwriting, accounting, loss control and IT development areas. We intend to remain a leader in the industry in utilizing technology and data analysis to price our coverage based on the risk assumed, reduce accidents and provide prompt claims response.

Industry Expertise. We have been providing the food and beverage industry with insurance products and services since 1950. By leveraging our experience, we better understand our customers and their needs, which allows us to better price our products and services and defend claims aggressively and economically, using the experience of our in-house legal department and an established network of specialized defense attorneys. As a result, we are the endorsed carrier for the Missouri Restaurant Association, the Indiana Restaurant Association, the Illinois Licensed Beverage Association and the Minnesota Licensed Beverage Association. We also provide insurance agents continuing education on industry topics, such as liquor liability, kitchen fire prevention and alcohol server training. For policyholders serving liquor, we provide certified alcohol server training as a value-added service and risk elimination/mitigation tool. Our associates are also regular panel speakers at local and national claims conferences.

Enterprise Risk Management. As part of our effort to grow responsibly, we have put in place a cross-functional, multi-dimensional enterprise risk management program. The program is focused on financial, organization, operational, tactical, market and legal risks and managed at three different levels: the enterprise risk committee of our board of directors, our internal enterprise risk management committee and our internal audit committee. The focus of the enterprise risk committee of our board of directors is on oversight, top tier risk, emerging risks, and risk optimization. The internal enterprise risk committee is comprised of our senior management team, which is focused on conducting a review of all risks attendant to ICC at least annually; rating triaged risks for severity, frequency, and control; completing risk control reports for stress testing, risk tolerance, and mitigation plans; measuring and monitoring risk on an ongoing basis; and tying enterprise risk management to individual performance evaluations and compensation. Our internal audit function focuses on policy and procedure compliance and mitigation plans.

Growth Strategies

While Illinois Casualty has established a significant market share in our existing territories, we believe that there is still opportunity for growth within our existing footprint. We will continue to seek out insurance agency partners who have a commitment to our niche and an ability to sell the value represented by our products. Our

long-term growth plan also involved expanding geographically into states where we believe current insurance laws provide an attractive market within our niche for our existing products and services. Current state expansion plans include Colorado, Kansas, Massachusetts, Michigan, Oregon, Pennsylvania and Tennessee. We will consider geographic expansion opportunities that allow us to leverage existing agency relationships whose footprints overlap our own. Growth opportunities will always be carefully evaluated with long term profitability at the forefront of the decision making process.

Although we do not have any current plans or intent to expand or grow our business by acquisition, we will consider opportunities that are presented to us. The completion of this offering will supply additional capital needed to support substantially increased premium volume, which we expect to result from the implementation of these growth strategies.

Reaction to Market Cycles

Many insurance companies sporadically target businesses within our niche; however, a relatively small number make a long-term commitment to the niche through changing insurance market cycles. When the insurance market is “hard” and premium growth is achievable in less specialized segments, many carriers exit this niche. Large and diversified insurance carriers have the ability to shift their focus and resources to less challenging areas. When market conditions “soften,” those same carriers often aggressively move back into our niche for premium growth. Because Illinois Casualty specializes in the niche, we do not shift resources to other market segments. Therefore, the Company generally maintains pricing stability throughout market cycles by relying on our strong loss control, underwriting, and claims expertise and our customer service commitment. We react to market cycles by adjusting our appetite for risks based on pricing and cycle conditions, but we maintain a consistent commitment to the food and beverage industry. Due to the relatively small number of insurance companies that make a long-term commitment to this niche, the insurance market does not fluctuate to the same extent as the insurance market for the general commercial market.

Our Challenges

Our business faces significant challenges that can impede our goal of growing our business while realizing operating profits, including the following:

Estimating Our Loss Reserves.

We maintain loss reserves to cover our estimated ultimate liability for unpaid losses and loss adjustment expenses for reported and unreported claims incurred as of the end of each accounting period. These reserves represent management’s estimates of what the ultimate settlement and administration of claims will cost. Pursuant to applicable insurance regulations, these reserves are reviewed by an independent actuary on at least an annual basis. Setting reserves is inherently uncertain and there can be no assurance that current or future reserves will prove adequate. If our loss reserves are inadequate, it will have an unfavorable impact on our results. A summary of the favorable and unfavorable developments in our loss reserves in the previous 10-year period is on page .

Reliance on Independent Agents.

Our product is distributed through a contracted network of independent insurance agents. Independent agents are typically contracted with a number of insurance carriers. The producers within an agency will determine which product is most appropriate to recommend to their client or prospective client. The agency will select a product based on a variety of factors such as: premium; coverage; service including billing and claims; agency compensation and agency/company relationship. Establishing and maintaining long term financially successful agency relationships is very important to the long term success of a company.

Maintaining Our Financial Strength Ratings.

In February 2016, A.M. Best affirmed Illinois Casualty's financial strength rating of "B++" positive outlook. A key to achieving our goal of significant growth in our premiums written, is obtaining an A.M. Best rating of "A-" or better. Increasing our capitalization and maintaining strong operating performance, are significant rating components reviewed by A.M. Best. This is combined with a review of various other rating requirements. If we are not able to increase our rating or if A.M. Best downgrades our rating, it is likely that we will not be able to compete as effectively and our ability to sell insurance policies could decline. As a result, our financial results would be adversely affected. A.M. Best reviews our rating approximately once per year.

Attracting, Developing and Retaining Experienced Personnel.

To sustain our growth as a property and casualty insurance company operating in a specialty niche market, we must continue to attract, develop and retain management, marketing, distribution, underwriting, customer service, and claims personnel with expertise in the products we offer. The loss of key personnel, or our inability to recruit, develop and retain additional qualified personnel, could materially and adversely affect our business, growth and profitability.

Competitive Strengths

Our opportunity for growth is driven by our competitive strengths, which include the following:

Use of Data and Metrics to Improve our Underwriting Results.

Our analysis of data available through both governmental and other industry resources, combined with our internal data, drive our underwriting and pricing decisions. We have developed a multi-variant risk grading system and pricing algorithm that combines both objective and subjective inputs that drive both whether to provide coverage and pricing. This information helps us avoid providing coverage to higher risk insureds while improving our overall risk profile. Every risk we insure is inspected within the first 60 days of policy binding, which permits us to cancel the policy if we determine that the insured is not an acceptable risk or pricing is inadequate. Each inspection consists of an extensive risk profile questionnaire as well as between 25 to 100 pictures of the insured's place of business. We believe this approach reduces claims frequency.

Focus on niche food and beverage business.

We target niche markets within the food and beverage industry that support adequate pricing and believe we are able to adapt to changing market needs ahead of our competitors through our strategic focus. We develop and deliver specialty insurance products priced to meet our customers' needs and strive to generate consistent underwriting profit. We believe that our extensive experience and expertise specific to underwriting and claims management in the food and beverage industry will allow continued loss ratio improvement in 2016 and going forward. The Company is committed to retaining this underwriting and claim handling expertise as a core competency as the volume of business increases.

Strong market presence with name recognition and long-standing distribution relationships.

We have been writing insurance for the food and beverage industry in Illinois since 1950. Approximately 39% of current total premium is written in Illinois. In the Illinois Department of Insurance 2013 Annual Cost Containment Report, Illinois Casualty was the largest writer of liquor liability insurance in the state by a significant margin.

Liquor Liability	Market Share
Illinois Casualty Co A Mutual Co	25.0%
Underwriters At Lloyds London	15.4%
Society Ins	14.5%
Badger Mutual Ins Co	10.1%
US Ins Co of America	9.7%
Founders Ins Co	6.3%
Capitol Indemnity Corp	2.3%
North Pointe Ins Co	1.6%
Specialty Risk of America	1.5%
RSUI Indemnity Co	1.2%

Great care is taken in building the ICC brand in all states of operation and the Company holds significant market share in nearly all states serviced. Illinois Casualty acknowledges that each state, each agency and each customer is unique. A commitment to quality of product and services is universally important and recognized.

Scalable operations positioned for growth.

Illinois Casualty is focused on automation and operating efficiencies across its core functional areas. We have consistently increased premium per full time equivalent employee for five consecutive years and are positioned to continue that trend with current growth plans. We believe we are well-positioned in both terms of personnel and systems to increase written premiums and to expand into new geographic markets with better than industry level profitability using the efficient operating infrastructure we have developed over the last few years.

Experienced management team.

We are managed by an experienced group of executives led by Arron K. Sutherland, our President and Chief Executive Officer. Mr. Sutherland has served in his current position since June 2010, joined ICC in 2006 and has worked in the insurance industry for over 20 years. Michael R. Smith, our Chief Financial Officer, has served with ICC since 2011. Mr. Smith has more than 20 years of experience in the financial services industry, including 15 years with insurance organizations. Howard J. Beck, our Chief Underwriting Officer, has been with ICC since 2004 and has over 24 years of underwriting experience. Norman D. Schmeichel, our Vice President — Chief Information Officer, has served with ICC since 2002. Mr. Schmeichel has more than 20 years' experience in information technologies and 14 years' experience in the insurance industry. Additionally, Julia B. Suiter, our Chief Legal Officer, has served with ICC since 2009 and has over 20 years' experience in insurance defense and contract law. Rickey Plunkett, our Director of Claims, has served with ICC since 2010 and has over 35 years of experience in the claims field. Kathleen S. Springer, our Director of Human Resources, has served with ICC since 2008 and has over 20 years' experience in benefits, compensation, and talent acquisition and more than 8 years' experience in the insurance industry. As a group, our executive officers have on average more than 20 years' experience in the property and casualty insurance industry.

Products

Illinois Casualty has specialized in the food and beverage industry since 1950. Our product language is based on Insurance Services Offices (ISO) forms, which is an industry standard, but tailored to the specific needs of our clients. We began by writing liquor liability or dram shop insurance and that remains a prominent line of

business today. Commercial property and liability are written in a single policy as a business owners policy (BOP). Illinois Casualty also writes workers compensation and commercial umbrella policies which are written as complementary lines to the BOP and liquor liability and are not offered on a stand-alone basis. As of June 30, 2016, Illinois Casualty writes 4,691 BOP policies, 4,537 liquor liability policies, 1,762 worker's compensation policies and 1,152 commercial umbrella policies. 90.6% of BOP policies and 89.9% of liquor liability policies are for either restaurants or taverns. While we do not currently write commercial auto insurance, we do insure risks associated with the delivery of food or beverage.

Marketing and Distribution

Our commercial insurance product is sold by over 130 independent insurance agents in Illinois, Iowa, Indiana, Minnesota, Missouri, Ohio and Wisconsin. These agencies access multiple insurance companies and are typically established businesses in the communities in which they operate. We view these agents as our primary customers because they are in a position to recommend either our insurance products or those of a competitor to their customers. We consider our relationships with these agencies to be a core strength of the Company.

We manage our producers through quarterly business reviews utilizing various internally generated reports. Our quantitative agency review (QAR) measures each agency on a variety of weighted metrics and ranks them from high to low. The measurement is updated on a weekly basis and is available for all company employees' review.

For the year ended December 31, 2015, only three of our producers were responsible for more than 5% of our direct premiums written and our top 10 producers accounted for approximately 37.8% of direct premiums written.

Our agency partners are supported by our marketing department. These representatives also identify and train new agents. Illinois Casualty conducts regularly scheduled webinars for agents as well as onsite training on company products and services. These include technical training about our products as well as sales training to effectively market our products. We also offer our agents industry specific training that qualifies for continuing education credit for state insurance license requirements.

Agents are compensated through a fixed base commission with an opportunity for profit sharing depending on the producer's premiums written and profitability. Agents receive commission as a percentage of premiums (generally 15% for most lines, except worker's compensation policies which are generally at 7.5%) as their primary compensation from us. Illinois Casualty offers a contingent compensation plan as an incentive for producers to place high-quality business with us and to support our loss control efforts. We believe that the contingent compensation paid to our producers is comparable with those offered by other insurance companies and is designed to reward agents for growth and profitability.

Our marketing efforts are also supported by our Claims, Litigation, Billing, Underwriting and Loss Control Departments. As industry specialists, we are able to offer expertise in all interactions with agents and/or policyholders. For example, our claims philosophy is to provide prompt and efficient service and claims processing, resulting in a positive experience for both the agents and policyholders. We take an aggressive, defense-oriented position on third party liability claims which is recognized and appreciated by our policyholders. We believe that these positive experiences result in higher policyholder retention and create new business opportunities for our agents. While we rely on our agents for front line distribution and customer support, underwriting, billing, loss control and claim handling responsibilities are retained by us. Many of our agents have had direct relationships with us for a number of years.

Underwriting, Risk Assessment and Pricing

Our underwriting philosophy is aimed at consistently generating profits through sound risk selection, stringent loss control and pricing discipline. One key element in sound risk selection is our use of risk

characteristic metrics. Through 66 years of focused underwriting, we have identified predictive metrics of data that many other insurance companies do not recognize or measure. Use of these metrics allows us to more effectively price risks, thereby improving our profitability and allowing us to compete favorably with other insurance carriers. We also are very active in leveraging our onsite loss control inspections. An example would be the monitoring of kitchen fire suppression systems servicing to reduce kitchen fire losses.

Our philosophy is to understand our industry and be disciplined in our underwriting efforts. We will not compromise profitability for top line growth.

Our competitive strategy in underwriting is:

- Maximize the use of available information acquired through a wide variety of industry resources.
- Allow our internal metrics and rating to establish risk pricing and use sound underwriting judgement for risk selection and pricing modification.
- Utilize our risk grading system, which combines both objective and subjective inputs, to quantify desirability of risks and improve our overall risk profile.
- Physically inspect every new insured within the first 60 days of policy binding with our in-house loss control representatives. Our inspection consists of an extensive risk profile questionnaire and includes 25 to 100 electronic photos of the insured's place of business. Inspections that demonstrate that a risk is not desirable is a basis for revoking coverage.
- Provide very high-quality service to our agents and insureds by responding quickly and effectively to information requests and policy submissions. Treat our agents as partners and have the same expectation of them.

Our underwriting department works in teams with each agent assigned to one of three teams. We underwrite our accounts by evaluating each risk with consistently applied standards. Each policy undergoes a thorough evaluation process prior to every renewal.

Our underwriting staff of 24 employees has an average of 12 years of insurance industry experience. Howard J. Beck, our Chief Underwriting Officer, has been with ICC since 2004 and has over 27 years of insurance experience with 20 years of property and casualty underwriting experience.

We strive to be disciplined in our pricing by pursuing targeted rate changes to continually improve our underwriting profitability while still being able to attract and retain profitable customers. Our pricing reviews involve evaluating our claims experience, loss trends, data acquired from inspections, applications and other data sources to identify characteristics that drive the frequency and severity of our claims. These results drive changes to rates and rating metrics as well as understanding what portions of our business are most profitable.

This knowledge and analysis enables us to price risks accurately, improve account retention, and drive profitable new business.

Claims and Litigation Management

Our claims team supports our underwriting strategy by working to provide a timely, good faith claims handling response to our policyholders. Claims excellence is achieved by timely investigation and handling of claims, settlement of meritorious claims for equitable amounts, maintenance of adequate case reserves, and control of claims loss adjustment expenses.

Claims on insurance policies are received directly from the insured or through our independent agents. Our claims department supports our producer relationship strategy by working to provide a consistently responsive level of claim service to our policyholders.

Rick Plunkett, our Director of Claims, supervises a staff of 16 employees with an average of 18 years of experience in processing property and casualty insurance claims. Mr. Plunkett joined ICC in 2010 and has over 35 years of experience in claims management.

Julia B. Suiter, our Chief Legal Officer, supervises a staff of three employees, two of whom are also attorneys. Ms. Suiter joined ICC in 2009 and has been practicing law both in-house and in private practice for 24 years.

Technology

Our technology efforts are focused on supporting our strategy of differentiating ourselves from our competitors through use of data mining, business intelligence solutions, and data analysis to determine profitability of new and existing business and to better price risks that we underwrite.

We have streamlined internal processes to achieve operational efficiencies through the implementation of a policy and claim imaging and workflow system. This system provides online access to electronic copies of policies, quotes, inspections, and any other correspondence enabling our associates to quickly and efficiently underwrite policies and adjust claims as well as respond to our producers' inquiries.

Since the system integrates all aspects of the policy life cycle, from underwriting to billing to claims, we are able to better automate all internal workflows through electronic routing thus lowering costs and providing better service to our customers. This system allows us to leverage loss control data for predictive analytics in both the claims and underwriting areas. For example, in the underwriting area, we can create pricing models taking into account the unique characteristics of our customers, such as neighborhoods, entertainment on site and average alcoholic beverage pricing.

We have implemented best in class virus or malware protections while still enabling our employees to work from any location. We are tested on a periodic basis to ensure our protections are sufficient.

We have the ability to scale since we are almost entirely a paperless organization. This allows us to integrate off-site employees just as if they are in the office. We intend to remain a leader in the industry by utilizing technology and data analysis to price our coverage based on the risk assumed and to both reduce accidents and provide a prompt response to claims.

As part of our disaster recovery program, we utilize a third party backup system to provide a complete copy of our production systems at an off-site location that is updated on a daily basis. We also have a generator that will allow the home office to operate in the event that power or access to our headquarters is disrupted. We test this disaster recovery plan bi-annually as well as continually expand its capabilities to eliminate business interruption to the best of our ability.

Reinsurance

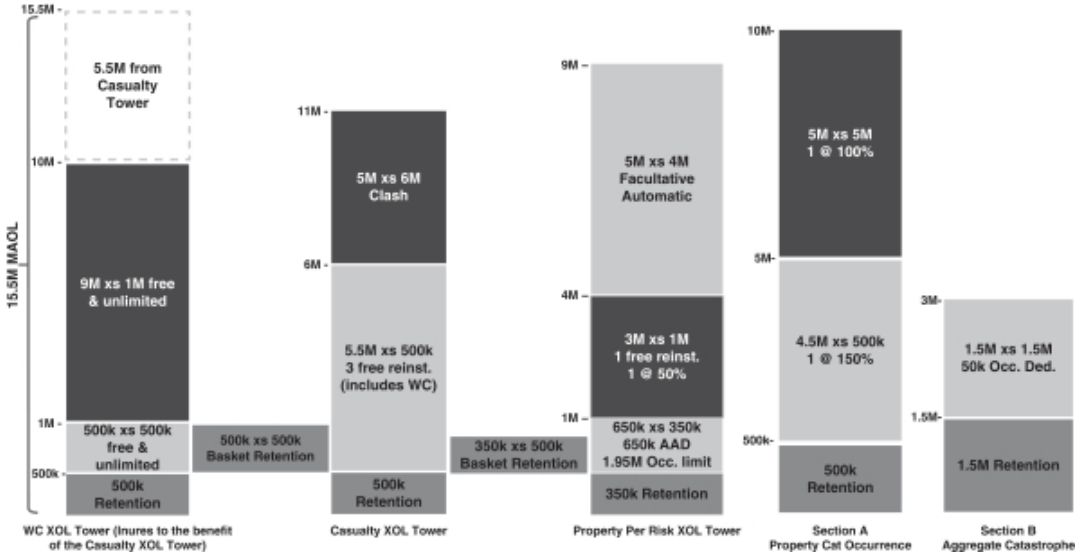
In accordance with insurance industry practice, we reinsure a portion of our exposure and pay to the reinsurers a portion of the premiums received on all policies reinsured. Insurance policies written by us are reinsured with other insurance companies principally to:

- reduce net liability on individual risks;
- mitigate the effect of individual loss occurrences (including catastrophic losses);
- stabilize underwriting results;
- decrease leverage; and
- increase our underwriting capacity.

Reinsurance can be facultative reinsurance or treaty reinsurance. Under facultative reinsurance, each policy or portion of a risk is reinsured individually. Under treaty reinsurance, an agreed-upon portion of a class of business is automatically reinsured. Reinsurance also can be classified as quota share reinsurance, pro rata reinsurance or excess of loss reinsurance. Under quota share reinsurance and pro rata reinsurance, the insurance company issuing the policy cedes a percentage of its insurance liability to the reinsurer in exchange for a like percentage of premiums, less a ceding commission. The company issuing the policy in turn recovers from the reinsurer the reinsurer's share of all loss and loss adjustment expenses incurred on those risks. Under excess of loss reinsurance, an insurer limits its liability to all or a particular portion of the amount in excess of a predetermined deductible or retention. Regardless of type, reinsurance does not legally discharge the insurance company issuing the policy from primary liability for the full amount due under the reinsured policies. However, the assuming reinsurer is obligated to reimburse the company issuing the policy to the extent of the coverage ceded.

We determine the amount and scope of reinsurance coverage to purchase each year based on a number of factors. These factors include the evaluation of the risks accepted, consultations with reinsurance intermediates and a review of market conditions, including the availability and pricing of reinsurance. A primary factor in the selection of reinsurers from whom we purchase reinsurance is their financial strength. Our reinsurance arrangements are generally renegotiated annually. For the year ended December 31, 2015, we ceded to reinsurers $7.8 million of written premiums, compared to $5.6 million of written premiums for the year ended December 31, 2014. For the six months ended June 30, 2016, we ceded to reinsurers $4.1 million of written premiums, compared to $4.1 million of written premiums for the six months ended June 30, 2015.

The chart below illustrates the reinsurance coverage under our excess of loss treaty for individual liability and property risks (with the defined terms listed below the chart):



Term	Meaning
1 @ x%	"1" refers to the number of times that we reinstate the coverage. The number prior to the "%" sign indicates the overall cost to us when reinstating coverage.
Aggregate Catastrophe	An aggregate catastrophe treaty is a reinsurance cover designed to help us manage the effects of multiple extreme weather events on our results.
Basket Retention	Excess liability insurance that attaches once retained losses for several lines of coverage (e.g., Workers compensation, Business Owners Liability, or Liquor Liability) reach a certain specified level. If we have one loss occurrence with $500,000 incurred on both a workers compensation claim and a liquor liability claim, this coverage limits our retention to $500,000 and not $500,000 per claim.
Casualty	For this chart, this refers to our liquor liability, business owners liability, workers compensation and any umbrella policies.
Clash	A reinsurance casualty excess contract requiring two or more policies to be involved in a loss for coverage to apply. We issue separate liability policies that cover liquor exposures, business owner exposures, workers compensation exposures and umbrella exposures.
Free & Unlimited	This refers to the number and cost of reinstating the reinsurance coverage. With this wording, each separate loss occurrences above the retention will be covered by the treaty.
Inures	Our Workers Compensation Reinsurance contracts are first applied to reduce the loss subject to the Casualty XOL contract and are said to inure to the benefit of the Casualty XOL contract.
MAOL	This reinsurance sublimit puts a cap on the maximum loss any one life/claimant can contribute to the reinsurance recoverable.
Per Risk	Reinsurance in which the reinsurance limit and our loss retention apply "per risk," rather than per accident, per event, or in the aggregate.
Retention	The amount of loss and loss adjustment expense retained by us either per occurrence on casualty losses or per risk on property claims
WC	This is short for Workers Compensation.
XOL	This is short for Excess of Loss reinsurance coverage.
xs	This is short for Excess. For example, our Property per Risk tower has three separate contracts providing coverage. The top layer in that tower provides $5.0 million coverage for each risk with losses in excess of $4.0 million.

We retain the first $500,000 of workers compensation losses. Losses in excess of the $500,000 are covered under our workers compensation excess of loss program (WC XOL Tower) up to $1.0 million. Losses above the $1.0 million are then covered under the second workers compensation treaty through $10.0 million. Above $10.0 million, losses would fall back to the casualty tower for an additional $5.5 million of coverage per employee.

Casualty risks (Casualty XOL Tower) (business owners property, liability, liquor liability, umbrella) are covered for $10.5 million in loss above a $500,000 retention for each loss occurrence.

Property per risk excess of loss program (Property Per Risk XOL Tower) provides coverage above our $350,000 retention up to $9.0 million on a treaty basis and facultative for a few risks above that to their full limits.

Property catastrophe reinsurance (Section A Property Cat Occurrence) provides coverage in any one event for $10.0 million of loss in excess of our $500,000 retention.

We also have aggregate catastrophe protection (Section B Aggregate Catastrophe) in the event that catastrophe losses retained by us exceeds $1.5 million in such year. This program allows us to aggregate storms losses where losses exceed $50,000 but fall below the $500,000 occurrence retention.

The insolvency or inability of any reinsurer to meet its obligations to us could have a material adverse effect on our results of operations or financial condition. Our reinsurance providers, the majority of whom are longstanding partners who understand our business, are all carefully selected with the help of our reinsurance broker. We monitor the solvency of reinsurers through regular review of their financial statements and, if available, their A.M. Best ratings. All of our reinsurance partners have at least an “A-” rating from A.M. Best. According to A.M. Best, companies with a rating of “A-” or better “have an excellent ability to meet their ongoing obligations to policyholders.”

The following table sets forth the largest amounts of loss and loss expenses recoverable from reinsurers as of December 31, 2015 (dollars in thousands) and the current A.M. Best Rating of each as of June 30, 2016:

Reinsurance Company	Loss & Loss Expense Recoverable On Unpaid Claims	Percentage of Total Recoverable	A.M. Best Rating
Everest	$ 3,985	20.8%	A+
Partner	3,531	18.4%	A
Lloyd’s Syndicate Number 1414	3,120	16.3%	A
Swiss	2,575	13.4%	A+
Aspen	2,280	11.9%	A
Allied World	1,074	5.6%	A
RenaissanceRe	970	5.1%	A+
Hannover Ruckversicherungs	808	4.2%	A+
TOA	659	3.4%	A+
Endurance	108	0.6%	A
All Other	48	0.3%	A- or better
Total	$ 19,158	100%	

Loss and LAE Reserves

We are required by applicable insurance laws and regulations to maintain reserves for payment of loss and loss adjustment expenses (LAE). These reserves are established for both reported claims and for claims incurred but not reported (IBNR), arising from the policies we have issued. The laws and regulations require that provision be made for the ultimate cost of those claims without regard to how long it takes to settle them or the time value of money. The determination of reserves involves actuarial and statistical projections of what we expect to be the cost of the ultimate settlement and administration of such claims. The reserves are set based on facts and circumstances then known, estimates of future trends in claims severity, and other variable factors such as inflation and changing judicial theories of liability.

Estimating the ultimate liability for losses and LAE is an inherently uncertain process. Therefore, the reserve for losses and LAE does not represent an exact calculation of that liability. Our reserve policy recognizes this uncertainty by maintaining reserves at a level providing for the possibility of adverse development relative to the estimation process. We do not discount our reserves to recognize the time value of money.

When a claim is reported to us, our claims personnel establish a "case reserve" for the estimated amount of the ultimate payment. This estimate reflects an informed judgment based upon general insurance reserving practices and on the experience and knowledge of our claims staff. In estimating the appropriate reserve, our claims staff considers the nature and value of the specific claim, the severity of injury or damage, and the policy provisions relating to the type of loss. Case reserves are adjusted by our claims staff as more information becomes available. It is our policy to resolve each claim as expeditiously as possible.

We maintain IBNR reserves to provide for already incurred claims that have not yet been reported and developments on reported claims. The IBNR reserve is determined by estimating our ultimate net liability for both reported and IBNR claims and then subtracting the case reserves and paid loss and LAE for reported claims.

Each quarter, we compute our estimated ultimate liability using principles and procedures applicable to the lines of business written. However, because the establishment of loss reserves is an inherently uncertain process, we cannot assure you that ultimate losses will not exceed the established loss reserves. Adjustments in aggregate reserves, if any, are reflected in the operating results of the period during which such adjustments are made.

The following table provides information about open claims, reserves, and paid loss and LAE by business line as of June 30, 2016, with dollars in millions.

	As of and for the period ended June 30, 2016				
Line of Business	**Open Claims**	**Total Reserves (1)**	**Case Reserves**	**IBNR Reserves**	**Paid Loss and LAE**
Commercial Multi-Peril (non-liability portion)	180	$ 6.35	$ 4.23	$ 2.11	$ 3.96
Commercial Multi-Peril (liability portion)	489	24.84	14.66	10.19	3.75
Workers Compensation	251	8.36	4.45	3.92	1.96
Other Liability — occurrence	186	17.35	7.19	10.16	2.96
Grand Total	**1,106**	**$ 56.91**	**$ 30.53**	**$ 26.38**	**$ 12.62**

(1) Assumed reserves of $0.48 million are excluded from Total Gross Reserves. Workers Compensation ($0.44 million assumed reserve), BOP Liability ($0.03 million assumed reserve) and Umbrella Liability ($0.01 million assumed reserve) are the only lines of business that have assumed reserves.

The following table provides a reconciliation of beginning and ending unpaid losses and LAE reserve balances of ICC for the periods ended June 30, 2016 and for the years ended December 31, 2015 and 2014, prepared in accordance with GAAP with dollars in thousands.

	June 30, 2016	December 31, 2015
Unpaid losses and LAE at beginning of year:		
Gross	$ 61,056	$ 64,617
Ceded	(19,158)	(25,822)
Net	41,898	38,795
Increase (decrease) in incurred losses and LAE:		
Current year	12,781	24,293
Prior years	(224)	(493)
Total incurred	12,557	23,800
Loss and LAE payments for claims incurred:		
Current year	(2,608)	(6,466)
Prior years	(10,017)	(14,231)
Total paid	(12,625)	(20,697)
Net unpaid losses and LAE at end of period	$ 41,830	$ 41,898

	2015	2014
Unpaid losses and LAE at beginning of year:		
Gross	$ 64,617	$ 57,336
Ceded	(25,822)	(20,994)
Net	38,795	36,342
Increase (decrease) in incurred losses and LAE:		
Current year	24,293	22,267
Prior years	(493)	481
Total incurred	23,800	22,748
Loss and LAE payments for claims incurred:		
Current year	(6,466)	(7,798)
Prior years	(14,231)	(12,497)
Total paid	(20,697)	(20,295)
Net unpaid losses and LAE at end of year	$ 41,898	$ 38,795

The estimation process for determining the liability for unpaid losses and LAE inherently results in adjustments each year for claims incurred (but not paid) in preceding years. Negative amounts reported for claims incurred related to prior years are a result of claims being settled for amounts less than originally estimated (favorable development). Positive amounts reported for claims incurred related to prior years are a result of claims being settled for amounts greater than originally estimated (unfavorable or adverse development).

Reconciliation of Reserve for Loss and Loss Adjustment Expenses

The following table shows the development of our reserves for unpaid loss and LAE from 2006 through 2015 on a GAAP basis. The top line of the table shows the liabilities at the balance sheet date, including losses incurred but not yet reported. The upper portion of the table shows the cumulative amounts subsequently paid as of successive years with respect to the liability. The lower portion of the table shows the reestimated amount of the previously recorded liability based on experience as of the end of each succeeding year. The estimates change as more information becomes known about the frequency and severity of claims for individual years. The redundancy (deficiency) exists when the reestimated liability for each reporting period is less (greater) than the prior liability estimate. The “cumulative redundancy (deficiency)” depicted in the table, for any particular calendar year, represents the aggregate change in the initial estimates over all subsequent calendar years.

Gross deficiencies and redundancies may be significantly more or less than net deficiencies and redundancies due to the nature and extent of applicable reinsurance.

As noted in the table below, since 2006 the Company has consistently selected initial ultimate loss picks that have proven to be redundant over time.

	Year Ended December 31,									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
	(dollars in thousands)									
Liability for unpaid loss and LAE, net of reinsurance recoverables	$25,128	$33,393	$40,040	$39,932	$37,708	$36,204	$35,976	$36,340	$38,795	$41,898
Cumulative amount of liability paid through:										
One year later	8,857	10,115	10,740	11,878	12,926	12,194	12,226	12,442	14,156	—
Two years later	15,014	16,146	19,865	21,240	22,003	21,128	20,870	22,678	—	—
Three years later	18,583	22,419	25,914	27,712	28,749	27,235	27,520	—	—	—
Four years later	21,645	25,498	30,217	31,840	32,561	31,167	—	—	—	—
Five years	23,061	27,696	32,210	34,044	34,429	—	—	—	—	—
Six years	24,070	28,720	33,544	35,179	—	—	—	—	—	—
Seven years	24,605	29,184	34,352	—	—	—	—	—	—	—
Eight years	24,647	29,460	—	—	—	—	—	—	—	—
Nine years	24,811	—	—	—	—	—	—	—	—	—
Liability estimated after:										
One year later	27,093	33,441	37,860	38,222	36,699	35,553	35,151	36,698	38,305	—
Two years later	27,804	32,242	37,709	37,212	36,840	35,763	35,545	36,210	—	—
Three years later	26,624	32,156	36,205	37,239	37,170	36,083	35,418	—	—	—
Four years later	26,770	30,950	35,857	37,099	37,211	35,544	—	—	—	—
Five years	25,874	30,654	35,349	36,689	36,627	—	—	—	—	—
Six years	25,662	30,194	35,111	36,445	—	—	—	—	—	—
Seven years	25,574	30,059	35,201	—	—	—	—	—	—	—
Eight years	25,327	30,120	—	—	—	—	—	—	—	—
Nine years	25,281	—	—	—	—	—	—	—	—	—
Cumulative total redundancy (deficiency)										
Gross liability – end of year	35,692	50,207	59,039	58,295	56,012	51,432	54,623	57,334	64,617	61,056
Reinsurance recoverable	10,564	16,814	18,999	18,363	18,304	15,228	18,647	20,994	25,822	19,158
Net liability – end of year	25,128	33,393	40,040	39,932	37,708	36,204	35,976	36,340	38,795	41,898
Gross re-estimated liability – latest	32,591	40,782	47,648	51,136	54,513	51,054	52,623	53,790	61,837	
Re-estimated reinsurance recoverables – latest	7,310	10,662	12,447	14,691	17,886	15,510	17,205	17,580	23,352	
Net re-estimated liability – latest	25,281	30,120	35,201	36,445	36,627	35,544	35,418	36,210	38,305	
Gross cumulative redundancy (deficiency)	$ 3,101	$ 9,425	$11,391	$ 7,159	$ 1,499	$ 378	$ 2,000	$ 3,544	$ 2,780	

Investments

Our investments in debt and equity securities are classified as available for sale and are carried at fair value with unrealized gains and losses reflected as a component of equity net of taxes. The goal of our investment activities is to complement and support our overall mission. As such, the investment portfolio's goal is to maximize after-tax investment income and price appreciation while maintaining the portfolio's target risk profile.

An important component of our operating results has been the return on invested assets. Our investment objectives are (i) to preserve and grow capital and surplus, in order to improve our competitive position and allow for expansion of insurance operations; (ii) to ensure sufficient cash flow and liquidity to fund expected liability payments and otherwise support our underwriting strategy; (iii) to provide a reasonable and stable level of income; and (iv) to maintain a portfolio which will assist in attaining the highest possible rating from A.M. Best. See "Management's Discussion and Analysis of Financial Condition and Results of Operations —Quantitative and Qualitative Information about Market Risk."

In addition to any investments prohibited by the insurance laws and regulations of Illinois and any other applicable states, our investment policy prohibits the following investments and investing activities:

- short sales;
- purchase of securities on margin;
- hedge funds;
- derivatives;
- investment in commodities;

- mortgage derivatives such as inverse floaters, interest only strips and principal only strips;
- options, puts and futures contracts;
- private placements;
- non-U.S. dollar denominated securities;
- any security that would not be in compliance with the regulations of the Illinois Department of Insurance.

Our board of directors developed our investment policy and reviews the policy periodically. Exceptions to prohibitions discussed above are allowed with express written authority of the investment committee of Illinois Casualty's board of directors, but under no circumstance may such exception exceed 5% of our invested assets.

Our investment portfolio is managed by an independent third party firm.

The following table sets forth information concerning our investments (dollars in thousands).

	At June 30,			
	2016		2015	
	Cost or Amortized Cost	Estimated Fair Value	Cost or Amortized Cost	Estimated Fair Value
U.S. treasury securities	$ 1,244	$ 1,273	$ 539	$ 540
MBS/ABS	19,474	20,052	18,655	18,831
Municipals	12,488	13,733	15,319	16,236
Industrial and Miscellaneous	27,894	29,444	26,228	26,865
Total Debt Securities	61,100	64,502	60,741	62,472
Equity Securities	9,671	9,829	9,099	8,973
Total	$ 70,771	$ 74,331	$ 69,840	$ 71,455

	At December 31,			
	2015		2014	
	Cost or Amortized Cost	Estimated Fair Value	Cost or Amortized Cost	Estimated Fair Value
U.S. treasury securities	$ 1,243	$ 1,233	$ 538	$ 536
MBS/ABS	$ 17,949	$ 18,009	$ 18,101	$ 18,402
Municipals	$ 15,266	$ 16,357	$ 12,677	$ 13,808
Industrial and Miscellaneous	$ 29,537	$ 29,596	$ 29,044	$ 29,879
Total Debt Securities	$ 63,995	$ 65,195	$ 60,360	$ 62,625
Equity Securities	$ 9,282	$ 8,885	$ 9,061	$ 9,151
Total	$ 73,277	$ 74,080	$ 69,421	$ 71,776

The following table summarizes the distribution of our portfolio of fixed maturity investments as a percentage of total estimated fair value based on credit ratings assigned by Standard & Poor's Corporation (S&P) at June 30, 2016 and December 31, 2015 (dollars in thousands).

	June 30, 2016		December 31, 2015	
Rating (1)	Estimated Fair Value	Percent of Total (2)	Estimated Fair Value	Percent of Total (2)
AAA	$ 7,672	11.7%	$ 6,609	10.1%
AA	26,749	40.7%	27,152	41.6%
A	19,678	30.0%	20,623	31.6%
BBB	10,480	15.9%	10,811	16.6%
BB	1,011	1.5%	—	0.0%
B	163	0.2%	—	0.0%
Total	$ 65,753	100.0%	$ 65,195	100.0%

(1) The ratings set forth in this table are based on the ratings assigned by S&P. If S&P's ratings were unavailable, the equivalent ratings supplied by Moody's Investor Service, Fitch Investors Service, Inc. or the NAIC were used where available.
(2) Represents percent of fair value for classification as a percent of the total portfolio.

The table below sets forth the maturity profile of our debt securities at June 30, 2016 and December 31, 2015. Expected maturities could differ from contractual maturities because borrowers may have the right to call or prepay obligations, with or without call or prepayment penalties (dollars in thousands).

	June 30, 2016	
	Amortized Cost	Estimated Fair Value (1)
Less than one year	$ 1,502	$ 1,504
One through five years	16,456	17,065
Five through ten years	17,814	19,320
Greater than ten years	5,853	6,561
MBS/ABS	19,474	20,052
Total debt securities	$ 61,100	$ 64,502

	December 31, 2015	
	Amortized Cost	Estimated Fair Value (1)
Less than one year	$ 1,803	$ 1,807
One through five years	15,147	15,412
Five through ten years	20,685	21,198
Greater than ten years	8,400	8,768
MBS/ABS	17,949	18,010
Total debt securities	$ 63,995	$ 65,195

(1) Debt securities are carried at fair value in our financial statements beginning on page F-2.

At December 31, 2015, the average maturity of our fixed maturity investment portfolio was 6.75 years and the average duration was 4.94 years. As a result, the fair value of our investments may fluctuate significantly in response to changes in interest rates. In addition, we may experience investment losses to the extent our liquidity needs require the disposition of fixed maturity securities in unfavorable interest rate environments.

We use quoted values and other data provided by independent pricing services as inputs in our process for determining fair values of our investments. The pricing services cover substantially all of the securities in our portfolio for which publicly quoted values are not available. The pricing services' evaluations represent an exit price, a good faith opinion as to what a buyer in the marketplace would pay for a security in a current sale. The pricing is based on observable inputs either directly or indirectly, such as quoted prices in markets that are active, quoted prices for similar securities at the measurement date, or other inputs that are observable.

Our independent third party investment manager provides us with pricing information that they obtain from independent pricing services, to determine the fair value of our fixed maturity securities. After performing a detailed review of the information obtained from the pricing service, limited adjustments may be made by the manager to the values provided.

Our average cash and invested assets, net investment income and return on average cash and invested assets for the years ended December 31, 2015 and 2014 were as follows (dollars in thousands):

	2015	2014
Average cash and invested assets	$74,589	$69,007
Net investment income	1,333	1,141
Return on average cash and invested assets (1)	1.8%	1.7%

(1) Return on average cash and invested assets for interim periods is calculated on an annualized basis.

A.M. Best Rating

A.M. Best Company, Inc. ("A.M. Best") rates insurance companies based on factors of concern to policyholders. A.M. Best currently assigns a "B++" (Good) rating to Illinois Casualty Company. This rating is the fifth highest out of 15 rating classifications. The latest rating evaluation by A.M. Best occurred on February 23, 2016. According to the A.M. Best guidelines, companies rated "B++" are considered by A.M. Best to have "a good ability to meet their ongoing insurance obligations." The rating evaluates the claims paying ability of a company, and is not a recommendation on the merits of an investment in our common stock.

In evaluating a company's financial and operating performance, A.M. Best reviews:

- the company's profitability, leverage and liquidity;
- its book of business;
- the adequacy and soundness of its reinsurance;
- the quality and estimated fair value of its assets;
- the adequacy of its reserves and surplus;
- its capital structure;
- the experience and competence of its management; and
- its marketing presence.

In its ratings report on Illinois Casualty, A.M. Best stated that Illinois Casualty's rating reflected ICC's improved operating results and risk-adjusted capitalization over the past five years, the ability of current management to continue to improve rates and grow premium while maintaining a slow growing policy count, ICC's combined ratios trending in a positive direction with results under 100% for 2014 and 2015, traction gained with respect to expense initiatives, strength in loss reserves with redundancies on both an accident and calendar year basis and strong underwriting expertise and a long-standing position within the food and beverage industry in the Midwest. These factors were somewhat offset by ICC's overall weak operating return measures. Although underwriting results are improving, the past five years have fluctuated. A.M. Best has revised ICC's outlook to positive from stable.

Competition

Given our exclusive focus on providing insurance products and services for the food and beverage industry, the market conditions for our business and, accordingly, our competition, varies geographically based upon the states in which we operate and also by the segment of the food and beverage industry (e.g., bars versus fine dining). In the most competitive states in which we operate (Illinois, Indiana and Wisconsin), our primary competitors are insurance companies with products targeting the food and beverage industry, such as Society Mutual Insurance Company in all three states, as well as Badger Mutual Insurance Company, Wilson Mutual Insurance Company and West Bend Mutual Insurance Company in Wisconsin. In other jurisdictions, such as Iowa and Minnesota, we compete with both the carriers with products identified above (such as Badger Mutual

Insurance Company, Wilson Mutual Insurance Company and Founders Insurance Company) and excess and surplus line insurance companies (such as Scottsdale Insurance Company and Lloyd's of London). In other jurisdictions, like Missouri, our primary competitors are larger regional and national insurance companies without a focus on the food and beverage industry (such as Allied Insurance Company, Auto-Owners Insurance Company and Travelers Insurance Company) and excess and surplus line insurance companies (such as EverGuard Insurance Services, Inc. and Lloyd's of London). When evaluating the franchise and fine dining segment of the food and beverage industry, we compete with national insurance carriers, such as Allied Insurance Company, Travelers Insurance Company and The Hartford Insurance Company.

Despite significant competition, we believe we continue to maintain strong market share.

	Number of Eating and Drinking Places in 2015	Number of Locations Insured by ICC at June 30, 2016	Approximate Market Share (%)
Illinois	27,189	2,630	9.7
Iowa	6,129	1,325	21.6
Indiana	11,620	616	5.3
Michigan (1)	16,110	N/A	N/A
Minnesota	9,709	885	9.1
Missouri	10,903	1,006	9.2
Ohio (2)	22,023	N/A	N/A
Wisconsin	12,170	235	1.9
Total	115,853	6,697	5.8
Total (excluding Michigan and Ohio)	77,720	6,697	8.6

Source: National Restaurant Association; ICC

(1) We expect to begin writing premium in Michigan as early as 2017.
(2) We began accepting business in Ohio in August 2016.

Regulation

General

We are subject to extensive regulation, particularly at the state level. The method, extent and substance of such regulation varies by state, but generally has its source in statutes and regulations that establish standards and requirements for conducting the business of insurance and that delegate regulatory authority to state insurance regulatory agencies. In general, such regulation is intended for the protection of those who purchase or use insurance products, not the companies that write the policies. These laws and regulations have a significant impact on our business and relate to a wide variety of matters including accounting methods, agent and company licensure, claims procedures, corporate governance, examinations, investing practices, policy forms, pricing, trade practices, reserve adequacy and underwriting standards.

State insurance laws and regulations require Illinois Casualty to file financial statements with state insurance departments everywhere it does business, and the operations of Illinois Casualty and its accounts are subject to examination by those departments at any time. Illinois Casualty prepares statutory financial statements in accordance with accounting practices and procedures prescribed or permitted by these departments.

Premium rate regulation varies greatly among jurisdictions and lines of insurance. In most states in which our subsidiaries write insurance, premium rates for the various lines of insurance are subject to either prior approval or limited review upon implementation. States require rates for property-casualty insurance that are adequate, not excessive, and not unfairly discriminatory.

Many jurisdictions have laws and regulations that limit an insurer's ability to withdraw from a particular market. For example, states may limit an insurer's ability to cancel or non-renew policies. Laws and regulations that limit cancellation and non-renewal may restrict our ability to exit unprofitable marketplaces in a timely manner.

Examinations

Examinations are conducted by the Illinois Department of Insurance every three to five years. The Illinois Department of Insurance's last examination of Illinois Casualty was in February 2012. The examination did not result in any adjustments to our financial position. In addition, there were no substantive qualitative matters indicated in the examination report that had a material adverse impact on our operations.

NAIC Risk-Based Capital Requirements

In addition to state-imposed insurance laws and regulations, the NAIC has adopted risk-based capital requirements that require insurance companies to calculate and report information under a risk-based formula. These risk-based capital requirements attempt to measure statutory capital and surplus needs based on the risks in a company's mix of products and investment portfolio. Under the formula, a company first determines its "authorized control level" risk-based capital. This authorized control level takes into account (i) the risk with respect to the insurer's assets; (ii) the risk of adverse insurance experience with respect to the insurer's liabilities and obligations, (iii) the interest rate risk with respect to the insurer's business; and (iv) all other business risks and such other relevant risks as are set forth in the risk-based capital instructions. A company's "total adjusted capital" is the sum of statutory capital and surplus and such other items as the risk-based capital instructions may provide. The formula is designed to allow state insurance regulators to identify weakly capitalized companies.

The requirements provide for four different levels of regulatory attention. The "company action level" is triggered if a company's total adjusted capital is less than 2.0 times its authorized control level but greater than or equal to 1.5 times its authorized control level. At the company action level, the company must submit a comprehensive plan to the regulatory authority that discusses proposed corrective actions to improve the capital position. The "regulatory action level" is triggered if a company's total adjusted capital is less than 1.5 times but greater than or equal to 1.0 times its authorized control level. At the regulatory action level, the regulatory authority will perform a special examination of the company and issue an order specifying corrective actions that must be followed. The "authorized control level" is triggered if a company's total adjusted capital is less than 1.0 times but greater than or equal to 0.7 times its authorized control level; at this level the regulatory authority may take action it deems necessary, including placing the company under regulatory control. The "mandatory control level" is triggered if a company's total adjusted capital is less than 0.7 times its authorized control level; at this level the regulatory authority is mandated to place the company under its control. The capital levels of Illinois Casualty have never triggered any of these regulatory capital levels. We cannot assure you, however, that the capital requirements applicable to Illinois Casualty will not increase in the future.

NAIC Ratios

The NAIC also has developed a set of 13 financial ratios referred to as the Insurance Regulatory Information System (IRIS). On the basis of statutory financial statements filed with state insurance regulators, the NAIC annually calculates these IRIS ratios to assist state insurance regulators in monitoring the financial condition of insurance companies. The NAIC has established an acceptable range for each of the IRIS financial ratios. If four or more of its IRIS ratios fall outside the range deemed acceptable by the NAIC, an insurance company may receive inquiries from individual state insurance departments. During each of the years ended December 31, 2015, 2014 and 2013, Illinois Casualty did not produce results outside the acceptable range for any of the IRIS tests.

Enterprise Risk Assessment

In 2012, the NAIC adopted the NAIC Amendments. The NAIC Amendments, when adopted by the various states, are designed to respond to perceived gaps in the regulation of insurance holding company systems in the United States. One of the major changes is a requirement that an insurance holding company system's ultimate controlling person submit annually to its lead state insurance regulator an "enterprise risk report" that identifies activities, circumstances or events involving one or more affiliates of an insurer that, if not remedied properly, are likely to have a material adverse effect upon the financial condition or liquidity of the insurer or its insurance holding company system as a whole. Other changes include requiring a controlling person to submit prior notice to its domiciliary insurance regulator of its divestiture of control, having detailed minimum requirements for cost sharing and management agreements between an insurer and its affiliates and expanding of the agreements between an insurer and its affiliates to be filed with its domiciliary insurance regulator. In addition, in 2012 the NAIC adopted the Own Risk Solvency Assessment (ORSA) Model Act. The ORSA Model Act, when adopted by the various states, will require an insurance holding company system's chief risk officer to submit at least annually to its lead state insurance regulator a confidential internal assessment appropriate to the nature, scale and complexity of an insurer, conducted by that insurer of the material and relevant risks identified by the insurer associated with an insurer's current business plan and the sufficiency of capital resources to support those risks. Although Illinois Casualty is exempt from ORSA because of its size, ICC intends to incorporate those elements of ORSA that it believes constitute "best practices" into its annual internal enterprise risk assessment.

Market Conduct Regulation

State insurance laws and regulations include numerous provisions governing trade practices and the marketplace activities of insurers, including provisions governing the form and content of disclosure to consumers, illustrations, advertising, sales practices and complaint handling. State regulatory authorities generally enforce these provisions through periodic market conduct examinations.

Property and Casualty Regulation

Our property and casualty operations are subject to rate and policy form approval, as well as laws and regulations covering a range of trade and claim settlement practices. State insurance regulatory authorities have broad discretion in approving an insurer's proposed rates. The extent to which a state restricts underwriting and pricing of a line of business may adversely affect an insurer's ability to operate that business profitably in that state on a consistent basis.

State insurance laws and regulations require us to participate in mandatory property-liability "shared market," "pooling" or similar arrangements that provide certain types of insurance coverage to individuals or others who otherwise are unable to purchase coverage voluntarily provided by private insurers. Shared market mechanisms include assigned risk plans and fair access to insurance requirement or "FAIR" plans. In addition, some states require insurers to participate in reinsurance pools for claims that exceed specified amounts. Our participation in these mandatory shared market or pooling mechanisms generally is related to the amount of our direct writings for the type of coverage written by the specific arrangement in the applicable state. We cannot predict the financial impact of our participation in these arrangements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Other Segment."

Guaranty Fund Laws

All states have guaranty fund laws under which insurers doing business in the state can be assessed to fund policyholder liabilities of insolvent insurance companies. Under these laws, an insurer is subject to assessment depending upon its market share in the state of a given line of business. For the six months ended June 30, 2016 and for the years ended December 31, 2015 and 2014, we incurred approximately $0, $103,000 and $0, respectively, in assessments pursuant to state insurance guaranty association laws. We establish reserves relating to insurance

companies that are subject to insolvency proceedings when we are notified of assessments by the guaranty associations. We cannot predict the amount and timing of any future assessments on Illinois Casualty under these laws. See “Management’s Discussion and Analysis of Financial Condition and Results of Operations — Other Segment.”

Federal Regulation

The U.S. federal government generally has not directly regulated the insurance industry except for certain areas of the market, such as insurance for flood, nuclear and terrorism risks. However, the federal government has undertaken initiatives or considered legislation in several areas that may impact the insurance industry, including tort reform, corporate governance and the taxation of reinsurance companies. The Dodd-Frank Act established the Federal Insurance Office which is authorized to study, monitor and report to Congress on the insurance industry and to recommend that the Financial Stability Oversight Council designate an insurer as an entity posing risks to the U.S. financial stability in the event of the insurer’s material financial distress or failure. In December 2013, the Federal Insurance Office issued a report on alternatives to modernize and improve the system of insurance regulation in the United States, including by increasing national uniformity through either a federal charter or effective action by the states. Changes to federal legislation and administrative policies in several areas, including changes in federal taxation, can also significantly impact the insurance industry and us.

Sarbanes-Oxley Act of 2002

Enacted in 2002, the stated goals of the Sarbanes-Oxley Act of 2002, or SOX, are to increase corporate responsibility, to provide for enhanced penalties for accounting and auditing improprieties at publicly traded companies and to protect investors by improving the accuracy and reliability of corporate disclosures pursuant to the securities laws. We will become subject to most of the provisions of the SOX immediately after completion of this offering.

The SOX includes very specific disclosure requirements and corporate governance rules and requires the SEC and securities exchanges to adopt extensive additional disclosure, corporate governance and other related regulations.

Terrorism Risk Insurance Act of 2002

In January 2015, Congress passed the Terrorism Risk Insurance Program Reauthorization Act of 2015, which amended and extended the Terrorism Insurance Program through December 31, 2020. Under this law, coverage provided by an insurer for losses caused by certified acts of terrorism is partially reimbursed by the United States under a formula under which the government pays 85% of covered terrorism losses exceeding a prescribed deductible. Under the new law, the government’s percentage of compensation for losses will be reduced during each program year by 1% until it equals 80%. The act limits an insurer’s exposure to certified terrorist acts (as defined by the act) to the prescribed deductible amount. The insurance industry’s aggregate deductible (currently $27.5 billion) will increase by $2 billion per calendar year until it equals $37.5 billion. Each insurer’s deductible is capped at 20% of the insurer’s direct earned premium for commercial property and casualty policies. Coverage under the act must be offered to all property, casualty and surety insureds.

The new law also amended the Gramm-Leach-Bliley Act to establish the National Association of Registered Agents and Brokers as a nonprofit corporation with the purpose of prescribing licensing and producer qualification requirements and conditions on a multi-state basis.

Privacy

As mandated by the Gramm-Leach-Bliley Act, states continue to promulgate and refine laws and regulations that require financial institutions, including insurance companies, to take steps to protect the privacy of certain consumer and customer information relating to products or services primarily for personal, family or household purposes. A recent NAIC initiative that affected the insurance industry was the adoption in 2000 of the Privacy of Consumer Financial and Health Information Model Regulation, which assisted states in promulgating regulations to

comply with the Gramm-Leach-Bliley Act. In 2002, to further facilitate the implementation of the Gramm-Leach-Bliley Act, the NAIC adopted the Standards for Safeguarding Customer Information Model Regulation. Several states have now adopted similar provisions regarding the safeguarding of customer information. ICC has implemented procedures to comply with the Gramm-Leach-Bliley Act's related privacy requirements.

OFAC

The Treasury Department's Office of Foreign Asset Control (OFAC) maintains a list of "Specifically Designated Nationals and Blocked Persons" (the SDN List). The SDN List identifies persons and entities that the government believes are associated with terrorists, rogue nations or drug traffickers. OFAC's regulations prohibit insurers, among others, from doing business with persons or entities on the SDN List. If the insurer finds and confirms a match, the insurer must take steps to block or reject the transaction, notify the affected person and file a report with OFAC.

JOBS Act

We are an "emerging growth company," as defined in the Jumpstart Our Business Startups Act of 2012 (the "JOBS Act"), and we may take advantage of certain exemptions from various reporting requirements that are applicable to other public companies that are not emerging growth companies, such as reduced public company reporting, accounting and corporate governance requirements. We currently avail ourselves of the reduced disclosure obligations regarding executive compensation.

Section 107 of the JOBS Act also provides that an "emerging growth company" can take advantage of the extended transition period provided in Section 7(a)(2)(B) of the Securities Act for complying with new or revised accounting standards. In other words, an "emerging growth company" can delay the adoption of certain accounting standards until those standards would otherwise apply to private companies. We have taken advantage of the extended transition period provided by Section 107 of the JOBS Act. However, we may decided to comply with the effective dates for financial accounting standards applicable to emerging growth companies at a later date in compliance with the requirements in Sections 107(b)(2) and (3) of the JOBS Act. If we do so, we will prominently disclose this decision in the first periodic report or registration statement following our decision, and such decision is irrevocable.

We will remain an "emerging growth company" for up to five years following our IPO, or until the earliest of (i) the last day of the first fiscal year in which our annual gross revenue exceeds $1 billion, (ii) the date that we become a "large accelerated filer" as defined in Rule 12b-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which would occur if the market value of our common stock that is held by non-affiliates exceeds $700 million as of the last business day of our most recently completed second fiscal quarter, or (iii) the date on which we have issued more than $1 billion in non-convertible debt during the preceding three year period.

In addition, as an emerging growth company, we are exempt from Section 14A (a) and (b) of the Securities Exchange Act of 1934, which require shareholder approval of executive compensation and golden parachutes.

Dividends

Illinois law sets the maximum amount of dividends that may be paid by Illinois Casualty during any twelve-month period after notice to, but without prior approval of, the Illinois Department of Insurance. This amount cannot exceed the greater of 10% of the insurance company's surplus as regards policyholders as reported on the most recent annual statement filed with the Illinois Department of Insurance, or the insurance company's statutory net income for the period covered by the annual statement as reported on such statement. As of December 31, 2015, the amount available for payment of dividends by Illinois Casualty in 2015 without the prior approval of the Illinois Department of Insurance is approximately $2.7 million. "Extraordinary dividends" in excess of the foregoing limitations may only be paid with prior notice to, and approval of, the Illinois Department of Insurance. See "Dividend Policy."

Holding Company Laws

Most states have enacted legislation that regulates insurance holding company systems. Each insurance company in a holding company system is required to register with the insurance supervisory agency of its state of domicile and furnish certain information. This includes information concerning the operations of companies within the holding company group that may materially affect the operations, management or financial condition of the insurers within the group. Pursuant to these laws, the Illinois Department of Insurance requires disclosure of material transactions involving Illinois Casualty and its affiliates, and requires prior notice and/or approval of certain transactions, such as “extraordinary dividends” distributed by Illinois Casualty. Under these laws, the Illinois Department of Insurance also has the right to examine us at any time.

All transactions within our consolidated group affecting Illinois Casualty must be fair and equitable. Notice of certain material transactions between Illinois Casualty and any person or entity in our holding company system will be required to be given to the Illinois Department of Insurance. Certain transactions cannot be completed without the prior approval of the Illinois Department of Insurance.

Approval of the state insurance commissioner is required prior to any transaction affecting the control of an insurer domiciled in that state. In Illinois, the acquisition of 10% or more of the outstanding voting securities of an insurer or its holding company is presumed to be a change in control. Illinois law also prohibits any person or entity from (i) making a tender offer for, or a request or invitation for tenders of, or seeking to acquire or acquiring any voting security of a Illinois insurer if, after the acquisition, the person or entity would be in control of the insurer, or (ii) effecting or attempting to effect an acquisition of control of or merger with a Illinois insurer, unless the offer, request, invitation, acquisition, effectuation or attempt has received the prior approval of the Illinois Department of Insurance.

Legal Proceedings

ICC is a party to litigation in the normal course of business. Based upon information presently available to us, we do not consider any litigation to be material. However, given the uncertainties attendant to litigation, we cannot assure you that our results of operations and financial condition will not be materially adversely affected by any litigation.

Properties

Our headquarters are located at 225 20th Street, Rock Island, Illinois. We own this approximately 24,000 square foot facility. We also own and operate investment property, including an assisted living facility which we acquired in 2016.

As of September 1, 2016, we had 93 full-time equivalent employees. None of these employees are covered by a collective bargaining agreement, and we believe that our employee relations are good.

THE CONVERSION AND OFFERING

As a mutual insurance company, Illinois Casualty does not have shareholders. It has members. The members of Illinois Casualty are the policyholders of Illinois Casualty Company. The members of Illinois Casualty are entitled to elect directors and to approve fundamental transactions such as this conversion. In an insurance company organized as a stock institution, policyholders have no governance rights, which reside with shareholders, and instead have only contractual rights under their insurance policies.

General

On February 16, 2016, the board of directors of Illinois Casualty unanimously adopted the plan of conversion, which was amended and restated on June 14, 2016, subject to the approval of the Illinois Department of Insurance and the members of Illinois Casualty. The Illinois Department of Insurance is continuing its review our application. Approval by the Illinois Department of Insurance is not a recommendation or endorsement of the offering. The plan of conversion is also subject to the approval of the members of Illinois Casualty as of February 16, 2016, by the affirmative vote of at least two-thirds of the votes cast at a special meeting to be held on , 2016.

The plan of conversion provides that we will offer shares of our common stock for sale in a subscription offering to eligible members of Illinois Casualty, our employee stock ownership plan (ESOP), and the directors, officers and employees of ICC. In addition, we expect to offer the shares of common stock not subscribed for in the subscription offering, if any, for sale in a community offering commencing during or upon completion of the subscription offering and in a subsequent syndicated community offering. The community offering includes sales to certain investors who have agreed to purchase up to 1,400,000 shares of our common stock. See “— Subscription Offering and Subscription Rights”, “— Community Offering” and “— Investor Agreements”. We have the right to accept or reject, in whole or in part, any order to purchase shares of common stock received in the community offering or syndicated community offering, except for up to 1,400,000 shares of our common stock to certain investors pursuant to their respective purchase agreements.

The conversion will be accomplished by the filing of amended and restated articles of incorporation for Illinois Casualty with the Illinois Secretary of State. These amended and restated articles will, among other things, create and authorize the issuance of shares of capital stock of the converted company.

Upon the conversion, all of the outstanding shares of common stock of the converted Illinois Casualty will be issued to ICC Holdings, Inc., and Illinois Casualty will then become a wholly owned stock subsidiary of ICC Holdings, Inc. The conversion will be effected only if subscriptions and orders are received and accepted for at least 2,720,000 shares of common stock and the members of Illinois Casualty as of February 16, 2016 approve the plan of conversion. The conversion will be accounted for as a simultaneous reorganization, recapitalization and share offering that will not change the historical accounting basis of Illinois Casualty’s consolidated financial statements.

A copy of the plan of conversion is available by contacting ICC Holdings, Inc.’s principal executive offices located at 225 20th Street, Rock Island, Illinois 61201. A copy of the plan also was sent to each member of Illinois Casualty as of February 16, 2016 along with the notice of the special meeting. The plan also is filed as an exhibit to the registration statement of which this prospectus is a part. Copies of the registration statement and attachments may be obtained from the SEC. See “Additional Information.”

Illinois Conversion Act

Illinois Casualty is converting from a mutual insurance company to a stock insurance company under the Illinois law governing the conversion of mutual insurance companies (the “Illinois Conversion Act”). The Illinois Conversion Act requires the mutual insurance company to adopt a plan of conversion that grants each eligible member of the mutual insurance company subscription rights and to give eligible members the first right to purchase the capital stock of the converted stock company. The eligible members must have the subscription right,

prior to the right of any other person, to purchase in the aggregate 100% of the capital stock of the converted stock company. The law defines "eligible member" as a member who, on the records of the mutual insurance company and pursuant to its articles of incorporation or bylaws, is deemed to be a holder of a membership interest in the mutual company on the date the plan of conversion is adopted. Therefore, policyholders of the converting mutual company on the date the plan is adopted must have the first right to purchase shares in the offering, and collectively they must have the right to purchase all of the shares being offered.

The Illinois Conversion Act also requires that the plan of conversion provide that if the eligible members do not purchase all of the shares being offered, the remaining shares must be sold in a public offering through an underwriter. However, if the number of shares of capital stock not subscribed for by the eligible members is so small or the additional time or expense required for a public offering would be otherwise unwarranted under the circumstances, the plan of conversion may provide for the purchase of the unsubscribed shares of capital stock by a private placement or other alternative method approved by the Director of the Illinois Department of Insurance that is fair and equitable to the eligible members. The law states that the total price of the capital stock offered for sale in the offering must be equal to the estimated pro forma market value of the converted stock company based upon an independent valuation by a qualified expert. The pro forma market value may be the value that is estimated to be necessary to attract full subscription for the shares as indicated by the independent valuation. Traditionally, as in mutual to stock conversions for both mutual insurance companies and mutual savings banks, the independent valuation expert selects a midpoint valuation and then sets the offering range, with the minimum being 15% below the midpoint valuation and the maximum being 15% above the midpoint. This results in a minimum dollar amount and a maximum dollar amount for the offering. For more information on the valuation obtained by Illinois Casualty, see "The Valuation" below.

After adoption of the plan of conversion by the mutual insurance company's board of directors, the plan is submitted to the Illinois Department of Insurance for review and approval. The Illinois Department of Insurance shall approve the plan of conversion upon finding that: (i) the provisions of the Illinois Conversion Act have been complied with, (ii) the plan of conversion will not prejudice the interests of the members, and (iii) the plan of conversion's method of allocating subscription rights is fair and equitable. A mutual insurance seeking approval from the Illinois Department of Insurance must file, prior to eligible members' approval of the plan of conversion, the following documents for the Department's review and approval: (a) the plan of conversion, including the independent evaluation of pro forma market value required by the Illinois Conversion Act; (b) the form of notice of meeting of eligible members; (c) any proxies to be solicited from eligible members in connection with this meeting; (d) the form of notice for persons whose policies are issued after adoption of the plan of conversion but before its effective date; and (e) the proposed articles of incorporation and bylaws of the converted stock company. Once filed, these documents shall be approved or disapproved by the Illinois Department of Insurance within a reasonable time. After the eligible members have approved the plan of conversion, the converted stock company shall file with the Illinois Department of Insurance the minutes of the meeting of the eligible members at which the plan of conversion was voted upon and the revised articles of incorporation and bylaws of the converted stock company. The Illinois Department of Insurance may retain, at the mutual company's expense, any qualified expert not otherwise a part of the staff of the Illinois Department of Insurance to assist in reviewing the plan of conversion and the independent evaluation of the pro forma market value.

Offering of Common Stock

In connection with the conversion, we are offering shares of common stock to eligible members of Illinois Casualty, our ESOP, the directors, officers and employees of Illinois Casualty and the general public. The offering to eligible members, the ESOP and Illinois Casualty's directors, officers and employees is referred to as the subscription offering because each of those constituents will receive subscription rights to purchase common stock in the following order of priority:

- eligible members of Illinois Casualty, who are defined in the plan of conversion as the policyholders of Illinois Casualty Company under policies of insurance in place as of February 16, 2016;

- our ESOP; and
- the directors, officers and employees of ICC who are not eligible policyholders under the first category above.

The shares being purchased by each of the ESOP and our directors and officers are being acquired and held for investment purposes, and not for resale. Our plan of conversion and Illinois law requires that our officers and directors not sell stock purchased pursuant to the conversion within one year after the effective date of their issuance in the conversion. For more information regarding these exceptions, see "The Conversion and Offering — Proposed Management Purchases."

Our ESOP has the right to purchase shares in this offering in an amount equal to 10.0% of the shares sold in the offering. The subscription rights of Illinois Casualty's directors, officers and employees are subordinate to the subscription rights of the eligible members, the investors and our ESOP.

In the community offering phase, shares of common stock are being offered to members of the general public, individuals in our market area and certain investors known to historically invest in mutual-to-stock conversion offerings with preference given to, first, investors who have entered into investment agreement with us and, secondarily, policyholders under policies of insurance issued by Illinois Casualty after February 16, 2016 (who are also members of Illinois Casualty) and insurance producers who have produced business for Illinois Casualty within twelve months prior to the date of their subscription.

If subscriptions and orders are not received for all of the shares available in the subscription and community offerings, we may offer the remaining available shares to the general public in a syndicated community offering managed by Griffin on a best efforts basis. The syndicated community offering may be conducted concurrently with or subsequent to the subscription offering and community offering.

Because of the purchase agreements with certain identified investors, at this time, we do not anticipate selling more than 3,500,000 shares of common stock in this offering or selling shares to the public in a syndicated community offering. See "— The Community Offerings" and "— The Syndicated Community Offering." Shares purchased by the ESOP and shares acquired from the conversion of outstanding surplus notes of Illinois Casualty in this offering are counted towards this 3,500,000 threshold.

The completion of this offering is subject to market conditions and other factors beyond our control. If the offering is not completed, our capital structure will remain unchanged. In that event, Illinois Casualty will continue to be a mutual insurance company, and all funds received with order forms will be promptly returned to purchasers without interest.

Effect of Offering on Members of Illinois Casualty

A policyholder of Illinois Casualty must have an effective policy of Illinois Casualty in order to be a member of Illinois Casualty. Except for those rights related to insurance coverages, the members of Illinois Casualty are entitled to vote for the election of directors and on certain other corporate transactions. These voting rights are similar to those held by shareholders. However, this membership interest, unlike shares held by shareholders, has no market value because it cannot be separated from the underlying insurance policy and, in any event, is not transferable.

Upon completion of the conversion and the issuance of all its outstanding shares of common stock, Illinois Casualty will be a stock insurance company and wholly owned subsidiary of ICC Holdings, Inc. All membership interests in Illinois Casualty held by the policyholders of Illinois Casualty will terminate. However, the conversion will have no effect on the contractual rights of the policyholders of Illinois Casualty.

If the plan of conversion is not approved by at least two-thirds of the votes cast by the members of Illinois Casualty as of February 16, 2016, or if the conversion fails to be completed for any other reason, Illinois Casualty will continue as a mutual company and Illinois Casualty's corporate structure will be unchanged. In this case, the members of Illinois Casualty will retain the membership rights described above.

Continuity of Insurance Coverage and Business Operations

This conversion will not change the insurance protection or premiums under individual insurance policies with Illinois Casualty. During and after the conversion, the normal business of issuing insurance policies will continue without change or interruption. After the conversion, we will continue to provide services to policyholders under current policies. Each member of the board of directors of ICC Holdings, Inc. is also a member of the board of directors of Illinois Casualty and will continue to serve on such board of directors after the conversion. See "Management — Directors and Officers." All of our officers at the time of the offering will retain their same positions after the conversion.

Voting Rights

As members, the policyholders of Illinois Casualty have certain voting rights in Illinois Casualty. After the conversion, all of the voting rights of the policyholders in Illinois Casualty will cease. Policyholders of Illinois Casualty will no longer be members of Illinois Casualty and will no longer have the right to elect the directors of Illinois Casualty or approve transactions involving Illinois Casualty. Instead, voting rights in Illinois Casualty will be held by ICC Holdings, Inc., which will own all of the outstanding capital stock of Illinois Casualty. Voting rights in ICC Holdings, Inc. will be held by the shareholders of ICC Holdings, Inc., subject to the terms of the articles of incorporation and bylaws of ICC Holdings, Inc. and to the provisions of Pennsylvania and federal law. See "Description of the Capital Stock — Common Stock" for a description of our common stock.

Subscription Offering and Subscription Rights

In accordance with the plan of conversion, rights to subscribe for the purchase of our common stock have been granted to the following persons, listed in order of priority:

- "eligible members" (as they are referred to in the plan of conversion), which means a person or entity who is the named insured under an insurance policy issued by Illinois Casualty that is issued and in force as of the close of business on February 16, 2016;
- our ESOP; and
- the directors, officers and employees of Illinois Casualty as of the closing date of the offering.

At February 16, 2016, Illinois Casualty had approximately 6,635 eligible members, which equaled the number of policyholders of Illinois Casualty as of that date.

All subscriptions received will be subject to the availability of common stock after satisfaction of all subscriptions of all persons having prior rights in the subscription offering and to the maximum and minimum purchase limitations set forth in the plan of conversion and as described below under "— Limitations on Purchases of Common Stock."

Priority 1: Eligible Members. Each eligible member will receive, without payment, nontransferable subscription rights to purchase shares, subject to the overall purchase limitations described below. See "— Limitations on Purchases of Common Stock."

If there are not sufficient shares available to satisfy all subscriptions by eligible members, shares will be allocated first among subscribing eligible members so as to permit each such eligible member, to the extent

possible, to purchase the lesser of: (i) the number of shares for which he or she subscribed, or (ii) 1,000 shares. Any shares remaining after such allocation will be allocated among the subscribing eligible members whose subscriptions remain unfilled on a pro rata basis based on the amount that each eligible member subscribed to purchase, provided that no fractional shares will be issued.

Priority 2: ESOP. The ESOP will receive, without payment, second priority, nontransferable subscription rights to purchase, in the aggregate, that number of shares equal to 10.0% of the shares of common stock to be issued in the offering. The ESOP intends to purchase 10.0% of the shares of common stock, or between 272,000 shares and 408,889 shares, based on the minimum and adjusted maximum of the offering range, respectively. Subscriptions by the ESOP will not be aggregated with shares of common stock purchased directly by or which are otherwise attributable to any other participants in the offering, including subscriptions of any of Illinois Casualty's directors, officers, or employees. Any oversubscription by the eligible members will not reduce the number of shares that the ESOP may purchase in the offering. In that event, the number of shares to be issued in the offering will be increased by such number of shares as is necessary to permit the ESOP to purchase 10.0% of the total number of shares issued in the offering. See "Management — Benefit Plans and Employment Agreements — Employee Stock Ownership Plan," and "— Limitations on Purchases of Common Stock."

Priority 3: Directors, Officers, and Employees. To the extent that there are sufficient shares remaining after satisfaction of all subscriptions by eligible members, the investors and the ESOP, then each of Illinois Casualty's directors, officers, and employees will each receive, without payment, third priority, nontransferable subscription rights to purchase up to 5% of the total shares of common stock sold in the offering. The ability of the directors, officers, and employees to purchase common stock under this category is in addition to rights that are otherwise available to them under the plan of conversion if they fall within higher priority categories, provided that they do not exceed the 5% share limitation on purchases set forth in the preceding sentence. See "— Limitations on Purchases of Common Stock." For information as to the number of shares proposed to be purchased by the directors and executive officers, see "— Proposed Management Purchases."

In the event of an oversubscription among the directors, officers, or employees, any available shares will be allocated on a pro rata basis based on the amount that each person subscribed to purchase.

Community Offering

To the extent that shares remain available for purchase after satisfaction of all subscriptions of eligible members, the ESOP, and the directors, officers and employees in the subscription offering described above, we expect to accept offers received in the community offering to the extent of any remaining shares, including to the investors. The community offering, if any, will commence at the same time as, during, or promptly after the subscription offering and will end no later than 45 days after the end of the subscription offering.

In the community offering, after satisfying our contractual obligations to certain investors pursuant to their respective purchase agreements, we, in our sole and absolute discretion, may give preference to orders received from named insureds under policies of insurance issued by Illinois Casualty after February 16, 2016 (who are also members of Illinois Casualty) and insurance producers who have produced business for Illinois Casualty within twelve months prior to the date of their subscription before proceeding to accept orders from the general public.

Subject to the preferences described above and our contractual obligation to certain investors pursuant to their respective purchase agreements with us, the common stock offered in the community offering will be offered and sold in a manner designed to achieve a wide distribution of the common stock. In the event of oversubscription, subject to the preferences described above, the terms of the plan of conversion, our contractual obligation to sell up to 1,400,000 shares of our common stock to certain investors pursuant to their respective purchase agreements and our right to otherwise accept or reject, in our sole discretion, any order received in the community offering, any available shares will be allocated so as to permit each person whose order is accepted in the community offering to purchase, to the extent possible, the lesser of 1,000 shares and the number of shares subscribed for by such person. Thereafter, any available shares will be allocated among accepted orders that have not been filled on a pro rata basis based on the amount each person subscribed to purchase.

The opportunity to submit an order for shares of common stock in the community offering is subject to our right, in our sole discretion, to accept or reject any such orders in whole or in part either at the time of receipt of an order or as soon as practicable following the expiration of the community offering.

Investors. We have entered into agreements with certain investors to purchase up to 1,400,000 shares of our common stock. Their purchase obligations would be satisfied prior to the sale of any shares to any other participants in the community offering or syndicated community offering. For additional information, see "The Conversion and Offering — Investor Agreements" and "Risk Factors- Risks Related to the Ownership of Our Common Stock — A small number of shareholders will collectively own a substantial portion of our common stock and voting power, and, because of restrictions on their ability to buy or sell our shares, our public float will be limited."

Syndicated Community Offering

As a final step in the offering, if there are any shares of common stock not purchased in the subscription and community offerings, they may be offered for sale to the public in a syndicated community offering. This syndicated community offering would be commenced at our sole discretion. A syndicated community offering would be made through a group of registered broker-dealers to be formed and managed by Griffin on our behalf. We would reserve the right to reject orders in whole or part in our sole discretion in a syndicated community offering. Neither Griffin nor any registered broker-dealer will have any obligation to take or purchase any shares of the common stock in the syndicated community offering. However, Griffin has agreed to use its best efforts in the sale of shares in any syndicated community offering.

The price at which common stock would be sold in the syndicated community offering would be $10.00 per share. Shares of common stock purchased in the syndicated community offering would be combined with purchases in the subscription and community offerings for purposes of this offering's maximum purchase limitation of 5% of the total shares sold in the offering.

If a syndicated community offering is held, Griffin will serve as sole book-running manager. In such capacity, Griffin may form a syndicate of other broker-dealers who are Financial Industry Regulatory Authority member firms. Neither Griffin nor any registered broker-dealer will have any obligation to take or purchase any shares of common stock in the syndicated community offering. The syndicated community offering will be conducted in accordance with certain Securities and Exchange Commission rules applicable to best efforts offerings. Generally, under those rules, Griffin, in its capacity as a broker-dealer, will deposit funds it receives prior to closing from interested investors into a separate noninterest-bearing bank account. If and when all the conditions for the closing are met, funds for common stock sold in the syndicated community offering will be promptly delivered to us. If the offering is consummated, but some or all of an interested investor's funds are not accepted by us, those funds will be returned to the interested investor promptly, without interest. If the offering is not consummated, funds in the account will be promptly returned, without interest, to the potential investor. Normal customer ticketing will be used for order placement. In the syndicated community offering, order forms will not be used.

A syndicated community offering, if necessary, will terminate no more than 45 days after the end of the subscription offering.

Stock Pricing and Number of Shares to be Issued

The plan of conversion requires that the purchase price of the common stock be based on a valuation of our estimated consolidated pro forma market value. The valuation must be in the form of a range consisting of a midpoint valuation, a valuation fifteen percent (15%) above the midpoint valuation and a valuation fifteen percent (15%) below the midpoint valuation. Feldman Financial has determined that, as of April 29, 2016, our estimated consolidated pro forma market value is between $27.2 million and $36.8 million.

Under the plan of conversion, the total purchase price of the common stock to be sold in the offering must be compatible with the pro forma market value of Illinois Casualty, on a consolidated basis.

We determined to offer the common stock in the offering at the price of $10 per share to ensure a sufficient number of shares are available for purchase by policyholders. In addition, Griffin advised us that the $10 per share offering price is commonly used in mutual-to-stock conversions of other insurance companies, savings banks and savings associations that use the subscription rights model. These were the only factors considered by our board of directors in determining to offer shares of common stock at $10 per share. The purchase price will be $10 per share regardless of any change in the consolidated pro forma market value of Illinois Casualty, as determined by Feldman Financial.

We may issue between 2,720,000 and 3,680,000 shares (exclusive of the purchase by the ESOP) of our common stock in the offering. This range was determined by dividing the $10.00 price per share into the range of Feldman Financial's valuation. Our ESOP will purchase between 272,000 and 408,889 shares of common stock in the offering.

If we proceed with a new offering using an updated valuation, people who submitted subscriptions or orders will be promptly notified by mail of the updated valuation and revised offering range. In that case, people will be given an opportunity to confirm existing subscriptions or orders or to place new subscriptions and orders. See "— Resolicitation." Subscriptions and orders may not be withdrawn for any reason if the updated valuation is within the estimated valuation range of the earlier valuation.

There is a difference of approximately $9.6 million between the low end and the high end of the estimated valuation range of Feldman Financial's valuation. As a result, the percentage interest in ICC that a subscriber for a fixed number of shares of common stock will have is approximately 1.3% greater if 2,720,000 shares are sold than if 3,680,000 shares are sold. In addition, assuming that the actual consolidated market value of Illinois Casualty will be within the broad estimated valuation range, this consolidated market value may be materially more or less than the total amount of subscriptions and orders received. Therefore, purchasers, in total and on a per share basis, may pay more for the common stock than the actual market value.

We cannot assure you that the market price for the common stock immediately following the offering will equal or exceed $10 per share. Also, you should be aware that, prior to the completion of the offering, you will not have available to you information concerning the final updated valuation. The final updated valuation will be filed with the Securities and Exchange Commission as part of a post-effective amendment to the registration statement of which this prospectus forms a part. See "Additional Information."

If Subscriptions Received in the Subscription Offering Meet or Exceed the Maximum Number of Shares Offered

If, after the subscription offering, the number of shares subscribed for by eligible members, the ESOP, and the directors, officers and employees of Illinois Casualty in the subscription offering is equal to or greater than 4,088,889 shares, the offering will be promptly completed. If we sell more than 3,500,000 shares in the offering, the investors have no obligation to purchase any shares of our common stock. We will, upon completion of the offering, issue shares of common stock to the subscribing participants, including to our ESOP. However, except for the shares purchased by the ESOP, the number of shares of common stock issued will not exceed the 3,680,000 shares of common stock being offered. In the event of an oversubscription in the subscription offering, shares of common stock will be allocated among the subscribing participants in the priorities set forth in the plan of conversion. No fractional shares of common stock will be issued.

If Subscriptions Received in the Subscription Offering Meet or Exceed the Required Minimum

If the number of shares of common stock subscribed for by eligible members, the ESOP, the investors and Illinois Casualty's directors, officers and employees in the subscription offering is equal to or greater than 2,720,000 shares, but less than 3,500,000 shares, then we may choose to promptly complete the offering. However, prior to doing so, we will have the right in our absolute discretion to accept, in whole or in part, or reject orders received from any or all persons in the community offering. We also will have the right to offer shares of common stock to purchasers in a syndicated community offering.

If the number of shares of common stock subscribed for by eligible members, the ESOP, and Illinois Casualty's directors, officers and employees in the subscription offering is equal to or greater than 3,500,000 shares, but less than 3,680,000 shares, then we may choose to promptly complete the offering. However, prior to doing so, we will have the right in our absolute discretion to accept, in whole or in part, or reject orders received from any or all persons in the community offering. We also will have the right to offer shares of common stock to purchasers in a syndicated community offering. If we sell more than 3,500,000 shares in our offering, the investors do not have an obligation to purchase any shares. See "— Investor Agreements."

In any event, on the effective date we will issue to those persons purchasing in the subscription offering shares of common stock in an amount sufficient to satisfy the accepted subscriptions in full, including the subscription of the ESOP for 10.0% of the shares issued in the offering. No more than 408,889 shares of common stock will be issued in the offering (including the shares issued to the ESOP). No fractional shares of common stock will be issued.

If Subscriptions Received in the Subscription Offering Do Not Meet or Exceed the Maximum

If the number of shares of common stock subscribed for by eligible members, the ESOP, the investors and Illinois Casualty's directors, officers and employees in the subscription offering is less than 3,680,000 shares, we may, in our sole and absolute discretion, accept other orders. We may accept orders received from purchasers in the community offering, and we may sell shares of common stock to purchasers in a syndicated community offering so that the aggregate number of shares of common stock sold in this offering is no greater than 4,088,889 shares (including shares issued to the ESOP). At that time, the offering will be promptly completed. If we sell more than 3,500,000 shares in our offering, the investors do not have an obligation to purchase any shares. See "— Investor Agreements."

Upon completion of the offering we will first issue to subscribing eligible members and directors, officers and employees of Illinois Casualty shares of common stock in an amount sufficient to satisfy their subscriptions in full. Next, we will satisfy the purchase obligation of the investors, if applicable. Subsequently, we will issue to persons whose orders in the community offering (and if we conduct a syndicated community offering, to persons whose orders in the syndicated community offering) are accepted, sufficient additional shares of common stock so that the total number of shares of common stock to be issued in the offering, including the shares to be issued to the ESOP, will be equal to at least 2,720,000 shares. No fractional shares of common stock will be issued. In order to raise additional capital, we may in our sole and absolute discretion elect to issue in excess of 2,720,000 shares of common stock by accepting orders of purchasers in the community offering and any syndicated community offering. The number of shares of common stock issued in the offering cannot exceed 4,088,889 shares of common stock (including shares issued to the ESOP). See "— Community Offering" and "— Syndicated Community Offering" above.

If Subscriptions and Orders Received in All phases of the Offering Combined Do Not Meet the Required Minimum

If properly completed subscriptions and orders, including shares to be purchased by the ESOP and those investors with whom we have entered into purchase agreements, for less than 2,720,000 shares are received, then we may choose to cancel this offering and return all funds received in the offering, without interest, or we may cause a new valuation of the consolidated pro forma market value of Illinois Casualty to be performed, and based on this valuation commence a new offering of the common stock. If we elect to commence a new offering, the funds received from each purchaser will be returned to such purchaser, without interest.

Resolicitation

In the event that we request Feldman Financial to provide us with an updated valuation, and such valuation does not fall within the estimated valuation range, and we determine to proceed with the offering, we will return

the funds received to the purchasers, without interest, and we will resolicit those who have previously subscribed for shares in the subscription and community offerings and any syndicated community offering.

We will also resolicit purchasers in the event that the offering is extended beyond , 2016.

The Valuation

The plan of conversion requires that the aggregate purchase price of the common stock must be based on the appraised estimated consolidated pro forma market value of the common stock, as determined on the basis of an independent valuation. This pro forma market value may be that value that is estimated to be necessary to attract full subscription for the shares, as indicated by the valuation. It also may be stated as a range of pro forma market values.

The plan of conversion requires that the valuation be made by an independent appraiser experienced in the valuation of insurance companies and that the purchase price of our common stock be based on the appraised estimated consolidated pro forma market value of Illinois Casualty, as determined on the basis of such independent valuation. On January 22, 2016, we retained Feldman Financial to prepare this valuation. Feldman Financial is engaged regularly in the valuation of insurance companies and other financial institutions. There is no pre-existing relationship between Feldman Financial and Illinois Casualty.

Feldman Financial will be paid a fixed fee of $65,000 plus out-of-pocket expenses. This fee is not contingent on the completion of the offering. We agreed, among other things, to indemnify Feldman Financial from and against any and all loss or expenses, including reasonable attorney's fees, in connection with its appraisal and other services, except if such loss or expenses are the result of a lack of good faith or gross negligence on the part of Feldman Financial. Additionally, we have agreed to pay Feldman Financial a fixed fee of $10,000 for each update of the valuation we may request.

Feldman Financial made its appraisal in reliance upon the information contained in this document and information provided by management of Illinois Casualty, including the financial statements. Feldman Financial also considered the following factors, among others:

- the operating results and financial condition of Illinois Casualty and current economic conditions;
- certain historical, financial and other information relating to Illinois Casualty;
- a comparative evaluation of the operating and financial statistics of Illinois Casualty with those of other similarly situated publicly traded insurance companies located in Illinois and other regions of the United States;
- the aggregate size of the offering of the common stock of ICC Holdings, Inc. as determined by Feldman Financial;
- the impact of the conversion offering on our net worth and earnings potential as determined by Feldman Financial;
- the trading market for securities of comparable companies and general conditions in the market for such securities; and
- the value which Feldman Financial estimates to be necessary to attract a full subscription of our common stock.

In conducting its analysis of Illinois Casualty, Feldman Financial placed emphasis on various financial and operating characteristics of Illinois Casualty, including our lines of business and competitive position in the industry, our relative size and premium volume, our operating results in recent years, and our ratio of equity capital to total assets. In addition to the factors listed above, in its review of the appraisal provided by Feldman Financial, our board of directors reviewed the methodologies and the appropriateness of the assumptions used by Feldman Financial and determined that such assumptions were reasonable.

In preparing the appraisal, Feldman Financial visited our corporate headquarters and conducted discussions with our management concerning our business and future prospects. Feldman Financial reviewed and discussed with our management our audited GAAP financial statements for the years ended December 31, 2015 and 2014.

In deriving its estimate of the estimated consolidated pro forma market value of Illinois Casualty, Feldman Financial utilized the comparative market valuation approach. The comparative market valuation approach estimates a value by reviewing the relevant market pricing characteristics of comparable companies that are publicly traded. Feldman Financial selected a group of publicly traded insurance companies based on criteria relating to financial performance, degree of marketability and liquidity and operating characteristics, among other factors. In determining the composition of the comparative group, Feldman Financial focused exclusively on publicly traded insurance companies based in the U.S. and identified by SNL Financial as being in the property and casualty segment, which we call the Public P&C Insurance Group. Feldman Financial narrowed its focus to comparable companies based on asset size of between $100 million and $1.6 billion, primary market segment identified as property and casualty by SNL Financial, publicly traded for at least one year, not subject to an announced or pending acquisition, product lines and operating in niche market lines of business. Feldman Financial excluded insurance companies that would result in an undue geographic concentration in one state or whose product lines were not sufficiently broad. Feldman Financial focused principally on companies concentrated in the lower quartile of public property and casualty insurance companies based on asset size. Accordingly, Feldman Financial identified the following comparative group:

Comparative Group

Atlas Financial Holdings, Inc.
Baldwin & Lyons, Inc.
Donegal Group Inc.
EMC Insurance Group Inc.
Federated National Holding Company
First Acceptance Corporation
Hallmark Financial Services, Inc.
HCI Group Inc.
Kingstone Companies, Inc.
National Security Group, Inc.
Unico American Corporation
United Insurance Holdings Corp.

Feldman Financial reviewed the trading market price ratios of the comparable companies for the purpose of developing valuation ratio benchmarks to reach an estimate of value for Illinois Casualty. The principal valuation measures considered by Feldman Financial were the price-to-book value and price-to-earnings ratios. Feldman Financial also considered the price-to-assets ratio. Based on the quantitative and qualitative comparisons of Illinois Casualty with the selected group of publicly traded companies, Feldman Financial applied adjusted market pricing ratios to our pro forma financial data to determine our estimated consolidated pro forma market value. The market pricing ratios determined by Feldman Financial took into account market value adjustments for our earnings prospects, our management, liquidity of our shares of common stock, subscription interest, stock market conditions, dividend outlook and the new issue discount warranted for an equity securities offering.

The following table sets forth the publicly traded insurance companies used by Feldman Financial in its comparative market valuation approach and certain financial data reviewed by Feldman Financial regarding these companies and Illinois Casualty as of or for the last twelve months (LTM) ended December 31, 2015.

Dollars in millions	Total Assets ($)	Total Policy Reserves ($)	Total Equity ($)	LTM Asset Growth (%)	Policy Reserves/ Equity (x)	Cash & Investments/ Assets (%)	Total Equity/ Assets (%)	Tang. Equity/ Assets (%)
Illinois Casualty	123.4	61.1	30.2	(0.04)	2.02	61.81	24.45	24.45
Comparative Group								
Comparative Group Median	637.6	295.1	238.5	8.09	1.74	68.06	31.91	31.16
Comparative Group Mean	708.5	399.0	225.9	12.97	1.72	69.76	33.20	31.94
Public P&C Insurance								
Public P&C Insurance Median	3,292.2	1,979.3	851.2	2.48	1.88	70.84	30.05	27.36
Public P&C Insurance Mean	35,040.2	15,826.7	10,377.2	6.02	2.30	69.06	30.14	28.37

The following table sets forth for the publicly traded insurance companies used by Feldman Financial certain market valuation data reviewed by Feldman Financial regarding these companies based on closing market prices as of April 29, 2016.

Dollars in millions	Total Assets ($)	Total Market Value ($)	Price/ Book Value (%)	Price/ Tang. Book (%)	Price/ LTM EPS(1) (x)	Price/ Total Revenue (x)	Price/ Total Assets (%)	Total Equity/ Assets (%)	Current Div. Yield (%)
Illinois Casualty (Fully Converted)									
Pro Forma Minimum	146.2	27.2	51.3	51.3	10.7	0.64	18.61	36.24	0.00
Pro Forma Midpoint	150.4	32.0	55.9	55.9	12.4	0.76	21.28	38.03	0.00
Pro Forma Maximum	154.6	36.8	59.9	59.9	14.1	0.87	23.80	39.72	0.00
Comparative Group									
Comparative Group Median	637.6	243.9	101.3	106.4	10.4	1.04	39.34	31.91	1.24
Comparative Group Mean	708.5	244.0	110.7	117.9	11.0	0.98	36.96	33.20	1.75
Public P&C Insurance									
Public P&C Insurance Median	3,292.2	1,082.6	129.6	132.3	14.6	1.09	35.25	30.05	1.82
Public P&C Insurance Mean	35,040.2	12,663.3	132.6	144.4	15.8	1.29	47.94	30.14	1.82

(1) LTM EPS corresponds to earnings per share for the last twelve months ended December 31, 2015.

Feldman Financial determined that the price-to-earnings ratio was not the most reliable valuation ratio due to our relatively low average returns on equity and assets in recent reporting periods. Thus, the price-to-book value ratio takes on significant meaning as a valuation metric. Feldman Financial also relied upon the price-to-assets ratio to confirm its valuation conclusion was reasonable. Based on its comparative analyses, Feldman Financial concluded that our estimated consolidated pro forma market value at the midpoint warranted a discount in the range of approximately 40% to 50% relative to the comparative group based on the price-to-book value ratio.

Feldman Financial's valuation appraisal of our estimated consolidated pro forma market value was prepared as of April 29, 2016. Feldman Financial has agreed to update its valuation at the conclusion of the offering, and otherwise as requested by us. These updates will consider developments in general stock market conditions, current stock market valuations for selected insurance companies, the results of the subscription offering, and the recent financial condition and operating performance of Illinois Casualty.

On the basis of the foregoing, Feldman Financial gave its opinion, as of April 29, 2016, that the estimated consolidated pro forma market value of our common stock ranged from a minimum of $27.2 million to a maximum of $36.8 million with a midpoint of $32.0 million. We determined that the common stock should be

sold at $10.00 per share, resulting in a range of 2,720,000 to 3,680,000 shares of common stock being offered in the offering, which amount may be increased to 4,088,889 shares solely to accommodate the purchase by the ESOP of 10.0% of the shares sold in the subscription offering. The offering range may be amended if required or if necessitated by subsequent developments in our financial condition or market conditions generally. In the event the offering range is updated to amend the value of Illinois Casualty below $27.2 million or above $36.8 million, and we decide to proceed with the offering, the new appraisal will be filed with the SEC by post-effective amendment to the registration statement of which this prospectus is a part.

No sale of shares of common stock in the offering may be consummated unless Feldman Financial first confirms that nothing of a material nature occurred that, taking into account all relevant factors, would cause it to conclude that the purchase price is materially incompatible with the estimate of the consolidated pro forma market value of our outstanding common stock upon completion of the offering. If this confirmation is not received, Illinois Casualty may cancel the offering, extend the offering period and establish a new estimated offering range and/or estimated price range, extend, reopen or hold a new offering or take any other action we deem necessary.

Depending upon market or financial conditions, the total number of shares of common stock offered may be increased or decreased without a resolicitation of subscribers, provided that the aggregate gross proceeds are not below the minimum or more than the maximum of the offering range. In the event market or financial conditions change so as to cause the aggregate purchase price of the shares to be below the minimum of the offering range, purchasers will be resolicited and be permitted to continue their orders, in which case they will need to confirm their subscriptions prior to the expiration of the resolicitation offering or their subscription funds will be promptly refunded, or be permitted to modify or rescind their subscriptions. If the number of shares of common stock issued in the offering is increased due to an increase in the offering range to reflect changes in market or financial conditions, persons who subscribed for the maximum number of shares will be given the opportunity to subscribe for the adjusted maximum number of shares. See “— Limitations on Purchases of Common Stock.”

An increase in the number of shares of common stock as a result of an increase in the estimated consolidated pro forma market value would decrease both a purchaser’s ownership interest and our pro forma shareholders’ equity on a per share basis while increasing pro forma shareholders’ equity on an aggregate basis. A decrease in the number of shares of common stock would increase both a purchaser’s ownership interest and our pro forma shareholders’ equity on a per share basis while decreasing pro forma shareholders’ equity on an aggregate basis. The effect on pro forma net income and pro forma net income per share of any increase or decrease in the number of shares issued will depend on the manner in which we use the proceeds from the offering. See “Unaudited Pro Forma Financial Information.”

The appraisal report of Feldman Financial is an exhibit to the registration statement of which this prospectus is a part, and is available for inspection in the manner set forth under “Additional Information.”

The Illinois Department of Insurance is not required to approve the valuation prepared by Feldman Financial in connection with this offering.

The valuation is not intended, and must not be construed, as a recommendation of any kind as to the advisability of purchasing common stock. In preparing the valuation, Feldman Financial relied upon and assumed the accuracy and completeness of financial, statistical and other information provided to it by Illinois Casualty. Feldman Financial did not independently verify the financial statements and other information provided to it by Illinois Casualty, nor did Feldman Financial value independently our assets and liabilities. The valuation considers Illinois Casualty only as a going concern and should not be considered as an indication of our liquidation value. The valuation is necessarily based upon estimates of a number of matters, all of which are subject to change from time to time. We cannot assure you that persons purchasing common stock will be able to sell such shares at or above the initial purchase price. Copies of the valuation report of Feldman Financial setting forth the method and assumptions for its

valuation are on file and available for inspection at our principal executive offices. Any subsequent updated valuation report of Feldman Financial will be available for inspection.

Offering Deadline

The stock offering will expire at noon, Central Time, on , 2016, unless on or prior to that date our board of directors extends the offering, which we may do without notice to you. Subscription rights not exercised prior to the termination date of this offering will be void. If this offering is extended more than 45 days after the original expiration date, we will return all of the funds received from purchasers, without interest, and we will resolicit subscribers offering them the opportunity to submit new orders. We reserve the right in our sole discretion to terminate the offering at any time and for any reason, in which case we will cancel your order and return your payment without interest.

Subscriptions and orders for common stock will not be accepted by us until we receive subscriptions and orders for at least 2,720,000 shares of common stock. If we have not received subscriptions and orders for at least 2,720,000 shares of common stock by the expiration date of this offering, all funds delivered to us for the purchase of stock in this offering will be promptly returned to purchasers without interest.

Use of Order Forms in This Offering

Any person or entity who wants to subscribe for or order shares of common stock in this offering must sign and complete the stock order form and return it to us so that it is received (not postmarked) no later than noon, Central Time, on , 2016, together with full payment for all shares for which the order is made. The stock order form should be mailed to the Stock Information Center at 607 Washington Street, Reading, Pennsylvania 19603. Payment by check or money order must accompany the stock order form. No cash, wire transfers, or third party checks will be accepted. All checks or money orders must be made payable to " , escrow agent." Unless the subscription offering is extended, all subscription rights under the offering will expire at noon, Central Time, on the termination date of this offering, whether or not we have been able to locate each person or entity entitled to subscription rights. Once tendered, orders to purchase common stock in the offering cannot be modified or revoked without our consent.

No prospectus will be mailed any later than five days prior to the termination date of this offering, or hand delivered any later than two days prior to such date. This procedure is intended to ensure that each purchaser receives a prospectus at least 48 hours prior to the termination of the offering in accordance with Rule 15c2-8 under the Securities Exchange Act of 1934. Execution of the stock order form will confirm receipt or delivery in accordance with Rule 15c2-8. Stock order forms will be distributed only with or preceded by a prospectus. Photocopies and facsimile copies of stock order forms will not be accepted.

A subscription right may be exercised only by the eligible member, director, officer, or employee to whom it is issued and only for his or her own account. The subscription rights granted under our plan of conversion are nontransferable. Each eligible member, director, officer, or employee subscribing for shares of common stock is required to represent that he or she is purchasing the shares for his or her own account. Each eligible member, director, officer, or employee also must represent that he or she has no agreement or understanding with any other person or entity for the sale or transfer of the shares. We are not aware of any restrictions that would prohibit eligible members who purchase shares of common stock in the offering and who are not executive officers or directors of Illinois Casualty from freely transferring shares after the offering. See "— Limitations on Resales" herein.

We shall have the absolute right, in our sole discretion, and without liability to any person, to reject any stock order form, including but not limited to a stock order form that is:

- not timely received;

- improperly completed or executed;
- is not accompanied by payment in full for the shares of common stock subscribed for in the form; or
- submitted by a person who we believe is making false representations or who we believe may be violating, evading or circumventing the terms and conditions of the plan of conversion.

We may, but are not required to, waive any incomplete, inaccurate or unsigned stock order form. We also may require the submission of a corrected stock order form or the remittance of full payment for the shares of common stock subscribed for by any date that we specify. Our interpretations of the terms and conditions of the plan of conversion and determinations concerning the acceptability of the stock order forms will be final, conclusive and binding upon all persons. We (and our directors, officers, employees and agents) will not be liable to any person or entity in connection with any interpretation or determination.

Payment for Shares

When you submit a completed stock order form to us, you must include payment in full for all shares of common stock covered by such order form. Payment may be made by check or money order in U.S. dollars and must be made payable to " , escrow agent." Payments will be placed in an escrow account at , who will serve as the escrow agent. The escrow account will be administered by the escrow agent. An executed stock order form, once received by us, may not be modified or rescinded without our consent. Funds accompanying stock order forms will not be released to us until the offering is completed.

The ESOP will not be required to pay for shares at the time it subscribes, but will be required to pay for its shares at or before the completion of this offering.

Delivery of Certificates

Certificates representing shares of the common stock will not be mailed by our transfer agent. Instead, your shares will be held in book-entry form, with the transfer agent mailing receipts reflecting the shares of common stock subscribed to the persons entitled thereto at the addresses indicated on the order forms by such persons as soon as practical following completion of the offering. Accordingly, you may not be able to sell the shares even though trading of the common stock will have begun.

Stock Information Center

If you have any questions regarding the offering, please call the Stock Information Center at , Monday through Friday from 10:00 a.m. to 4:00 p.m., Central Time or email us at @ilcasco.com. The Stock Information Center will be closed on weekends and bank holidays. Our Stock Information Center is located at 607 Washington Street, Reading, Pennsylvania 19603. Additional copies of the materials will be available from the Stock Information Center.

Marketing and Underwriting Arrangements

We have engaged Griffin as a marketing agent in connection with the offering of the common stock in the offering. Griffin has agreed to use its best efforts to assist us with the solicitation of subscriptions and purchase orders for shares of common stock in the offering.

Stevens & Lee is acting as our counsel in connection with the offering. Griffin is an indirect, wholly owned subsidiary of Stevens & Lee. You should be aware that conflicts of interest may arise in connection with this transaction.

Pursuant to our engagement letter with Stevens & Lee, Stevens & Lee has agreed to perform its services in connection with the offering for a fixed fee of $350,000 plus out-of-pocket expenses. Griffin will receive an

amount equal to a refundable retainer fee of $75,000 to cover out-of-pocket expenses actually incurred plus 2.0% of the aggregate dollar amount of stock sold in the subscription and community offering, which shall be deemed a commission payable to Griffin for its services.

In the event the offering is abandoned for any reason, Stevens & Lee will be paid its fixed legal fees of $350,000 in connection with this offering.

In the event of a syndicated community offering, a syndicate of broker-dealers managed by Griffin will be formed for purposes of completing the syndicated community offering. We have agreed to pay Griffin a fee of 6.5% of the aggregate dollar amount of stock sold in the syndicated community offering.

The following table sets forth commissions payable to Griffin at the minimum and maximum number of shares sold in the offering, assuming that no shares are sold in a syndicated community offering:

	Minimum (2,720,000 shares)	Maximum (4,088,889 shares)
Commissions	$ 644,000(1)	$ 917,778(1)

(1) Includes the $75,000 in fees already paid to Griffin, which will be credited against any commissions payable to Griffin.

Fees to Griffin and to any other broker-dealer may be deemed to be underwriting fees. Griffin and any other broker-dealers may be deemed to be underwriters. If the offering is not consummated or Griffin ceases under certain circumstances to provide assistance to us, Griffin will be reimbursed for its reasonable out-of-pocket expenses in an amount not to exceed $10,000 without our prior written consent. Pursuant to its engagement letter, Griffin shall have the right to receive the commissions of 2.0% with respect to the aggregate dollar amount of stock sold in the subscription and community offering and a fee of 6.5% of the aggregate dollar amount of stock sold in the syndicated community offering entered into during the eighteen months following the termination of the engagement letter.

The Griffin engagement letter also contains customary indemnification provisions. We have agreed to indemnify Griffin for its liabilities, costs and expenses, including legal fees, incurred in connection with certain claims or litigation arising out of or based upon untrue statements or omissions contained in this prospectus, including liabilities under the Securities Act of 1933.

will perform records management services and escrow agent services for us in the offering. will receive a fee for this service, plus reimbursement of reasonable out-of-pocket expenses incurred in performing this service.

Our directors and executive officers may participate in the solicitation of offers to purchase common stock in this offering. Questions from prospective purchasers will be directed to executive officers or registered representatives. Our employees have been instructed not to solicit offers to purchase common stock or provide advice regarding the purchase of common stock. We will rely on Rule 3a4-1 under the Exchange Act, and sales of common stock will be conducted within the requirements of Rule 3a4-1, so as to permit officers, directors and employees to participate in the sale of common stock. None of our officers, directors or employees will be compensated in connection with his or her participation in this offering.

Limitations on Purchases of Common Stock

The plan of conversion provides for certain limitations on the purchase of shares in the offering:

- no person or entity may purchase fewer than 50 shares of common stock in the offering;
- no purchaser may purchase more than 5% of the total shares of common stock sold in the offering; and

- no purchaser, together with such purchaser's affiliates and associates or a group acting in concert, may purchase more than 5% of the total shares of common stock sold in the offering.

Therefore, if any of the following persons purchase stock, their purchases when combined with your purchases cannot exceed 5% of the total shares of common stock sold in the offering:

- any corporation or organization (other than an affiliate of Illinois Casualty) of which you are an officer or partner or the beneficial owner of 10% or more of any class of equity securities;
- any trust or other estate in which you have a substantial beneficial interest or as to which you serve as trustee or in a similar fiduciary capacity;
- any of your relatives or your spouse, or any relative of your spouse, who lives at home with you;
- any person or entity who you control, who controls you, or who together with you is controlled by the same third party;
- any person or entity who is knowingly participating with you in a joint activity or interdependent conscious parallel action toward a common goal; or
- any person or entity with whom you are combining or pooling voting or other interests in the securities of an issuer for a common purpose pursuant to any agreement or relationship.

The above 5% share purchase limit does not apply to the ESOP, which intends to purchase 10.0% of the total number of shares of common stock issued in the offering, or the investors with whom we have entered into purchase agreements.

There are approximately 6,635 eligible members of Illinois Casualty, as determined by reference to the number of policyholders of Illinois Casualty as of February 16, 2016. If subscriptions by eligible members for common stock exceed the maximum of the estimated valuation range set forth in Feldman Financial's valuation, we will be obligated to sell to eligible members the maximum number of shares offered. Except as set forth below under "— Proposed Management Purchases," we are unable to predict the number of eligible members that may participate in the subscription offering or the extent of any participation.

Shares of common stock to be purchased and held by the ESOP and allocated to a participant in the ESOP will not be aggregated with shares of common stock purchased by the participant or any other purchase of common stock in the offering for purposes of the purchase limitations discussed above.

Each officer and director of Illinois Casualty, together with their respective affiliates and associates, may not purchase, in total, more than five percent (5%) of the shares of common stock issued in the offering. An associate is defined as:

- any corporation or organization (other than an affiliate of Illinois Casualty) of which the officer or director is an officer or partner or the beneficial owner of 10% or more of any class of equity securities;
- any trust or other estate in which the officer or director has a substantial beneficial interest or as to which he or she serves as trustee or in a similar fiduciary capacity; or
- any of the officer's or director's relatives or his or her spouse, or any relative of the spouse, who lives at home with the officer or director.

Our directors will not be deemed to be associates of one another or a group acting in concert with other directors solely as a result of membership on our board of directors.

Subject to any required regulatory approval and the requirements of applicable law, we may increase or decrease any of the purchase limitations at any time. If the individual purchase limitation is increased, we will

permit any person or entity who subscribed for the maximum number of shares of common stock to purchase an additional number of shares up to the revised maximum. These additional shares will be subject to the rights and preferences of any person or entity who has priority subscription rights. If the individual purchase limitation or the number of shares of common stock to be sold is decreased, the order of any person or entity who subscribed for the maximum number of shares will be decreased to the new maximum. In the event that we change the maximum purchase limitation, we will distribute a prospectus supplement or revised prospectus to each person who placed an order for the previous maximum number of shares that an individual could purchase.

Each person or entity purchasing common stock in the offering will be deemed to confirm that the purchase does not conflict with the purchase limitations under the plan of conversion or otherwise imposed by law. If any person or entity violates the purchase limitations, we will have the right to purchase from that person or entity, at the purchase price of $10.00 per share, all shares acquired by the person or entity in excess of the purchase limitation. If the person or entity has sold these excess shares, we are entitled to receive the difference between the aggregate purchase price paid by the person or entity for the excess shares and the proceeds received by the person from the sale of the excess shares. This right of ICC to purchase excess shares is assignable.

Subject to our contractual obligations to the investors, we have the right in our sole and absolute discretion and without liability to any purchaser, underwriter or any other person or entity to determine which orders, if any, to accept in the community offering or in the syndicated community offering. We have the right to accept or reject any order in whole or in part for any reason or for no reason. We also have the right to determine whether and to what extent shares of common stock are to be offered or sold in a syndicated community offering.

Proposed Management Purchases

The following table lists the approximate number of shares of common stock that each of the directors and executive officers of Illinois Casualty and its subsidiaries and their affiliates and associates intend to purchase in the offering. The directors and executive officers listed below do not have any agreements or obligation to purchase the amounts shown below. Each director or executive officer may elect to purchase an amount greater or less than those shown below, except that his or her purchase may not exceed 5% of the total shares sold in the offering. The table also shows the number of shares to be purchased by all directors and executive officers as a group, including the shares that all of their affiliates and associates intend to purchase, and other related information. For purposes of the following table, we have assumed that sufficient shares will be available to satisfy subscriptions in all categories.

			Percent (%)			
Name	Amount ($)	Number of Shares (1)(2)	Minimum	Midpoint	Maximum	Adjusted Maximum
Directors:						
Gerald J. Pepping	100,000	10,000	*	*	*	*
Scott T. Burgess (3)	—	—	—	—	—	—
James R. Dingman	100,000	10,000	*	*	*	*
Joel K. Heriford	—	—	—	—	—	—
John R. Klockau	1,150,000(4)	115,000	4.2	3.6	3.1	2.8
Daniel H. Portes	100,000	10,000	*	*	*	*
Christine C. Schmitt	100,000	10,000	*	*	*	*
Mark J. Schwab	200,000	20,000	*	*	*	*
Arron K. Sutherland	400,000	40,000	1.5	1.3	1.1	1.0
Executive Officers:						
Michael R. Smith	120,000	12,000	*	*	*	*
Norman D. Schmeichel	150,000	15,000	*	*	*	*
Howard J. Beck	250,000	25,000	*	*	*	*
Julia B. Suiter	25,000	2,500	*	*	*	*
Rickey Plunkett	25,000	2,500	*	*	*	*
Kathleen Springer	25,000	2,500	*	*	*	*
All Directors and Executive Officers as a Group (15 persons)	2,695,000	269,500	9.9	8.4	7.3	6.6

(1) Does not include shares that will be allocated to employees under the ESOP. Under the ESOP, our employees will be allocated over time, in the aggregate, shares in an amount equal to 10.0% of the common stock issued in the offering (which equals between 272,000 shares if 2,720,000 shares are sold in the offering and 408,889 shares if 4,088,889 shares are sold in the offering).

(2) Does not include shares that would be issuable upon the exercise of options or the vesting of restricted stock awards granted under our proposed stock-based incentive plan. Under the stock-based incentive plan, we expect to grant to directors, executive officers and other employees options to purchase common stock and restricted stock awards in an aggregate amount equal to 14% of the shares issued in the offering (which equals between 380,800 shares if 2,720,000 shares are sold in the offering, and 572,444 shares if 4,088,889 shares are sold in the offering).

(3) Mr. Burgess is a Senior Managing Director of Griffin and is refraining from purchasing shares in our offering.

(4) Will be converting his surplus note issued by Illinois Casualty to acquire shares of our common stock.

Additionally, Illinois law governing the conversion of mutual property and casualty insurance companies states that the plan of conversion must provide, and our plan of conversion accordingly requires, that a director or officer may not sell stock purchased pursuant to the conversion within one year after their issuance in the

conversion. For information regarding limitations on resales by our directors and officers under the federal securities laws, see "The Conversion and Offering — Limitation on Resales."

Limitations on Resales

The common stock issued in the offering will be freely transferable under the Securities Act of 1933. However, the transfer of shares issued to our directors and officers will be restricted for a period of one year after their issuance in the conversion. The directors and officers of ICC and the investors also are subject to additional resale restrictions under Rule 144 of the Securities Act of 1933. Shares of common stock issued to directors and officers the investors will bear a legend giving appropriate notice of these restrictions. We will give instructions to the transfer agent for the common stock regarding these transfer restrictions. Any shares issued to the directors and officers of ICC as a stock dividend, stock split or otherwise with respect to restricted stock will be subject to the same restrictions. Shares acquired by the directors and officers after the completion of the offering will be subject to the requirements of Rule 144. See "Management — Directors and Officers" and "The Conversion and Offering — Investor Agreements."

Amendment or Termination of Plan of Conversion

The plan of conversion may be amended or terminated at any time by our board of directors in its sole discretion.

Investor Agreements

General. On September 7, 2016, we entered into purchase agreements with three investors pursuant to which the investors agreed severally, and subject in each case to certain conditions, to acquire from ICC Holdings at the subscription price of $10.00 per share up to 1,400,000 shares of our common stock. The subscription commitments of the investors are: (a) a group of investors, including R. Kevin Clinton, or the Clinton-Flood Purchasers, who have collectively agreed to purchase up to 800,000 shares of our common stock, (b) Rock Island Investors, LLC, which has agreed to purchase up to 400,000 shares of our common stock, and (c) Tuscarora Wayne Insurance Company, or Tuscarora Wayne, which has agreed to purchase up to 200,000 shares of our common stock. At this time, we do not anticipate selling to each of these investors less than their respective full commitment. In connection with closing these agreements, we will appoint Mr. Clinton to ICC Holdings' board of directors, which is also a closing condition in connection with our purchase agreement with the Clinton-Flood Purchasers.

Termination. Each purchase agreement provides that it may be terminated by the investor only upon the occurrence of the following events:

- a material breach of the agreement by us that has not been cured within fifteen days after written notice by the investor;
- if, by action by Illinois Casualty's board of directors, Illinois Casualty shall have decided to abandon the plan of conversion;
- if the plan of conversion shall have failed to receive the requisite approval of the Department or the requisite vote for approval and adoption by the eligible members;
- the closing has not occurred by December 31, 2017, provided that the investor shall not have failed to perform the covenants, agreements and conditions to be performed by it which has been the primary cause of, or resulted in, the failure of the closing to occur by December 31, 2017; or
- if any governmental entity, including the Department, shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by their respective agreement and such order, decree, ruling or other action shall have become final and nonappealable.

Conditions to Closing. Each purchase agreement contains customary representations and warranties of ICC Holdings and Illinois Casualty, on the one hand, and the investor, on the other hand. The conditions to each investor's closing obligations include, among other things:

- the gross proceeds from the offering, including the purchases by the other investors and assuming the purchase by such investor pursuant to its agreement, is equal to or less than $35.0 million;
- since the date of such agreement, a material adverse effect shall not have occurred with respect to ICC Holdings or Illinois Casualty and no change or event shall have occurred that would reasonably be expected to have, individually or in the aggregate, a material adverse effect with respect to ICC Holdings or Illinois Casualty;
- no judgment, injunction, decree or other legal restraint shall be outstanding, nor shall any action, suit, claim, investigation or other legal proceeding be pending that would reasonably be expected to prohibit, or have the effect of rendering unachievable, the consummation of the offerings or the transactions contemplated by such agreement;
- at least two-thirds of the votes cast by the eligible members voting at the meeting of the eligible members called for such purpose shall have voted to adopt and approve the plan of conversion and the transactions contemplated thereunder;
- all consents and approvals of the Department and any other regulatory body or agency necessary to consummate the transactions contemplated by such agreement shall have been obtained and all notice and waiting periods required by law to pass after receipt of such approvals or consents shall have passed; and
- our shares of common stock shall have been authorized for listing on the Nasdaq Capital Market.

Subscription. If we sell more than 3,500,000 shares in our offering, the investors do not have an obligation to purchase any shares. Therefore, we do not anticipate selling more than 3,500,000 shares of our common stock. Shares purchased by the ESOP and shares acquired from the conversion of outstanding surplus notes of Illinois Casualty in this offering are counted towards this 3,500,000 threshold.

If eligible members subscribe for less than 3,680,000 shares, but together with the ESOP, directors, officers and employees subscribe for more than 2,100,000 shares but less than 3,500,000 shares, in which case there would not be a sufficient number of shares of common stock to satisfy the purchase obligations of the investors in full, we would satisfy as much of the subscription obligation of the Clinton-Flood Purchasers as possible with any remaining available shares sold to Rock Island Investors, LLC and Tuscarora Wayne based upon their pro rata subscription commitment.

If eligible members, together with directors, officers and employees, subscribe for less than 2,100,000 shares, we will satisfy the purchase obligations of each investor in full.

Post-Closing Covenants of Investors. For three years following the closing, each of the investors are generally prohibited from selling any shares of our common stock. Beginning on the third anniversary of the closing date, subject to our right of first refusal described below, each investor could sell no more than six and one-quarter percent (6-1/4%) of the number of shares purchased at the closing of the offering every ninety days. Upon the occurrence of a death or disability of Mr. Clinton, no more than six and one-quarter percent (6-1/4%) of the number of shares purchased at the closing of the offering by Mr. Clinton and certain other purchasers who together have subscribed to purchase up to 600,000 shares of our common stock every ninety days by their trusts, estate or spouse could be sold beginning, unless an earlier date has been approved by a majority of the members of our board of directors other than Mr. Clinton or his replacement on our board of directors, (a) one year following such occurrence, if such event occurs during the first year following the closing date, (b) six months following such occurrence, if such event occurs during the second year following the closing date, or (c) following such occurrence, if such event occurs during the third year following the closing date.

Between the third anniversary and the earliest of (a) the seventh anniversary of the closing of the offering, or (b) the first date upon which the investor no longer beneficially owns shares of the common stock representing more than five percent (5%) of the issued and outstanding shares of our common stock, prior to any sale of shares of our common stock to any third party, other than those persons or entities specifically permitted by their respective purchase agreements, each investor shall provide ICC Holdings with notice and the right for either ICC Holdings or the ESOP to purchase all or any portion of such shares to be offered by the investor at a price per share equal to the greater of (i) the average of the daily volume weighted average price of a share of our common stock on the NASDAQ Stock Market for the 20 trading days immediately preceding the date of the sale notice, or (ii) the product obtained by multiplying the percentage set forth in the chart below and ICC Holdings' then book value as calculated in accordance with GAAP for the most recent quarter preceding the date of such notice by at least forty-five (45) days. The chart for the foregoing sentence is as follows:

Time Period for Receipt of Public Sale Notice		Percentage
Beginning on the third anniversary of the Closing Date and ending on the day immediately prior to the fourth anniversary of the Closing Date	-	85%
Beginning on the fourth anniversary of the Closing Date and ending on the day immediately prior to the fifth anniversary of the Closing Date	-	90%
Beginning on the fifth anniversary of the Closing Date and thereafter	-	95%

If ICC Holdings and the ESOP fail (A) to exercise the foregoing right with respect to such shares offered by such investor within thirty (30) days after receipt of such notice, or (B) to complete the purchase of such shares offered by such investor (including obtaining any required regulatory approvals) within seventy-five (75) days of receipt of such notice, the investor may sell such shares offered by such investor in the market subject to the ninety day volume limit discussed above. Any repurchase by ICC Holdings is subject to the prior approval of the Department, to the extent required under applicable Illinois law governing mutual-to-stock conversions or distributions by Illinois Casualty. Any purchase by the ESOP is subject to the satisfaction any fiduciary duty imposed by Employee Retirement Income Security Act of 1974, as amended, or regulations promulgated thereunder on the trustee(s) of the ESOP.

If and for so long as an investor beneficially owns two percent (2.0%) or more of the issued and outstanding shares of our common stock and a "standstill termination event," which is defined below, has not occurred, such investor agrees that, without the prior written consent of ICC Holdings' board of directors as specifically expressed in a resolution adopted by a majority of its entire membership (other than a designee of any of the investors), the investor, its affiliates and associates and any person or entity acting at their direction or on their behalf will be subject to a standstill provision, which includes, among other things:

- with respect to us and our common stock, making, engaging or in any way participating in, directly or indirectly, any solicitation of proxies or consents;
- seek to advise, encourage or influence any person or entity with respect to the voting our common stock;
- seek, propose, or make any statement with respect to any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, restructuring, recapitalization or similar transaction involving ICC Holdings or any of its affiliates or associates;
- except as otherwise permitted by their respective purchase agreements, acquire, offer or propose to acquire, or agree to acquire (except by way of stock dividends, stock splits, reverse stock splits or other distributions or offerings made available to holders of any shares of our common stock generally), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another person or entity, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) or otherwise, any shares of our common stock, equity securities, or any loans, debt securities, or assets of ICC Holdings or any of its

subsidiaries, or rights or options to acquire interests in any of the loans, debt securities, equity securities or assets of ICC Holdings or any of its subsidiaries; (v) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any shares of our common stock;

- act alone or in concert with others to control or seek to control, or influence or seek to influence, the management, our board of directors or policies of ICC Holdings;
- make any demand or request for any shareholder list, or any related material, or for the books and records of ICC Holdings or its affiliates;
- seek, alone or in concert with others, election or appointment to or representation on, or nominate or, except as otherwise permitted by their respective purchase agreement, propose the nomination of any candidate to, our board of directors, or seek the removal of any member of our board of directors, in a manner inconsistent with their respective purchase agreement;
- have any discussions or communications, or enter into any arrangements, understanding or agreements (whether written or oral) with, or knowingly instigate, advise, finance, assist or encourage, any other person or entity in connection with any of the foregoing (including by granting any waiver to any legal, financial, public relations, proxy solicitation or other firm that represented or was engaged by the such investor, their respective affiliates, associates or any of their legal counsel with respect to ICC Holdings, which waiver would permit any such firm to represent any person or entity in connection with matters relating to ICC Holdings), or make any investment in or enter into any arrangement with any other person or entity that engages, or offers or proposes to engage, in any of the foregoing;
- make or disclose any statement regarding any intent, purpose, plan or proposal with respect to our board of directors, ICC Holdings, our management, policies or affairs or any of our securities or assets or their respective purchase agreement that is inconsistent with the provisions of their respective purchase agreement, including any intent, purpose, plan or proposal that is conditioned on, or would require waiver, amendment, nullification or invalidation of, any provision of their respective purchase agreement or take any action that could require ICC Holdings to make any public disclosure relating to any such intent, purpose, plan, proposal or condition; or
- otherwise take, or solicit, cause or encourage others to take, any action inconsistent with any of the foregoing.

For purposes of the purchase agreements, a "standstill termination event" means the earliest of (a) the seventh anniversary of the closing of the offering, or (b) the date on which ICC Holdings includes a balance sheet in a filing with the SEC in which its "adjusted shareholders' equity" (defined below) at the end of such fiscal quarter is less than 85% of the "starting shareholders' equity" (defined below). ICC Holdings' "adjusted shareholders' equity" shall mean the amount equal to (x) ICC Holdings' shareholders' equity (determined without regard to its accumulated other comprehensive income), each as calculated in accordance with GAAP, as reported in any Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed by ICC Holdings with the SEC, *less* (y) the net proceeds from any offering of ICC Holdings' equity securities following the closing of the offering, *plus* (z) the aggregate purchase amount of all repurchases of ICC Holdings' equity securities since the closing of the offering through the date of such filing with the SEC by ICC Holdings, Illinois Casualty, their respective subsidiaries or the ESOP. ICC Holdings' "starting shareholders' equity" shall mean the amount equal to (i) Illinois Casualty's members' equity (determined without regard to its accumulated other comprehensive income), as calculated in accordance with GAAP, for the fiscal quarter ending immediately prior to the closing of the offering, *plus* (ii) the net proceeds from the offering, including the net proceeds from the investors. Assuming we receive gross proceeds of $35.0 million in the offering, using information as of June 30, 2016 as the starting shareholders' equity, the adjusted shareholders equity would have to be $9.4 million lower in order to trigger a termination of the standstill provisions.

The investors will be entitled to preemptive rights that would allow them to maintain their percentage ownership in certain subsequent offerings of our common stock or securities convertible into our common

stock. This right will not apply to, and shall terminate upon the earlier of (a) the first date upon which such investor no longer beneficially owns shares of our common stock representing more than five percent (5%) of the issued and outstanding shares of our common stock immediately prior to a subsequent issuance of our common stock or securities convertible into our common stock contemplated by the purchase agreements, (b) the date of any breach by such investor of any obligation under its purchase agreement that remains uncured after fifteen (15) days' notice thereof, or (c) a standstill termination event.

If and for so long as an investor beneficially owns two percent (2.0%) or more of the shares of our common stock and a standstill termination event has not occurred, the investor shall generally vote and cause to be voted all shares of common stock beneficially owned by such investor (a) for persons nominated and recommended by ICC Holdings' board of directors for election as directors of ICC Holdings' board of directors and against any person nominated for election as a director by any other person or entity, and (b) as directed or recommended by ICC Holdings' board of directors with respect to any proposal presented at any meeting of ICC Holdings' shareholders, including, but not limited to (i) the entire slate of directors recommended for election by the ICC Holdings' board of directors to the shareholders of ICC Holdings at any meeting of ICC Holdings' shareholders at which any directors are elected, (ii) any shareholder proposal submitted for a vote at any meeting of ICC Holdings' shareholders, and (iii) any proposal submitted by ICC Holdings for a vote at any meeting of ICC Holdings' shareholders relating (A) to the appointment of ICC Holdings' accountants, or (B) an equity compensation plan of ICC Holdings and/or any material revisions thereto.

Clinton-Flood Purchasers' Board Designee. If and for so long as the Clinton-Flood Purchasers together beneficially own two percent (2.0%) of the issued and outstanding shares of our common stock and a standstill termination event has not occurred, our nominating and governance committee and our board of directors will nominate, recommend and support Mr. Clinton, or any replacement director selected in the process described below, for election at each annual meeting of our shareholders. We agree to solicit proxies for Mr. Clinton, or any replacement director, in any year in which such person is nominated and include such person in the slate of nominees for election as directors of our board of directors in the same manner as it does for all of the other nominees for election as directors of our board of directors.

We and the Clinton-Flood Purchasers agree that if Mr. Clinton is unable to serve as a director, resigns as a director or is removed as a director, and the Clinton-Flood Purchasers are otherwise entitled to a director pursuant to the provisions described in the paragraph above, the Clinton-Flood Purchasers shall have the ability to recommend a candidate for approval by our board of directors pursuant to the process described in the paragraph below, in good faith after exercising its fiduciary duties, which approval shall not be unreasonably withheld, to serve as a replacement on the our board of directors for Mr. Clinton or any successor to Mr. Clinton's Board seat appointed pursuant to its purchase agreement with us.

Within a reasonable period of time following such occurrence, our nominating and governance committee shall, within fifteen business days of receipt, select, and recommend to our board of directors, a nominee from a list of not less than three persons submitted by the Clinton-Flood Purchasers. To be eligible for inclusion on the list submitted to our nominating and governance committee, each potential candidate (i) has business experience appropriate for service on the board of directors of an insurance company and a public company, (ii) is an individual of high caliber and national reputation (to the extent reasonably available), (iii) would, to the Clinton-Flood Purchasers' knowledge, be an "independent director" as defined in the applicable NASDAQ Marketplace Rule and meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act, (iv) would not require disclosure of any agreement or arrangement pursuant to Nasdaq Marketplace Rule 5250(b)(3), and (v) has no previous material business or personal relationship with ICC Holdings, Illinois Casualty or, to the Clinton-Flood Purchasers' knowledge, any of their respective affiliates or associates. No person shall be on any list submitted to our nominating and governance committee if any member of the Clinton-Flood Purchasers has reason to believe that it is unlikely that such person would serve as a director if requested. We have agreed that, if Annette Flood is included in any such list, she would receive the recommendation of our nominating and governance committee and be appointed as a replacement director by our board of directors. If our nominating

and governance committee, within fifteen business days of receipt of such list, declines to recommend any of the individuals on the list, the purchase agreement with the Clinton-Flood Purchasers contains a procedure for the Clinton-Flood Purchasers to submit additional lists of candidates for consideration by our nominating and governance committee. In the event that our nominating and governance committee has not selected a candidate to serve as the replacement director following delivery by the Clinton-Flood Purchasers of the third list, within fifteen business days of receipt of such determination, we and the Clinton-Flood Purchasers shall request a list of five persons meeting the criteria described above from the National Association of Corporate Directors. The Clinton-Flood Purchasers shall choose at least three candidates from such list and include them in a final list submitted to our nominating and governance committee. Our nominating and governance committee shall, within fifteen business days of receipt of such list, consider each candidate included and recommend one candidate for appointment by our board of directors.

FEDERAL INCOME TAX CONSIDERATIONS

General

The statements of United States federal income tax law, or legal conclusions with respect to United States federal income tax law, in the following discussion constitute the opinion of Stevens & Lee on the material federal income tax considerations with respect to:

- Illinois Casualty upon the conversion of Illinois Casualty from a mutual holding company to a stock holding company;
- eligible members that are U.S. Persons that hold their membership interests in Illinois Casualty as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (which we refer to as the Code), of the receipt, exercise and lapse of subscription rights to purchase shares of the common stock of ICC Holdings, Inc. (which we refer to as our common stock) in the subscription offering;
- eligible members that are U.S. Persons that purchase shares of our common stock in the subscription offering upon the exercise of subscription rights and hold their shares of our common stock as a capital asset within the meaning of Section 1221 of the Code, of the acquisition, ownership and disposition of shares of our common stock purchased in the subscription offering; and
- other investors that are U.S. Persons that purchase shares of our common stock in the community offering and hold their shares of our common stock as a capital asset within the meaning of Section 1221 of the Code, of the acquisition, ownership and disposition of shares of our common stock purchased in the community offering.

The following discussion is based, primarily, on private letter rulings that have been issued by the Internal Revenue Service to certain corporations unrelated to ICC that have engaged in transactions that are analogous to the conversion. Under the Code, private letter rulings are directed only to the taxpayer that requested the rulings and they may not be used or cited as precedent by other taxpayers. In addition, some of the discussion below under "— Tax Consequences of Subscription Rights," is outside the scope of the private letter rulings that have been issued by the Internal Revenue Service and is based on the Code, Treasury regulations promulgated under the Code, judicial authorities, published positions of the Internal Revenue Service and other applicable authorities, all as in effect on the date of this discussion and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any part of the discussion under "— Tax Consequences of Subscription Rights," below.

The following discussion is directed solely to eligible members of Illinois Casualty that are U.S. Persons and hold membership interests in a qualifying policy as a capital asset within the meaning of Section 1221 of the Code and other investors that are U.S. Persons that purchase shares of our common stock in the community offering and hold their shares of our common stock as a capital asset within the meaning of Section 1221 of the Code , and it does not purport to address all of the United States federal income tax consequences that may be applicable to Illinois Casualty or to the individual circumstances of particular categories of eligible members of Illinois Casualty or other investors, in light of their specific circumstances. For example, if a partnership holds membership interests in a qualifying policy, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership that holds membership interests in a qualifying policy, you should consult your tax advisor. In addition, the following discussion does not address aspects of United States federal income taxation that may be applicable to eligible members of Illinois Casualty or other investors subject to special treatment under the Code, such as financial institutions, insurance companies, pass-through entities, regulated investment companies, real estate investment trusts, financial asset securitization investment trusts, dealers or traders in securities, or tax-exempt organizations, or any aspect of the U.S. alternative minimum tax or state, local or foreign tax consequences of the proposed transactions.

For purposes of this discussion, the term "U.S. Person" means (a) a citizen or resident of the United States, (b) a corporation, or entity treated as corporation, created or organized in or under the laws of the United States or any political subdivision thereof, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, (d) a trust if either (i) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. Persons have the authority to control all substantial decisions of such trust, or (ii) the trust has a valid election in effect to be treated as a U.S. Person for United States federal income tax purposes, or (e) any other person or entity that is treated for United States federal income tax purposes as if it were one of the foregoing.

This discussion does not constitute tax advice and is not intended to be a substitute for careful tax planning. Each eligible member is urged to consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. income and other tax consequences of the receipt, exercise and lapse of subscription rights to purchase shares of our common stock in the subscription offering. Each prospective purchaser of shares of our common stock is urged to consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. income and other tax consequences of the acquisition, ownership and disposition of shares of our common stock purchased pursuant to this offering.

The Conversion

For federal income tax purposes:

- the conversion of Illinois Casualty from a mutual insurance company to a stock insurance company will be a reorganization within the meaning of Section 368(a) of the Code;
- Illinois Casualty in its post-conversion stock form will constitute one and the same taxable entity as Illinois Casualty in its pre-conversion mutual form;
- neither Illinois Casualty in its pre-conversion mutual form nor Illinois Casualty in its post-conversion stock form will recognize gain or loss as a result of the conversion; and
- the tax attributes of Illinois Casualty in its pre-conversion mutual form will remain unchanged as tax attributes of Illinois Casualty in its post-conversion stock form. Thus, Illinois Casualty's basis in its assets, holding period for its assets, net operating loss carryovers, if any, capital loss carryovers, if any, earnings and profits and accounting methods will not be changed by reason of the conversion.

Tax Consequences of Subscription Rights

Generally, the federal income tax consequences of the receipt, exercise and lapse of subscription rights are uncertain. They present novel issues of tax law that are not adequately addressed by any direct authorities. Nevertheless, it is the opinion of Stevens & Lee that, for U.S. federal income tax purposes:

- eligible members will be treated as transferring their membership interests in Illinois Casualty to ICC Holdings, Inc. in exchange for subscription rights to purchase ICC Holdings, Inc. common stock;
- any gain realized by an eligible member as a result of the receipt of a subscription right with a fair market value must be recognized, whether or not such right is exercised;
- the amount of gain that must be recognized by an eligible member as a result of the receipt of a subscription right will equal the fair market value of such subscription right;
- any gain recognized by an eligible member as a result of the receipt of a subscription right with a fair market value should constitute a capital gain, which will be long term capital gain if the eligible member has held its membership interests for more than one year; and
- if an eligible member is required to recognize gain on the receipt of a subscription right and does not exercise such subscription right, (i) the eligible member should recognize a corresponding loss upon

the expiration or lapse of such member's unexercised subscription right, (ii) the amount of that loss should equal the gain previously recognized upon receipt of the unexercised subscription right, and (iii) if the common stock that an eligible member would have received upon exercise of the lapsed subscription right would have constituted a capital asset in the hands of that eligible member, the resulting loss upon expiration of the subscription right should constitute a capital loss.

Feldman Financial has advised us that it believes the subscription rights will not have any fair market value. Feldman Financial has noted that the subscription rights will be granted at no cost to recipients, will be legally nontransferable and of short duration, and will provide the recipient with the right only to purchase shares of our common stock at the same price to be paid by members of the general public in the community offering. Feldman Financial cannot assure us, however, that the Internal Revenue Service will not challenge Feldman Financial's determination or that such challenge, if made, would not be successful. Nevertheless, eligible members are encouraged to consult with their tax advisors about the U.S. federal, state, local and non-U.S. income and other tax consequences of the receipt, exercise and lapse of subscription rights to purchase shares of our common stock in the subscription offering. See also "— Recent Developments" below.

Tax Consequences to Purchasers of Our Common Stock in the Offering

Basis and Holding Period. The adjusted tax basis of a share of our common stock purchased by an eligible member pursuant to the exercise of a subscription right will equal the sum of the amount of cash paid for such share plus the basis, if any, of the subscription right that is exercised to purchase such share, taking into account the income and gain, if any, recognized by such eligible member on the receipt of such subscription right, less any prior return of capital distributions in respect of such stock. In all other cases, a holder's adjusted tax basis in its shares of our common stock generally will equal the U.S. holder's acquisition cost less any prior return of capital distributions in respect of such stock. The holding period of a share of our common stock purchased by an eligible member through the exercise of a subscription right will begin on the date on which the subscription right is exercised. In all other cases, the holding period of common stock purchased by an eligible member or other investor in the community offering will begin on the date following the date on which the stock is purchased.

Dividends and Distributions. If we pay cash distributions to holders of shares of our common stock, such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of current and accumulated earnings and profits will constitute a return of capital that will be applied against and reduce (but not below zero) the holder's adjusted tax basis in its shares of our common stock. Any remaining excess will be treated as gain realized on the sale or other disposition of its shares of our common stock and will be treated as described under "— Gain or Loss on Sale, Exchange or Other Taxable Disposition of Common Stock" below.

Dividends we pay to a U.S. holder that is a taxable corporation generally will qualify for the dividends received deduction if the requisite holding period is satisfied. With certain exceptions (including, but not limited to, dividends treated as investment income for purposes of investment interest deduction limitations), and provided certain holding period requirements are met, dividends we pay to a non-corporate U.S. holder generally will constitute "qualified dividends" that will be subject to tax at the maximum tax rate accorded to long-term capital gain plus, for such holders with a modified adjusted gross income in excess of specified amounts, the 3.8% tax on net investment income.

Gain or Loss on Sale, Exchange or Other Taxable Disposition of Common Stock. In general, a holder of shares of our common stock must treat any gain or loss recognized upon a sale, exchange or other taxable disposition of such shares (which would include a dissolution and liquidation) as capital gain or loss. Any such capital gain or loss will be long-term capital gain or loss if the holder's holding period for its shares of our common stock so disposed of exceeds one year. In general, a holder will recognize gain or loss in an amount

equal to the difference between (i) the sum of the amount of cash and the fair market value of any property received in such disposition and (ii) the holder's adjusted tax basis in its shares of our common stock so disposed of. Long-term capital gain realized by a non-corporate holder generally will be subject to a maximum federal income tax rate of 20% plus, for such holders with a modified adjusted gross income in excess of specified amounts, the 3.8% tax on net investment income. The deduction of capital losses is subject to limitations, as is the deduction for losses realized upon a taxable disposition by a holder of its shares of our common stock if, within a period beginning 30 days before the date of such disposition and ending 30 days after such date, such holder has acquired (by purchase or by an exchange on which the entire amount of gain or loss was recognized by law), or has entered into a contract or option so to acquire, substantially identical stock or securities.

Recent Tax Developments

We call to your attention that there is a conflict among the courts as to whether a policyholder has a tax basis in membership rights that gets transferred to shares of stock received by the policyholder in the course of a demutualization of an insurance company. In *Eugene A. Fisher v. U.S.* 102 AFTR2d 2008-5608 (Ct Fed Cl 2008), *aff'd* 105 AFTR2d 2010-357 (CA Fed Cir 2009), the court held that the policyholder did have a basis in membership rights attributable to premium payments made by the policyholder and that the basis in the membership rights was transferred to the shares of stock received by the policyholder in a demutualization of the insurance company. The opinion in the *Fisher* case is contrary to the long-standing published position of the Internal Revenue Service that the basis of stock received by a policyholder in the course of a mutual insurance company's demutualization in a series of transactions that constitute a reorganization within the meaning of Section 368(a) of the Code is zero. The *Fisher* decision is also based upon facts that may be peculiar to that case. In another case, the lower court held, similar to *Fisher*, that shares received in a demutualization acquired a basis from a portion of the payment of policy premiums by the policyholder prior to demutualization. See, *Dorrance v. U.S.*, 110 AFTR2d 2012-5176 (DC AZ 2012). However, that decision was recently reversed on appeal. See, *Dorrance v. U.S.*, 116 AFTR2d 2015-6992 (C.A 9, Dec. 30, 2015). In addition, another case which had held that a portion of the taxpayer's premium payments should be allocated to shares received in a demutualization was also recently reversed on appeal. See *Reuben v. U.S.*, 111 AFTR2d 2013-620 (C.D. Cal. 2013), *reversed*, 117 AFTR2d 2016-XXXX (CA 9, Jan. 1, 2016).

The legal precedents regarding whether a policyholder has a tax basis in membership rights are complex and conflicting, and may depend upon the facts applicable to the particular situation. Furthermore, the plan of conversion and the law considered by the courts in the above cases are potentially distinguishable from Illinois Casualty's plan of conversion and the corresponding state law. Nevertheless, if the principles articulated by the court in *Fisher* above were determined to be applicable to the subscription offering, an eligible member could have a tax basis in its membership rights from premium payments made by the eligible member, and that tax basis would (a) reduce any gain attributable to the fair market value of the subscription rights received by the eligible member that are redeemed, and (b) be added to the basis of the shares of our common stock purchased by an eligible member pursuant to the exercise of subscription rights.

You should consult your tax advisors with respect to the potential tax consequences to you of the receipt, exercise and lapse of subscription rights and the determination of your adjusted tax basis in your shares of our common stock, based on your particular circumstances.

Information Reporting and Backup Withholding.

We must report annually to the Internal Revenue Service and to each holder the amount of dividends or other distributions we pay to such holder on its shares of our common stock and the amount of tax withheld with respect to those distributions, regardless of whether withholding is required.

The gross amount of dividends and proceeds from the disposition of shares of our common stock paid to a holder that fails to provide the appropriate certification in accordance with applicable U.S. Treasury regulations generally will be subject to backup withholding at the applicable rate (currently 28 percent).

Backup withholding is not an additional tax. Any amounts we withhold under the backup withholding rules may be refunded or credited against the holder's U.S. federal income tax liability, if any, by the Internal Revenue Service if the required information is furnished to the Internal Revenue Service in a timely manner.

DUE TO THE INDIVIDUAL NATURE OF TAX CONSEQUENCES, EACH ELIGIBLE MEMBER AND EACH OTHER PROSPECTIVE PURCHASER OF SHARES OF OUR COMMON STOCK IN THE OFFERING IS URGED TO CONSULT HIS OR HER TAX AND FINANCIAL ADVISOR.

MANAGEMENT

Directors and Officers

Our board of directors consists of Gerald J. Pepping, Scott T. Burgess, James R. Dingman, Joel K. Heriford, John R. Klockau, Daniel H. Portes, Christine C. Schmitt, Mark J. Schwab, and Arron K. Sutherland, each of whom also presently serves as a director of Illinois Casualty Company. Effective upon completion of this offering, our board of directors will be divided into three classes serving for successive terms of three years each, and each holds office until their respective successors have been elected and qualified or until death, resignation or removal. We have not yet determined the classes in which our directors will serve.

Our executive officers are elected annually and, subject to the terms of their respective employment agreements, if any, hold office until their respective successors have been elected and qualified or until death, resignation or removal by the board of directors. Annually, the director nominees are reviewed by the nominating/governance committee and are selected by the board of directors.

The following table sets forth certain information regarding our current directors.

	Age at October 1, 2016	Director Since (1)	Position with ICC
Gerald J. Pepping	58	2007	Chairman of the Board and Director
Scott T. Burgess	68	2014	Director
James R. Dingman	62	2009	Director
Joel K. Heriford	59	2004	Director
John R. Klockau	64	2004	Director
Daniel H. Portes	62	2010	Director
Christine C. Schmitt	59	2015	Director
Mark J. Schwab	66	2008	Director
Arron K. Sutherland	48	2007	President, CEO and Director

(1) Indicates year first elected as a director of Illinois Casualty.

The business experience of each nonemployee director for at least the past five years is set forth below.

Gerald J. Pepping. Mr. Pepping is an attorney with Pepping, Balk, Kincaid & Olson, Ltd. where he has been a partner since 1989. Mr. Pepping is a member of the Illinois State Bar Association, Iowa State Bar Association and Rock Island County Bar Association. He received his CPA in 1980 and is a member of the Iowa Society of CPA's. Mr. Pepping is licensed to practice law in Illinois and Iowa and is licensed to practice before the U.S. District Court Central District of Illinois, the U.S. Seventh Court of Appeals and the U.S. Tax Court. Mr. Pepping graduated from the University of Iowa with a BBA in Accounting with highest distinction and received his Juris Doctorate from the University Of Illinois College Of Law. Mr. Pepping's legal and business experience provide the Board of Directors with valuable insight into issues relevant to our business. This experience is important in qualifying him for service as a member of the Board of Directors and as Chairman of the Board of Directors.

Scott T. Burgess. Mr. Burgess is a Senior Managing Director of Griffin Financial since 2011, providing insurance carriers with a broad range of strategic, financial and transactional investment banking services. From 2003 to 2011, he was a Treaty Producer and Senior Vice President of Willis Group, a global reinsurance specialist. He worked with Munich Reinsurance America, Inc. (originally American Re-insurance Company) from 1980 to 2003. Mr. Burgess began his career at Chubb & Son, Inc. in various underwriting and management positions. He also serves on the board of directors of Tuscarora Wayne Mutual Group, Inc., Susquehanna Capital Corp., Tuscarora Wayne Insurance Company, Keystone National Insurance Company and Lebanon Valley Insurance Company. Mr. Burgess attended the U.S. Air Force Academy and holds a B.S., Marketing from the University of Maine. Through Mr. Burgess' experience in the insurance industry and service on other corporate boards, he has dealt with a wide range of issues including reinsurance, risk management, and strategic planning. These attributes were significant in the decision to appoint him as a member of the Board of Directors.

James R. Dingman. Mr. Dingman has served for over twenty years as CEO of BankORION, an independent community bank with 7 offices and $400 million in assets. Mr. Dingman currently serves as Chairman and CEO of BankORION and its holding company, Orion Bancorporation, Inc. For all of those years, he has managed the bank investment portfolio, which is currently in excess of $150 million. Mr. Dingman is a graduate of the University of Iowa, holds a Master's Degree from St. Ambrose University, and graduated with distinction from the Southwestern Graduate School of Banking. He has served in a Board capacity for several local organizations, including the Community Bankers Association of Illinois. Through Mr. Dingman's extensive financial experience and other activities, he has dealt with a wide range of issues including audit and financial reporting, risk management, and strategic planning. These experiences qualify him to service as a member of our Board of Directors.

Joel K. Heriford. Mr. Heriford is an attorney with Burch & Cracchiolo, P.A. in Phoenix, Arizona. Mr. Heriford previously practiced law with the law firms of Stanley, Lande & Hunter P.C. in Davenport, Iowa, and Wessels, Stojan & Stephens, P.C., Rock Island, Illinois. Mr. Heriford graduated from Illinois State University, Normal, Illinois (B.S. Accounting), and from De Paul University College of Law (J.D.). Mr. Heriford is also a Certified Public Accountant (Inactive), and previously worked with an international accounting firm prior to attending law school. Mr. Heriford is admitted to practice law in Arizona, Illinois and Iowa. Mr. Heriford's legal and accounting experience provide the Board of Directors with valuable insight into issues relevant to our business. These experiences qualify him for service as a member of the Board of Directors.

John R. Klockau. Mr. Klockau attended Shimer College in Waukegan, Illinois. He began his insurance career in 1972 with Illinois Casualty Company. He served in a variety of capacities before being named to the position of President in 1989, from which he resigned in July of 2009. Mr. Klockau is recognized as an expert in the investigation, negotiation and settlement of dram shop claims. Mr. Klockau serves on the Board of Directors of Rockford Mutual Insurance Company and is involved in various community activities. Through Mr. Klockau's experience in the insurance industry, he has dealt with a wide range of issues including reinsurance, risk management, and strategic planning. These attributes were significant in the decision to appoint him as a member of the Board of Directors.

Daniel H. Portes. Mr. Portes is the Chairman and owner of Management Resources Group (MRG), a talent management company located in Davenport, Iowa. MRG specializes in senior level executive retained search, outplacement, coaching, assessments, organizational development, team building and conflict resolution. Mr. Portes possesses over 31 years of management experience. He is an active member of a number of community boards and organizations, and is past chairman of the Iowa Quad Cities Chamber of Commerce and was named the 2000-2001 Community Leader of the Year. He has served on the Davenport School District and Putnam Museum boards and is a past president of Temple Emanuel. Currently he serves on the board of directors for the Quad City Chamber of Commerce. Mr. Portes was in the leadership role in the passage of the local option sales tax initiative for Scott County Public Schools. Mr. Portes' business experience provides the Board of Directors with valuable insight into issues relevant to our business, including executive compensation. This experience is important in qualifying him for service as a member of the Board of Directors.

Christine C. Schmitt. Ms. Schmitt is CFO North America Insurance Operations of AmTrust North America, a subsidiary of AmTrust Financial Services, Inc., a publicly traded holding company and provider of specialty property and casualty insurance focusing on workers' compensation and commercial package coverage for small business, specialty risk and extended warranty coverage sold throughout the United States and Internationally with over $20 billion in assets. She oversees financial management reporting and systems for the 25+ North America insurance companies and a liaison with auditors, actuaries and financial operations. From 2012 to June 2016, she was Treasurer and Controller for Fidelity & Guaranty Life Insurance Company. From 2011 to 2015, she also served as a director and Chair of the Audit Committee of Michigan Millers Mutual Insurance Company. Ms. Schmitt previously served as Senior Vice President & CFO for FinCor Holdings, Inc., a medical professional liability insurance company, and MEEMIC Insurance Company, a personal lines insurance company, and was an audit manager at PricewaterhouseCoopers LLP. She is a Certified Public Accountant and Chartered Global

Management Accountant and is a member of Financial Executives International, National Association for Female Executives, American Institute of CPA's and Michigan Association of CPA's. Ms. Schmitt has a BS, Business Administration, Accounting major, from Wayne State University. The financial acumen that Ms. Schmitt obtained through her insurance industry experience and service on other corporate boards were attributes important in qualifying her for service as a member of the Board of Directors.

Mark J. Schwab. Mr. Schwab is a Client Advisor and former Area President of Trissel, Graham & Toole division of Arthur J. Gallagher insurance agency, Davenport, Iowa. He is a graduate of the University of Iowa and has taught insurance at St. Ambrose University. He started his career as a field claims adjuster and later was a commercial liability and workers compensation claims supervisor. Mr. Schwab holds the Chartered Property and Casualty Underwriter and Associate in Risk Management designations. He has served as president of the Quad City Chapter of CPCU, Quad Cities Claims Association, Quad Cities Insurance Education Council and Independent Insurance Agents of Scott County. Mr. Schwab was the 2003-05 board chair for United Way of the Quad-Cities. Through Mr. Schwab's experience in the insurance industry, he has dealt with a wide range of issues including risk management, agency relationships and strategic planning. This experience was significant in the decision to appoint him as a member of the Board of Directors.

Following the conversion, pursuant to our contractual agreement with one of the investor groups, we will appoint R. Kevin Clinton to the board of directors. His business experience is set forth below.

R. Kevin Clinton. Mr. Clinton has been a professor and Director of the Actuarial Science Program of Michigan State University since August 2015. From November 2013 to April 2015, he served as the State Treasurer of the State of Michigan and a member of the Governor's cabinet. Mr. Clinton was part of the team that brought the City of Detroit out of bankruptcy. From April 2011 to November 2013, he served as the Commissioner of Insurance of the State of Michigan and Director of the Michigan Department of Insurance and Financial Services (MDIFS), which regulates state insurance companies, banks, credit unions and other financial institutions. Mr. Clinton was President and Chief Executive Officer of American Physicians Capital, Inc., a publicly traded insurance company, from 2004 until its sale to The Doctors Company in October 2010. He was Vice President and Chief Operating Officer of that company from 2001 to 2003. From 1997 to 2001, Mr. Clinton was President and Chief Executive Officer of MEEMIC Insurance Company, a personal lines insurer which converted from a mutual to stock company and became a publicly traded company in 1999. From 1990 to 1997, he worked at ProNational Insurance Company, holding the positions of Chief Financial Officer from 1996 to 1997 and Vice President of Underwriting from 1990 to 1995. Mr. Clinton was a consulting actuary from 1986 to 1990. He was the Chief Actuary of the State of Michigan Insurance Bureau, which is now part of the MDIFS, from 1982 to 1986. Mr. Clinton graduated from the University of Michigan (B.S. Business Administration; Masters of Actuarial Science), and was inducted as a Fellow of the Casualty Actuarial Society in 1982.

In order to determine which of our directors are independent, we have elected to utilize the standards for independence established under the NASDAQ listing standards. Under this standard, an independent director is a person other than an executive officer or employee of ICC or any other individual having a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following persons will not be considered independent:

- a director who is, or at any time during the past three years was, employed by us;
- a director who accepted or who has a spouse, parent, child or sibling, whether by blood, marriage or adoption, or any other person who resides in his home, hereinafter referred to as a "Family Member", who accepted any compensation from us in excess of $120,000 during any period of twelve consecutive months within the three years preceding the determination of independence (other than compensation for board or board committee service; compensation paid to a Family Member who is an employee (other than an executive officer) of Illinois Casualty; or benefits under a tax-qualified retirement plan, or non-discretionary compensation).

- a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by us as an executive officer;
- a director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which we made, or from which we received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or $200,000, whichever is more (excluding payments arising solely from investments in our securities; or payments under non-discretionary charitable contribution matching programs).
- a director of ICC who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three (3) years any of our executive officers served on the compensation committee of such other entity; or
- a director who is, or has a Family Member who is, a current partner of our outside auditor, or was a partner or employee of the company's outside auditor who worked on our audit at any time during any of the past three (3) years.

Under this criteria, all directors except Arron K. Sutherland are independent. Illinois insurance law requires that one-third of the members of each committee of the board be independent, except for the audit, nominating, and compensation committees, which may only include independent directors.

Director Compensation

In 2015, each of our directors received a fee of $3,500 for each board meeting attended, other than the August 2015 board meeting for which a fee of $5,250 was paid to attendees.

For 2016, each of our directors will receive a fee of $3,500 for each board meeting attended. Additionally, certain of our non-employee directors may receive additional compensation in connection with the added responsibility and work related to our conversion.

The table below summarizes the total compensation paid to our non-employee directors for the fiscal year ended December 31, 2015.

	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Gerald J. Pepping	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
Scott T. Burgess	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
James R. Dingman	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
Joel K. Heriford	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
John R. Klockau	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
Daniel H. Portes	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
Christine C. Schmitt	$ 3,500	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,500
Mark J. Schwab	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750

Committees of the Board of Directors

Compensation Committee. Our compensation committee consists of Messrs. Heriford (Committee Chairman), Portes and Schwab and Ms. Schmitt. All of the directors are independent under the criteria established under the NASDAQ listing standards. All of the directors are "non-employee directors," as required under the Exchange Act. The compensation committee will:

- review, evaluate and approve the compensation and benefit plans and policies of ICC employees, including its officers;

- review, evaluate and approve the compensation and benefit plans and policies for our officers and directors;
- grant stock options and restricted stock and restricted stock unit awards to employees, management and directors under our proposed stock-based incentive plan;
- be responsible for producing an annual report on executive compensation for inclusion in our proxy statement and for ensuring compliance of compensation and benefit programs with all other legal, tax and regulatory requirements;
- assist the board of directors in the performance of its responsibilities relating to succession planning for its principal executive officer; and
- make recommendations to our board of directors regarding these matters.

Audit Committee. The Audit Committee consists of Messrs. Heriford (Committee Chairman), Dingman, and Portes and Ms. Schmitt. In addition, our board of directors has determined that Ms. Schmitt is an audit committee financial expert within the meaning of SEC regulations. Under the independence criteria utilized by the NASDAQ listing rules, the Audit Committee members must meet additional criteria to be deemed independent. An Audit Committee member may not, other than in his or her capacity as a member of the Committee, the board of directors, or any other board of directors' committee (i) accept directly or indirectly any consulting, advisory, or other compensatory fee from ICC other than the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with ICC (provided such compensation is not contingent in any way on continued service); or (ii) be an affiliated person of ICC as defined in Exchange Act Rule 10A-3(e)(1). All of the directors of the Audit Committee are independent under this criteria.

The Audit Committee will:

- be responsible for the selection, retention, oversight and termination of our independent registered public accounting firm;
- approve the non-audit services provided by the independent registered public accounting firm;
- review the results and scope of the audit and other services provided by our independent registered public accounting firm;
- approve the estimated cost of the annual audit;
- establish procedures to facilitate the receipt, retention and treatment of complaints received from third parties regarding accounting, internal accounting controls, or auditing matters;
- establish procedures to facilitate the receipt, retention, and treatment of confidential, anonymous submissions of concerns regarding questionable accounting or auditing matters by ICC employees;
- review and approve all related party transactions and transactions raising potential conflicts of interest;
- review the annual financial statements and the results of the audit with management and the independent registered public accounting firm;
- review with management and the independent registered public accounting firm the adequacy of our system of internal control over financial reporting, including their effectiveness at achieving compliance with any applicable laws or regulations;
- review with management and the independent registered public accounting firm the significant recommendations made by the independent registered public accounting firm with respect to changes in accounting procedures and internal control over financial reporting; and
- report to the board of directors on the results of its review and make such recommendations as it may deem appropriate.

Nominating and Governance Committee. The Nominating and Governance Committee of the board of directors consists of Messrs. (Committee Chairman), Burgess, and Portes. All of the directors are independent as defined under the NASDAQ listing standards. The Nominating and Governance Committee will:

- make independent recommendations to the board of directors as to best practices for board governance and evaluation of board performance;
- produce a Code of Ethics and submit it for board approval, and periodically review the Code of Ethics for necessary revisions;
- identify suitable candidates for board membership, and in such capacity will consider any nominees recommended by shareholders;
- propose to the board a slate of directors for election by the shareholders at each annual meeting; and
- propose candidates to fill vacancies on the board based on qualifications it determines to be appropriate.

Enterprise Risk Management Committee. The Enterprise Risk Management Committee consists of Messrs. Sutherland (Committee Chairman), Burgess, Portes, and Schwab. The purpose of the Enterprise Risk Management Committee is to review and make recommendations to the Board with respect to financial, reputational and other issues and risks of the company. In particular, the Enterprise Risk Management Committee will:

- review investment policies, strategies, transactions and performance; and
- conduct an annual enterprise risk management review and assessment of proposed strategic plans and initiatives.

Executive Committee. The Executive Committee consists of Messrs. Pepping (Committee Chairman), Klockau, and Sutherland. The purpose and duties of the Executive Committee are to handle legal formalities and technicalities concerning administrative operations. The Executive Committee will:

- oversee budget review;
- provide capital spending approval;
- propose capital structure policy;
- oversee merger, acquisition and divestiture review;
- provide debt issuance approval; and
- review qualification of commercial and investment bankers.

Compensation Committee Interlocks and Insider Participation

The members of the compensation committee of our board of directors are currently Messrs. Heriford (Committee Chairman), Portes and Schwab and Ms. Schmitt.

The compensation committee does not include any current or former officers or current employees of ICC. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Officers

Our Named Executive Officers

Arron K. Sutherland, age 48, serves as the President — Chief Executive Officer of the Company and also serves on the Board of Directors. He has served as the CEO since 2010 and formerly as Chief Financial Officer

from 2006 to 2010. Mr. Sutherland has more than 20 years' experience in the insurance and finance industry and holds a CPA and CPCU designation. Prior to joining ICC, he was employed for more than 15 years in the accounting field including ten years of P&C experience with Frankenmuth Financial Group. Mr. Sutherland received his B.A. in Accounting from Michigan State University and his M.B.A. from Saginaw State University.

Michael R. Smith, age 49, serves as the Chief Financial Officer, a position he has held since May 2016. Previously, he served as the Vice President of Finance since January 2015. Mr. Smith joined the Company originally in 2011 as the Assistant Vice President of Finance until July 2013. He served as Vice President and Controller at CGB Enterprises, Inc. from July 2013 to January 2015. Mr. Smith has more than 20 years' experience in the financial industry including 15 years in the insurance industry and holds a CPA and CPCU designation. Prior to joining the Company he worked for several insurance organizations including GF&C Holding Company, The Financial Group, Insurall, and Continental National Indemnity. Mike received his B.S.B.A. in Accounting from Xavier University and his M.B.A. in Finance from Xavier University.

Norman D. Schmeichel, age 47, serves as the Vice President and Chief Information Officer of the Company, a position he has held since 2011. Mr. Schmeichel has over 14 years' experience in the insurance industry. He started with ICC in 2002 as the Associate Director of IT, and served as the Assistant Vice President of IT from 2007 to 2011. Mr. Schmeichel has over 20 years' experience in development of enterprise solutions. He oversees the Company's IT, Actuarial Services, and Products and Process operations. Mr. Schmeichel holds a B.A. in Economics from Northern Illinois University.

Howard J. Beck, age 57, serves as the Chief Underwriting Officer, a position he has held since May 2016. Previously, he served as the Vice President of Underwriting since 2014. He joined the Company in 2004 as Program Manager and has served as Marketing Manager and Director of Underwriting. Mr. Beck has over 24 years' experience in the insurance industry and holds a CPCU. Prior to joining the Company, he was employed for over 12 years with both company and agency operations, working with Sentry Select, John Deere Insurance, and Lohman Brothers Agency. Mr. Beck oversees the Company's Underwriting, Marketing and Loss Control operations. Mr. Beck received a B.S. in Finance from Northern Illinois University and his M.B.A. from University of St. Thomas.

Julia B. Suiter, age 49, serves as Chief Legal Officer of the Company, a position she has held since May 2016. Previously, she had been our Chief Litigation Counsel since 2011. She joined the Company in 2009 as Litigation Manager. Prior to joining the Company, Mrs. Suiter practiced in the areas of construction law, products liability, contract law, employment law, and insurance defense for more than 15 years. Prior to joining ICC, she served as Operations Counsel for KONE Inc., where she was also responsible for the company's corporate compliance program, and taught the "Legal Environment of Business" course as an adjunct professor at St. Ambrose University. Julia holds a B.A. in Criminal Justice from Indiana University and a J.D. from Indiana University School of Law.

Other Executive Officers

Rickey Plunkett, age 61, serves as the Director of Claims, a position he has held since 2011. He joined the Company in 2010 as Claims Manager. He has more than 35 years' experience in the insurance industry. Prior to joining the Company, Mr. Plunkett worked as Claims Program Manager for General Casualty Insurance Company. He holds the CPCU, CIC, and SCLA designations. Mr. Plunkett received his B.A. from Indiana State University.

Kathleen S. Springer, age 48, serves as the Director of Human Resources, a position she has held since 2011. She joined the Company in 2008 as the Human Resources Manager. Mrs. Springer has over 20 years' experience the human resources field and holds both a SPHR and SHRM-SCP designation. Prior to joining ICC, she was employed in HR management with K's Merchandise and Service Merchandise Corp. Mrs. Springer oversees the Company's Administrative Services and Human Resources operations. Mrs. Springer received her B.A. from Western Illinois University.

Retirement and Other Personal Benefits. We provide our named executive officers, and in some circumstances our other employees, with certain retirement and other fringe benefits, as we describe below.

We provide all of our employees, including our named executive officers, with tax-qualified retirement benefits through our 401(k) retirement plan. All employees who meet the age and service requirements are eligible to participate in the 401(k) plan on a non-discriminatory basis. We match the employee's contributions at 100% up to the first 4% of the employee's compensation. Participants are 100% vested in the company-match contributions. Messrs. Sutherland, Smith, Schmeichel, and Beck and Ms. Suiter are fully vested in our matching contributions.

Stock -Based Plans. In connection with the offering, we adopted an ESOP, which will purchase 10.0% of the total stock outstanding following the offering. The ESOP will provide all of our employees who meet the age and service requirements with a stake in the future performance of our common stock. The ESOP will be an equity based plan available to all ranks of employees and will align our employees' interests, including our named executive officers, with our shareholders.

Our board of directors adopted a stock-based incentive plan, which will permit us to make stock or stock-based awards in the form of incentive stock options, nonqualified options, and restricted stock and restricted stock units to directors and selected employees. We expect that the stock-based incentive plan will assist us in attracting, motivating, and retaining persons who will be in a position to substantially contribute to our financial success. The stock-based incentive plan has a term of ten years (unless our board of directors terminates the stock-based incentive plan earlier). The stock-based incentive plan will be administered by our compensation committee, who will determine the vesting period and other terms for the option, restricted stock, and restricted stock unit awards under the plan.

Summary Compensation Table

The following table sets forth information regarding the total annual compensation of our named executive officers for the fiscal year ended December 31, 2015.

Name and Principal Position	Year	Salary ($)	Stock Awards ($)	Option Awards ($)	Bonus ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (1)	Total ($)
Arron K. Sutherland									
President and Chief	2015	285,000	—	—	47,300	33,885	68,000	19,806	453,991
Executive Officer	2014	251,500	—	—	30,861	34,725	69,992	12,450	399,528
Michael R. Smith									
Chief Financial									
Officer	2015	135,577	—	—	6,000(2)	16,405	—	19,239	177,221
Norman D. Schmeichel									
Vice President and									
Chief Information	2015	166,481	—	—	4,500	20,144	—	7,919	199,044
Officer	2014	158,650			5,000	23,797		314	187,761
Howard Beck									
Chief Underwriting	2015	117,880	—	—	1,000	14,263	—	11,072	144,215
Officer	2014	118,200	—	—	1,000	17,730	—	9,954	146,884
Julia B. Suiter									
Chief Legal	2015	118,495	—	—	4,600	14,338	—	7,053	144,486
Officer	2014	113,376	—	—	1,000	17,006	—	1,939	133,321

(1) For 2015, consists of (a) for Mr. Sutherland, our 401(k) plan matching contributions in the amount of $10,600; life, accidental death & dismemberment, short-term and long-term disability, long-term care and supplemental disability insurance premiums of $5,030; and country club membership dues and fitness subsidy reimbursement in the amount of $4,176; (b) for Mr. Smith, our 401(k) plan matching contributions in the amount of $5,348; life, accidental death & dismemberment, and short-term and long-term disability insurance premiums of $872; relocation expenses of $12,000; and country club membership dues in the amount of $1,019; (c) for Mr. Schmeichel, our 401(k) plan matching contributions in the amount of $6,999; and life, accidental death & dismemberment, and short-term and long-term disability insurance premiums of $920; (d) for Mr. Beck, our 401(k) plan matching contributions in the amount of $6,944; life, accidental death & dismemberment, short-term and long-term disability, and long-term care insurance premiums of $2,687; and country club membership dues in the amount of $1,441; and (e) for Ms. Suiter, our 401(k) plan matching contributions in the amount of $4,780; life, accidental death & dismemberment, short-term and long-term disability, and long-term care insurance premiums of $2,162; and fitness subsidy reimbursement.

(2) Mr. Smith received a $5,000 sign-on bonus during 2015.

Benefit Plans and Employment Agreements

General. Arron K. Sutherland is party to an employment agreement with Illinois Casualty. Our other named executive officers are parties to change in control agreements. In connection with the offering, our board of directors has approved the employee stock ownership plan. Our board of directors also adopted a stock-based incentive plan that must be approved by our shareholders at a meeting held no earlier than six months after completion of the conversion. In addition, we have an existing a 401(k) and profit sharing plan in which our executive officers are eligible to participate.

Employee Stock Ownership Plan. In connection with the offering, we have adopted an employee stock ownership plan, or ESOP, for the exclusive benefit of participating employees, to be implemented upon the completion of the offering. Participating employees are all of our employees, who have completed at least ninety days of service with ICC. As of June 30, 2016, there were employees eligible to participate in the ESOP. We will submit to the IRS an application for a letter of determination as to the tax-qualified status of the ESOP. We expect that the ESOP will receive a favorable letter of determination from the IRS.

The ESOP intends to borrow funds from us in order to be able to purchase an amount of shares equal to 10.0% of the common stock issued in the offering. This loan will bear an interest rate equal to the long-term Applicable Federal Rate with annual compounding on the closing date of the offering. Depending on the number of shares issued in the offering, the ESOP loan will require the ESOP to make annual payments of between approximately $ and $, for a term of fifteen years. The loan will be secured by our shares of common stock purchased by the ESOP. Shares purchased with the ESOP loan proceeds will be held in a suspense account for allocation among participants as the ESOP loan is repaid. We are required to contribute sufficient funds to the ESOP to enable the ESOP to meet its loan obligations.

Contributions to the ESOP and shares released from the suspense account will be allocated pro-rata among participants based upon a participant's eligible compensation as a percentage of the eligible compensation of all participants in the ESOP, multiplied by a factor based upon a participant's combined age plus years of service as of each December 31. Eligible compensation will include the participant's annual wages within the meaning of Section 3401(a) of the Code and all other payments of compensation reported on the participant's Form W-2, plus any amounts withheld under a plan qualified under Sections 125, 401(k), or 132(f)(4) of the Code and sponsored by ICC Holdings, Inc. or one of its affiliates. Eligible compensation will be determined without regard to any rules under Section 3401(a) of the Code that limit wages based on the nature or location of the participant's employment or services performed. Participants must have at least 1,000 hours of service in a calendar year and be employed on the last day of the calendar year in order to receive an allocation. A participant becomes 100% vested in his or her right to ESOP benefits only after completing four years of service with ICC (25% per year beginning with the participant's second year of service). For vesting purposes, a year of service means any year in which an employee completes at least 1,000 hours of service. Vesting will be accelerated to 100% upon a participant's attainment of normal retirement age (age 65), death, or disability. Forfeitures will be reallocated to participants on the same basis as other contributions, or, at our discretion, used to pay administrative expenses. Vested benefits are payable upon a participant's retirement, death, disability, or separation from service, and will be paid in a lump sum as whole shares of common stock (with cash paid in lieu of fractional shares), unless the distributee elects cash. Any dividends paid on allocated shares are expected to be credited to participant accounts within the ESOP or paid to participants, and any dividends on unallocated shares are expected to be used to repay the principal of and interest on the ESOP loan.

As sponsor of the ESOP, ICC, through its board of directors, will administer the ESOP itself or engage a third party administrator to provide, among other services, participant recordkeeping and account maintenance services. An unaffiliated bank or trust company will be appointed as custodian and trustee of the ESOP. The ESOP trustee must vote all allocated shares held in the ESOP in accordance with the instructions of the participants. Unallocated shares and allocated shares for which no timely direction is received will be voted by the ESOP trustee in accordance with the terms of the ESOP's trust agreement.

Stock -Based Incentive Plan. Our board of directors adopted a stock-based incentive plan on , 2016. The plan is subject to shareholder approval The plan will not be submitted to our shareholders for approval until at least six months after the completion of the offering.

The purpose of the stock-based incentive plan will be to assist us in attracting, motivating, and retaining persons who will be in a position to substantially contribute to our financial success. The stock-based incentive plan will assist us in this effort by providing a compensation vehicle directly tied to the performance of our common stock. The stock-based incentive plan will have a term of ten years (unless our board of directors terminates the stock-based incentive plan earlier).

The stock-based incentive plan will permit us to make stock or stock-based awards in the form of incentive stock options, nonqualified stock options, restricted common stock, and restricted common stock units to directors and employees. Our non-employee directors will not be eligible to receive awards of incentive stock options under the plan, because, under the Internal Revenue Code, incentive stock options may only be granted to employees. The stock-based incentive plan will be administered by the compensation committee.

The aggregate number of shares of common stock that can be awarded under the stock-based incentive plan will be limited to 14% of the number of shares issued in the offering. No more than 10% of the number of shares of common stock issued in the offering will be issuable under the stock-based incentive plan upon exercise of stock options, and no more than 4% of the number of shares of common stock issued in the offering will be issuable under the stock-based incentive plan as restricted stock awards or through the vesting of restricted stock unit awards. Under the stock-based incentive plan, the compensation committee will determine whether the participant will receive either common stock or cash upon the vesting of a restricted stock unit award.

We may purchase shares of our common stock in the open market to hold as treasury shares for use in issuing stock upon the exercise of stock options, the vesting of a restricted stock unit award not paid in cash, or making restricted stock awards, or we may issue new shares from our authorized but unissued common stock. If we purchase all of the common stock eligible to be issued under the stock-based incentive plan in the open market, the number of shares purchased will be between 380,800 shares and 572,444 shares, and if we purchase all of the shares at $10.00 per share, the cost would be between $3,808,000 and $5,724,440. By purchasing some or all of the shares to be issued under the stock-based incentive plan in the open market, ICC can reduce the dilution to net income per share and the percentage of shares held by then existing shareholders as the result of the issuance of common stock upon exercise of stock options and vesting of restricted stock awards under the stock-based incentive plan.

All awards granted under the stock-based incentive plan will be subject to vesting, pre-established performance criteria, or other conditions as the compensation committee may in its discretion set, subject to the terms of the stock-based incentive plan document. The failure to satisfy any vesting, performance criteria, or other conditions may result in the forfeiture, lapse, or other loss of the benefit of an award under the stock-based incentive plan. An award agreement between ICC and the officer, director or employee will evidence the terms of each award, including these conditions.

Vesting of awards may accelerate upon a Change in Control (as defined in the stock-based incentive plan) and, in certain circumstances, upon a participant’s death or disability. In addition, the compensation committee may exercise its discretion to waive a vesting period (but not any performance goals) or forfeiture provision with respect to an award.

Each option issued under the stock-based incentive plan will entitle the option holder upon vesting, to purchase a number of shares of our common stock, at a price per share, specified in the agreement issued to him or her. Incentive stock options afford favorable tax treatment to recipients upon compliance with certain restrictions under Section 422 of the Code. Nonqualified stock options are options that do not qualify for the favorable tax treatment of Section 422 of the Code.

Under the stock-based incentive plan, the exercise price of each stock option must be at least 100% of the fair market value of a share of common stock on the date of award, except that the exercise price of an incentive stock option awarded to an individual who beneficially owns more than 10% of the voting power from all classes of our stock must be at least 110% of the fair market value on the date of award. If our stock is traded on the Nasdaq Capital Market, as we expect, the fair market value will be the closing sales price on the day the option is awarded, and if no such price is available for that day, the exercise price will be determined by reference to the closing sales price on the preceding day on which prices were quoted.

No taxable income will be recognized by the option holder upon exercise of an incentive stock option, although it may increase the option holder’s alternative minimum tax liability, if applicable. Incentive stock

options do not result in tax deductions to ICC unless the option holder fails to comply with Section 422 of the Code, which requires the option holder to hold shares acquired through exercise of an incentive stock option for two years from the date on which the option is awarded and for more than one year from the date on which the shares are issued upon exercise of the option. If the option holder complies with these requirements, any gain or loss on the subsequent sale of such shares will be long-term capital gain or loss. Generally, if the option holder sells such shares before the expiration of either of these holding periods, then at the time of the sale, the option holder will realize taxable ordinary income equal to the lesser of: (i) the excess of the shares' fair market value on the date of exercise over the exercise price, or (ii) the option holder's actual gain, if any, on the purchase and sale. The option holder's additional gain or any loss upon any such sale will be a capital gain or loss, which will be long-term or short-term, depending upon whether he held the shares for more or less than one year.

Upon the exercise of a nonqualified stock option, the option holder will recognize ordinary income upon the exercise of the nonqualified option in an amount equal to the excess of the then fair market value of the stock acquired over the exercise price. ICC will generally be entitled to a federal income tax deduction equal to the amount reportable as income by the option holder.

Restricted stock is common stock that will be awarded under the stock-based incentive plan at no cost to the recipient. Restricted stock will be nontransferable and forfeitable until the holder's interest in the stock vests. Upon vesting and release of the restricted stock, the holder will recognize ordinary income equal to the then fair market value of the shares received, unless a special election has been timely filed with the Internal Revenue Service to recognize as income the value of the restricted stock on the award date. When the holder sells the shares, capital gain and loss rates will apply. ICC will be entitled to a federal income tax deduction equal to the amount reportable as income by the holder.

Restricted stock units are awards denominated in shares of our common stock that, upon vesting, are settled, in the discretion of the compensation committee, (a) in cash, based on the fair market value of our common stock on the date of vesting; (b) in our common stock; or (c) a combination of cash and our common stock. Upon vesting of the restricted stock units the holder will recognize ordinary income equal to the amount of cash received plus, the then fair market value of unrestricted shares received. When the holder sells shares acquired pursuant to the vesting of a restricted stock unit award, capital gain and loss rates will apply. ICC will be entitled to a federal income tax deduction equal to the amount reportable by the holder.

Section 162(m) of the Code denies a deduction to any publicly held corporation for compensation paid to certain "covered employees" in a taxable year to the extent that compensation to such covered employee exceeds $1,000,000. Compensation attributable to awards made under the stock-based incentive plan, when combined with all other types of compensation received by a covered employee from ICC, may cause this limitation to be exceeded in any particular year. Certain kinds of compensation, including qualified "performance-based compensation," are disregarded for purposes of the deduction limitation. In accordance with treasury regulations promulgated under Section 162(m) of the Code, awards will qualify as performance-based compensation if the award is granted by the compensation committee comprised solely of "outside directors" and either (i) with respect to stock options, the plan contains a per-employee limitation on the number of shares for which such options may be granted during a specified period, the per-employee limitation is approved by the shareholders, and the exercise price of the option is no less than the fair market value of the shares on the date of award, or (ii) the award is subject to the achievement (as specified in writing by the compensation committee) of one or more objective performance goal or goals that the compensation committee establishes in writing while the outcome is substantially uncertain, and the shareholders approve the performance goal or goals. It is our intention to have awards under the stock-based incentive plan to executive officers constitute "performance-based compensation" in accordance with the provisions of Section 162(m) of the Code, but the compensation committee may approve awards that do not qualify for maximum deductibility when it deems it to be in the best interest of ICC.

We expect that the initial grant of awards under the stock-based incentive plan will take place on the date of shareholder approval. We have not made any final decision concerning the number or type of awards that will be

made to any director or officer at this time. We will not make any awards under the stock-based incentive plan before receiving shareholder approval.

401(k) Retirement Plan. We currently sponsor a 401(k) plan. Full-time, active employees, including our named executive officers, are eligible to participate in the plan on the first of the month immediately following ninety days of service. As of June 30, 2016, of our employees were eligible to participate in the plan. Under the plan, participants receive matching contributions from ICC equal to one hundred percent of the employee's contribution up to four percent of their eligible compensation. Participants in the plan are always fully vested in their contribution as well as the matching contributions they receive from us. An employee reaches a year of service when they have worked 1,000 hours in the applicable calendar year. Once amounts under the plan are distributed, the participant will have taxable income for the amounts distributed. Participants taking distributions when they are under the age of 59 1/2 could be subject to an additional 10% excise tax on the income distributed.

As of December 31, 2015, Messrs. Sutherland, Smith, Schmeichel, and Beck and Ms. Suiter were each 100% vested in the 401(k) plan. For the year ended December 31, 2015, Messrs. Sutherland, Smith, Schmeichel, and Beck and Ms. Suiter received $10,600, $5,348, $6,999, $4,944, and $4,780, respectively, in contributions to the plan from ICC.

Executive Employment Agreement. Mr. Sutherland is party to an employment agreement with Illinois Casualty and ICC Holdings. Mr. Sutherland's employment agreement, effective October 1, 2016, is terminable upon 60 days prior written notice. The employment agreement includes non-compete and non-solicitation covenants that last during his term of employment and two years thereafter. Pursuant to his employment agreement, Mr. Sutherland receives a base salary of $320,000, which is increased annually to reflect a cost of living increase based upon information published by the Bureau of Labor Statistics of the United States Department of Labor plus any other discretionary increases agreed by the board of directors or compensation committee from time to time. Mr. Sutherland is also eligible to receive (i) an annual discretionary performance-based bonus, (ii) paid annual personal time off in accordance with the benefits provided to other employees, and (iii) country club membership for the purpose of conducting company business, with Illinois Casualty owning the equity portion. He is also entitled to participate in all retirement plans and health, life, disability and other insurance programs offered by Illinois Casualty to its other employees. Mr. Sutherland will be entitled to participate in the pool of shares of our common stock designated to be awarded to our management team in accordance with the terms our equity incentive plan. Additionally, Illinois Casualty will provide Mr. Sutherland with company-funded disability income that, when coordinated with our group disability plans, will provide him with 75% of his base salary for the first 180 days of his disability. During the term of his employment agreement and for two years following his termination, Mr. Sutherland is subject to a covenant not to compete, a covenant not to solicit customers and a covenant not to solicit our key employees. This employment agreement replaced an employment agreement between Mr. Sutherland and Illinois Casualty originally entered into in August 2012.

In November 2012, we entered into a deferred compensation agreement with Mr. Sutherland. The agreement requires Illinois Casualty to make payments to Mr. Sutherland beginning at retirement, which is set at age 62. In the event of separation of service without cause prior to age 62, benefits under this agreement vest 25% in November 2017, 50% in November 2022, 75% in November 2027, and 100% on January 1, 2032. In the event of Mr. Sutherland's death prior to retirement, benefits become fully vested and are payable to his beneficiaries. Using a discount rate of 4.95%, the fully vested obligation under the agreement would total approximately $1,548,000 on January 1, 2032. As of December 31, 2015, the accrued liability related to this agreement totaled $173,676.

The compensation committee enters into employment agreements with executive officers when it determines that such an agreement is desirable to obtain some measure of assurance as to the executive's continued employment in light of prevailing market competition for the position held by the executive officer, or where the compensation committee determines that an employment agreement is necessary and appropriate in light of the executive's prior experience or with our practices with respect to similar situated employees.

Base Salary. Messrs. Sutherland, Smith, Schmeichel, and Beck and Ms. Suiter will each receive an annual base salary of $300,000, $155,500, $172,250, $128,000, and $130,000, respectively, in 2016. The base salary of each of the named executive officers is reviewed periodically for merit or cost-of-living increases and may be increased pursuant to the policies then in effect related to executive compensation. Pursuant to the terms of Mr. Sutherland's employment agreement, the base compensation paid to him in any calendar year may not be less than the base compensation paid to Mr. Sutherland in the previous year, except for a reduction which is proportionate to a company-wide reduction in executive or senior management pay, exclusive of eliminated or unfilled positions.

The base salary is intended to provide fixed compensation to the executive officer that reflects his job responsibilities, experience, value to Illinois Casualty, and demonstrated performance. The base salary for each executive in any future employment agreements or any amounts paid over the base salary amount under this current or any future employment agreements will be determined by the compensation committee based on its subjective evaluation of a variety of factors, including, but not limited to:

- the nature and responsibility of the position;
- the impact, contribution, expertise and experience of the executive;
- to the extent available and relevant, competitive market information; and
- the importance of retaining the executive along with the competitiveness of the market for the executive's talent and services.

Bonus. Our executive officers are entitled to participate in the Illinois Casualty Company Profit Sharing Cash Bonus Program that we maintain and offer to our employees, and may receive an additional bonus or bonuses as the board of directors deems appropriate. The Profit Sharing Cash Bonus Program is focused on delivering return on average equity, premium growth and controlling operating expenses by focusing on the following components of our operations: the GAAP combined ratio, renewal hit ratio, direct written premium and statutory surplus. The calculation of the GAAP combined ratio is described above under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Financial Measures" above. The renewal hit ratio measures our success in retaining policies at renewal by comparing the number of renewals offered against the number of renewal binders received. This ratio is calculated by dividing the number of renewal binders received by the sum of such renewals and the number of renewals offered but ultimately expired. For 2015, the targets were a GAAP combined ratio of 99.9%, a renewal hit ratio of 89%, direct written premiums of $50.0 million, and statutory surplus of $26.5 million. The potential for each employee's bonus is based upon each employee's position and base salary for that year. For 2016, the bonus potential for each of our executive officers was 15% of his or her base salary in 2016, excluding any fees for service on the board of directors, which for Mr. Sutherland is $20,000. During 2015, we achieved a GAAP combined ratio of 96.5%, a renewal hit ratio of 92%, direct written premiums of $49.0 million, and a statutory surplus of $26.9 million. Accordingly, our named executive officers achieved 11.44% of their targeted bonus amounts.

Benefits and Perquisites. Messrs. Sutherland, Smith, Schmeichel, and Beck and Ms. Suiter are each entitled to participate in insurance, vacation, and other fringe benefit programs that ICC maintains for its other employees. We provide several types of insurance to eligible employees: health, life, short term disability, long-term disability, accident, identity theft, and chronic illness. In addition, we pay 100% of the premiums for long-term care insurance for the benefit of Messrs. Sutherland and Beck and Ms. Suiter. This program has been discontinued for current employees, but has been grandfathered for certain of our employees, with the amount of our contribution originally based upon level and length of employment. We provide these benefits to help alleviate the financial costs and loss of income arising from illness, disability or death, and to allow employees to take advantage of reduced insurance rates available for group policies.

The Company provides a cell phone to all officers and designated staff in order to provide superior service to our customers.

Benefits Provided in Connection with Termination. If Mr. Sutherland's employment is terminated as a result of his death, his estate or designated beneficiary will receive any base salary and expenses accrued and owing to Mr. Sutherland as of the date of termination of employment and all benefits due and owing to, or in respect of, Mr. Sutherland under all benefit plans, in accordance with their terms. We refer to these benefits as accrued obligations.

If Mr. Sutherland's employment is terminated by Illinois Casualty for Cause or by Mr. Sutherland without Good Reason, Mr. Sutherland will receive his accrued obligations, and Illinois Casualty will make available to Mr. Sutherland and his qualified dependents continued coverage under its insurance plans, as required by the Consolidated Omnibus Budget Reconciliation Act (COBRA), with Mr. Sutherland financially responsible for such coverage.

If Mr. Sutherland's employment is terminated as a result of his disability, by ICC Holdings other than for Cause or as a consequence of his death or normal retirement under our retirement plans and practices, or by Mr. Sutherland for Good Reason, Mr. Sutherland will receive his accrued obligations, and Illinois Casualty will make available to Mr. Sutherland and his qualified dependents continued coverage under its insurance plans, as required by COBRA, with Mr. Sutherland financially responsible for such coverage. Additionally, following the execution of a general release in our favor, Mr. Sutherland will be entitled a lump sum payment equal to twelve months of base salary payable within thirty days following termination of employment. Also, beginning on the thirteenth month following termination of his employment and continuing through the eighteenth month following such termination, Mr. Sutherland will receive monthly payments equal to his base salary, which may be offset by any sources of employment or consulting or similar-type sources of income.

In the event of a "Change in Control Good Reason," as defined in his employment agreement, Mr. Sutherland will receive his accrued obligations, and ICC Holdings will make available to Mr. Sutherland and his qualified dependents continued coverage under its insurance plans, as required by COBRA, with Mr. Sutherland financially responsible for such coverage. Additionally, in the event that ICC Holdings or Illinois Casualty is sold or merged with another entity during the term of Mr. Sutherland's employment and, as a result of that sale or merger, his employment is terminated, Mr. Sutherland will also receive a lump sum payment equal to twenty-four months of base salary payable within thirty days following termination of employment.

For purposes of Mr. Sutherland's employment agreement, (a) Cause shall mean (i) his material breach of his employment agreement, (ii) his gross negligence in the performance or non-performance of any of his material duties or responsibilities under his employment agreement, (iii) the refusal of Mr. Sutherland to implement or adhere to policies or directives of Illinois Casualty's board of directors, (iv) his dishonesty, fraud or willful misconduct with respect to, or disparagement of, the business or affairs of Illinois Casualty, (v) conduct of a criminal nature or involving moral turpitude (as such term is defined in his employment agreement) under the provisions of any federal, state or local laws or ordinance or transgression which may have an adverse impact on Illinois Casualty's reputation and standing in the community (as determined by Illinois Casualty in good faith and fair dealing), and/or (vi) his absence from work for five consecutive days for any reason other than vacation, approved leave of absence (such approval not to be unreasonably withheld) or disability or illness pursuant to Illinois Casualty policy or law; (b) Good Reason shall mean Illinois Casualty materially breaches the provisions Mr. Sutherland's employment agreement and he provides at least twenty days prior written notice to Illinois Casualty of the existence of such breach and his intent to terminate his employment agreement; however, no such termination shall be effective if such breach is cured during such period; (c) Change in Control shall mean the occurrence of any of the following: (i) a merger, consolidation, or division involving Illinois Casualty and/or ICC Holdings, (ii) a sale, exchange, transfer, or other disposition of substantially all of the assets of Illinois Casualty and/or ICC Holdings; (iii) a "person" or "group" (each within the meaning of Section 13(d) of the Exchange Act) becomes the "beneficial owner" (within the meaning of Section 13(d) of the Exchange Act) of fifty percent (50%) or more of the outstanding shares of our common stock and/or Illinois Casualty's common stock; or (iv) any other change in control similar in effect to any of the foregoing and specifically designated in writing as a "Change in Control" by the board of directors of Illinois Casualty and/or ICC Holdings; and (d) Change in

Control Good Reason shall mean the occurrence of the following at any time during the term of Mr. Sutherland's employment agreement: (i) within six months prior to, or one year after, a Change in Control, Illinois Casualty terminates his employment (other than for Cause), or (ii) within one year after such Change in Control any of the following occur, if taken without Mr. Sutherland's express written consent: (A) a material diminution in his authority, duties or other terms or conditions of employment as the same exist on the date of the Change in Control; (B) any reassignment of Mr. Sutherland to a location greater than one hundred seventy-five miles from the location of his office on the date of the Change in Control, unless such new location is closer his primary residence than the location of the Change in Control; (C) any material diminution in his base salary; (D) any failure to provide Mr. Sutherland with any benefits enjoyed by him under any of ICC Holdings' or Illinois Casualty's retirement, health, life, disability, or other material employee plans in which Mr. Sutherland participated at the time of the Change in Control, or the taking of any action that would materially reduce any of such benefits in effect at the time of the Change in Control except for any reductions in benefits or other actions resulting from change to or reductions in benefits applicable to employee's generally; or (E) any other material breach of his employment agreement.

In October 2016, we entered into change in control agreements with each of Messrs. Smith, Schmeichel, and Beck, and Ms. Suiter, which provides for severance benefits upon the executive's termination of employment in connection with a change in control. The definition of change in control is the same as contained in Mr. Sutherland's employment agreement. Each change in control agreement is for a term ending on December 31, 2017 that is automatically renewed for an additional one-year term thereafter unless either party gives their respective notice of intent not to renew at least sixty days prior to January 1st of the subsequent year. Each change in control agreement also provides that the executive may not compete with our business or solicit any of our customers or employees for one year following the termination of such executive's employment for any reason and during the term of the change in control agreement.

For purposes of the change in control agreement, (a) cause shall mean (i) the executive's material breach of their respective change in control agreement or any other agreement with ICC Holdings or Illinois Casualty, as applicable, to which such executive is a party, (ii) the executive's material failure to adhere to any written policy of ICC Holdings or Illinois Casualty generally applicable to their respective employees if such executive has been given thirty days written notice of such failure and a reasonable opportunity to comply with such policy or cure such executive's failure to comply; (iii) the executive's appropriation or attempted appropriation of a business opportunity of ICC Holdings or Illinois Casualty, including attempting to secure or securing any business or personal profit in connection with any transaction entered into on behalf of ICC Holdings or Illinois Casualty, as applicable; (iv) the executive's misappropriation or attempted misappropriation of any of the funds or property (including any intellectual property) of ICC Holdings or Illinois Casualty; (v) the executive's conviction of, or the entering of a guilty plea or plea of no contest with respect to, a felony or the equivalent thereof involving dishonesty or breach of trust and the penalty for such offense could be imprisonment for more than one year; or (vi) the executive's conviction of an offense involving moral turpitude (as such term is defined in the change in control agreement) under the provisions of any federal, state or local laws or ordinances, or such executive's use of alcohol, narcotics or illegal drugs to such an extent that will cause a material detrimental effect on ICC Holdings or Illinois Casualty; and good reason shall mean the occurrence of a change in control and the following at any time during the term of the change in control agreement: (i) within six months prior to, or one year after, a Change in Control, ICC Holdings or Illinois Casualty terminates the executive's employment (other than for Cause), or (ii) any other material breach of the executive's change in control agreement.

If a good reason occurs, the executive has ninety days thereafter to notify ICC Holdings and Illinois Casualty of such occurrence. If ICC Holdings and/or Illinois Casualty, as applicable, fail to cure such situation within thirty days after such notice, the executive is entitled to, within thirty days from the later of the date of termination of employment or delivery of the notice of termination, a lump sum cash payment equal to sum of (a) one times the executive's base salary in effect as of the delivery date of the notice of termination and (b) one times the average cash bonus paid to the such executive within the current calendar year and two calendar years
preceding the year in which the notice of termination is delivered. Additionally, upon such occurrence, during the

period commencing from the date of termination of employment until the end of the twelfth month after such date, the executive shall be permitted to continue participation in, and ICC Holdings and/or Illinois Casualty, as applicable, shall maintain the same level of contribution for, such executive's participation in their respective medical/health insurance in effect with respect to such executive during the one year period prior to such executive's termination of employment or, if ICC Holdings and/or Illinois Casualty, as applicable, is not permitted to provide such benefits because such executive is no longer an employee or as a result of any applicable legal requirement, such executive shall receive a dollar amount, on or within thirty days following the dater of termination of employment, equal to the cost to ICC Holdings and/or Illinois Casualty, as applicable, of obtaining such benefits (or substantially similar benefits).

Transactions with related persons, promoters and certain control persons

Mr. Klockau holds, in his individual capacity, two surplus notes issued by Illinois Casualty with an aggregate principal amount of $1.15 million. For more information regarding our surplus notes, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Position — Surplus Notes" above. The first note is for $1.0 million and bears interest at 5.35% per annum. The second note is for $150,000 and bears interest at 7.00% per annum. Mr. Klockau was paid interest in the amount of $64,000 during 2015.

Mr. Burgess is one of ten members of the board of directors of Tuscarora Wayne. On September 7, 2016, we entered into purchase agreements with Tuscarora Wayne pursuant to which it agreed, and subject to certain conditions, to acquire from us at the subscription price of $10.00 per share up to 200,000 shares of our common stock. For more information regarding our agreement with Tuscarora Wayne, see "The Conversion Offering — Investor Agreements" above. Additionally, Mr. Burgess is a Senior Managing Director of Griffin, which is serving as our underwriter in connection with this offering. We expect to pay Griffin (i) the fees equal to 2.0% of the shares sold in the subscription offering and the community offering, and (ii) other expenses payable in this offering of up to $10,000. For more information, see "The Conversion and Offering — Marketing and Underwriting Arrangements."

Except as set forth above, since January 1, 2013, we have not engaged in any transactions with, loaned money to or incurred any indebtedness to, or otherwise proposed to engage in transactions with, loan money to or incur any indebtedness to, any related person, promoter or control person in an amount that in the aggregate exceeds $120,000.

We maintain a written policy which discourages our officers, directors, and employees from having a financial interest in any transaction between ICC and a third party. When we engage in transactions involving our officers, directors or employees, their immediate family members, or affiliates of these parties, our officers, directors and employees are required to give notice to us of their interest in such a transaction and refrain from participating in material negotiations or decisions with respect to that transaction. Directors with an interest in such a transaction are expected to disqualify themselves from any vote by the board of directors regarding the transaction.

When considering whether we should engage in a transaction in which our officers, directors or employees, their immediate family members, or affiliates of these parties, may have a financial interest, our board of directors considers the following factors:

- whether the transaction is fair and reasonable to us;
- the business reasons for the transaction;
- whether the transaction would impair the independence of a director;
- whether the transaction presents a conflict of interest, taking into account the size of the transaction, the financial position of the director, officer or employee, the nature of their interest in the transaction and the ongoing nature of the transaction; and
- whether the transaction is material, taking into account the significance of the transaction in light of all the circumstances.

RESTRICTIONS ON ACQUISITION OF ICC HOLDINGS, INC.

The articles of incorporation and bylaws we intend to adopt prior to the offering contain provisions that are intended to encourage potential acquirers to negotiate directly with our board of directors, but which also may deter a non-negotiated tender or exchange offer for our stock or a proxy contest for control of ICC Holdings, Inc. Certain provisions of Pennsylvania law also may discourage non-negotiated takeover attempts or proxy contests. In addition, the terms of the employment agreement with Mr. Sutherland and the change in control agreements with our other executive officers (see "Management —Benefit Plans and Employment Agreements") may be viewed as having the effect of discouraging these efforts.

All of these provisions may serve to entrench existing management. These provisions also may deter institutional interest in and ownership of our stock and, accordingly, may depress the market price for, and liquidity of, the common stock.

Following is a description of these provisions and the purpose and possible effects of these provisions. We do not presently intend to propose additional anti-takeover provisions for our articles of incorporation or bylaws. Because of the possible adverse effect these provisions may have on shareholders, this discussion should be read carefully.

Antitakeover Provisions of Our Articles of Incorporation and Bylaws and under Pennsylvania Law

1. *Prohibition of Ownership and Voting of Shares in Excess of 10%.* Our articles of incorporation impose limitations upon the ability of certain shareholders and groups of shareholders to acquire or vote shares of our stock. The articles of incorporation prohibit any person (whether an individual, company or a group acting in concert, as defined) from acquiring voting control, as defined. Voting control is generally defined as the beneficial ownership at any time of shares with more than 10% of the total voting power of the outstanding stock of ICC Holdings, Inc. These provisions would not apply to the purchase of shares by underwriters in connection with a public offering or by these certain investors with whom we have entered into purchase agreements. A group acting in concert includes persons seeking to combine or pool their voting power or other interests in common stock for a common purpose. Such a group does not include actions by the board of directors acting solely in their capacity as the Board.

Under this provision, shares of common stock, if any, owned in excess of 10% will not be entitled to vote on any matter or take other shareholder action. For purposes of determining the voting rights of other shareholders, these excess shares are essentially treated as no longer outstanding. As a result, where excess shares are present, other shareholders will realize a proportionate increase in their voting power, but this 10% voting restriction will not be applicable to other shareholders if their voting power increases above 10% as a result of application of this provision to another shareholder.

The potential effect of this voting rights limitation is significant. Any person or group acting in concert owning more than 10% of the outstanding common stock will generally be unable to exercise voting rights proportionate to their equity interest. When operating in conjunction with other provisions in our articles of incorporation described below, the practical effect of the limitation on voting rights may be to render it virtually impossible for any one shareholder or group acting in concert to determine the outcome of any shareholder vote.

The 10% voting rights limitation may make it extremely difficult for any one person or group of affiliated persons to acquire voting control of ICC Holdings, Inc., with the result that it may be extremely difficult to bring about a change in the board of directors or management. This provision may have the effect of discouraging holders of large amounts of shares from purchasing additional shares, or would be holders who may desire to acquire enough shares to exercise control from purchasing any shares. As a result, this provision may have an adverse effect on the liquidity and market price of the shares.

2. *Classified Board of Directors*. Our articles of incorporation provide for a classified board of directors of between 3 and 15 members, which number is fixed by the board of directors, divided into three classes serving

for successive terms of three years each. This provision is designed to assure experience, continuity, and stability in the board's leadership and policies. We believe that this can best be accomplished by electing each director to a three-year term and electing only approximately one-third of the directors each year.

The election of directors for staggered terms significantly extends the time required to make any change in control of the board of directors and may tend to discourage any surprise or non-negotiated takeover bid for control of ICC Holdings, Inc. Under the articles of incorporation, it will take at least two annual meetings for holders of a majority of ICC Holdings, Inc.'s voting securities to make a change in control of the board of directors because only a minority (approximately one-third) of the directors will be elected at each meeting. In addition, because certain actions require more than majority approval of the board of directors, as described herein, it may take as many as three annual meetings for a controlling block of shareholders to obtain complete control of the board and ICC Holdings, Inc.'s management.

This provision may tend to perpetuate present management because of the additional time required to change control of the board. Because the provision will increase the amount of time required for a takeover bidder to obtain control without the cooperation of the board even if the takeover bidder were to acquire a majority of the outstanding stock, it may tend to discourage certain tender offers, perhaps including some tender offers that the shareholders may believe would be in their best interests. The classified board provision will apply to all elections of directors and, accordingly, it will make it more difficult for shareholders to change the composition of the board if the shareholders believe such a change would be desirable, even in the absence of any third party's acquisition of voting control. This is especially true in light of the denial of cumulative voting described below.

3. *No Cumulative Voting*. Cumulative voting entitles a shareholder to multiply the number of votes to which the shareholder is entitled by the number of directors to be elected, with the shareholder being able to cast all votes for a single nominee or distribute them among the nominees as the shareholder sees fit. The Pennsylvania Business Corporation Law provides that shareholders are entitled to cumulate their votes for the election of directors, unless a corporation's articles of incorporation provide otherwise.

Cumulative voting is specifically prohibited in the articles of incorporation because we believe that each director should represent and act in the interest of all shareholders and not any special shareholder or group of shareholders. In light of current acquisition techniques and activity, minority representation could be disruptive and could impair the efficient management of ICC Holdings, Inc. for the benefit of shareholders generally. In addition, the absence of cumulative voting also will tend to deter greenmail, in which a substantial minority shareholder uses his holdings as leverage to demand that a corporation purchase his shares at a significant premium over the market value of the stock to prevent the shareholder from obtaining or attempting to obtain a seat on the board of directors. In the absence of cumulative voting, a majority of the votes cast in any election of directors can elect all of the directors of the class in any given year.

The absence of cumulative voting, coupled with a classified board of directors, will also deter a proxy contest designed to win representation on the board of directors or remove management because a group or entity owning less than a majority of the voting stock may be unable to elect a single director. Although this will make removal of incumbent management more difficult, we believe deterring proxy contests will avoid the significant cost, in terms of money and management's time, in opposing such actions.

4. *Nominations for Directors and Shareholder Proposals*. Our bylaws require that nominations for the election of directors made by shareholders (as opposed to those made by the board of directors) and any shareholder proposals for the agenda at any annual meeting generally must be made by notice (in writing) delivered or mailed to the Secretary not less than 90 days prior to the meeting of shareholders at which directors are to be elected.

We believe that this procedure will assure that the board of directors and shareholders will have an adequate opportunity to consider the qualifications of all nominees for directors and all proposals, and will permit the shareholders' meetings to be conducted in an orderly manner. It may have the effect, however, of deterring nominations and proposals other than those made by the board of directors.

5. *Mergers, Sale of Assets, Liquidation Approval*. Our articles of incorporation provide that any merger, consolidation, sale of assets or similar transaction involving ICC Holdings, Inc. requires the affirmative vote of shareholders entitled to cast at least 80% of the votes which all shareholders are entitled to cast, unless the transaction is approved in advance by two-thirds of the members of the board of directors. If the transaction is approved in advance by two-thirds of the members of the Board, approval by the affirmative vote of a majority of the votes cast by holders of outstanding voting stock at a meeting at which a quorum was present would be required.

The articles of incorporation also provide that liquidation or dissolution of ICC Holdings, Inc. requires the affirmative vote of shareholders entitled to cast at least 80% of the votes that all shareholders are entitled to cast, unless such transaction is approved by two-thirds of the members of the board of directors.

We believe that in a merger or other business combination, the effects on our employees and our customers and the communities we serve might not be considered by a tender offeror when merging ICC Holdings, Inc. into an entity controlled by an offeror as the second part of a two-step acquisition. By requiring approval of a merger or similar transaction by the affirmative vote of shareholders holding 80% or more of the combined voting power of outstanding stock of ICC Holdings, Inc., it will be extremely difficult for a group or person owning a substantial block of ICC Holdings, Inc. stock, after a successful tender or exchange offer, to accomplish a merger or similar transaction without negotiating an agreement acceptable to the board of directors. Accordingly, the board of directors will be able to protect the interests of the remaining shareholders as well as our employees and the customers and communities that we serve. If Board approval is not obtained, the proposed transaction must be on terms sufficiently attractive to obtain approval by a vote of shareholders holding 80% or more of the combined voting power of outstanding ICC Holdings, Inc. capital stock.

The 80% approval requirement could result in the Board and management being able to exercise a stronger influence over any proposed takeover by refusing to approve the proposed business combination and obtaining sufficient votes, including votes controlled directly or indirectly by management, to preclude the 80% approval requirement.

Because this provision will tend to discourage nonnegotiated takeover bids and will encourage other takeover bidders to negotiate with the Board, it also will tend to assist the Board and, therefore, management in retaining their present positions. In addition, if the Board does not grant its prior approval, a takeover bidder may still proceed with a tender offer or other purchases of ICC Holdings, Inc. stock although any resulting acquisition of ICC Holdings, Inc. may be more difficult and more expensive. Because of the increased expense and the tendency of this provision to discourage competitive bidders, the price offered to shareholders may be lower than if this provision were not present in the articles of incorporation.

6. *Qualifications for Directors*. Our articles of incorporation provide that, unless waived by the board of directors, a person must be a shareholder of ICC Holdings, Inc. for the lesser of one year or the time that has elapsed since the completion of the conversion, before he or she can be elected to the board of directors. This provision is designed to discourage non-shareholders who are interested in buying a controlling interest in ICC Holdings, Inc. for the purpose of having themselves elected to the Board, by requiring them to wait for such period before being eligible for election.

7. *Mandatory Tender Offer by 25% Shareholder*. Our articles of incorporation require any person or entity that acquires stock of ICC Holdings, Inc. with a combined voting power of 25% or more of the total voting power of outstanding capital stock, to offer to purchase, for cash, all outstanding shares of ICC Holdings, Inc.'s voting stock at a price equal to the highest price paid within the preceding twelve months by such person or entity for shares of the respective class or series of ICC Holdings, Inc. stock. In the event this person or entity did not purchase any shares of a particular class or series of stock within the preceding twelve months, the price per share for such class or series of ICC Holdings, Inc. stock would be the fair market value of such class or series of stock as of the date on which such person acquires 25% or more of the combined voting power of outstanding ICC Holdings, Inc. stock. This provision will not apply to any person or entity if two-thirds of the members of

the board of directors approve such acquisition prior to such acquisition occurring. Our board of directors will approve the acquisition of shares of our common stock by the Clinton-Flood Purchasers, exempting them from this prohibition.

Our board of directors believes that any person or entity who acquires control of ICC Holdings, Inc. in a nonnegotiated manner should be required to offer to purchase all shares of voting stock remaining outstanding after the assumption of control, at a price not less than the amount paid to acquire the control position.

A number of companies have been the subject of tender offers for, or other acquisitions of, 20% or more of their outstanding shares of common stock. In many cases, such purchases have been followed by mergers in which the tender offeror or other purchaser has paid a lower price for the remaining outstanding shares than the price it paid in acquiring its original interest in the company and has paid in a potentially less desirable form in the merger (often securities of the purchaser that do not have an established trading market at the time of issuance). The statutory right of the remaining shareholders of a company to dissent in connection with certain mergers and receive the fair value of their shares in cash may involve significant expense and uncertainty to dissenting shareholders and may not be meaningful because the appraisal standard to be applied under Pennsylvania law does not take into account any appreciation in the stock price due to the merger. This provision in the articles of incorporation is intended to prevent these potential inequities.

In many situations, the provision would require that a purchaser pay shareholders a higher price for their shares or structure the transaction differently than might be the case without the provision. Accordingly, we believe that, to the extent a merger were involved as part of a plan to acquire control of ICC Holdings, Inc., adoption of the provision would increase the likelihood that a purchaser would negotiate directly with our board of directors. We further believe that our Board is in a better position than our individual shareholders to negotiate effectively on behalf of all shareholders and that the Board is likely to be more knowledgeable than any individual shareholder in assessing the business and prospects of ICC Holdings, Inc. Accordingly, we are of the view that negotiations between the board of directors and a would-be purchaser will increase the likelihood that shareholders, as a whole, will receive a higher average price for their shares.

The provision will tend to discourage any purchaser whose objective is to seek control of ICC Holdings, Inc. at a relatively low price by offering a lesser value for shares in a subsequent merger than it paid for shares acquired in a tender or exchange offer. The provision also should discourage the accumulation of large blocks of shares of ICC Holdings, Inc. voting stock, which the board of directors believes to be disruptive to the stability of our vitally important relationships with our employees and customers and the communities that we serve, and which could precipitate a change of control of ICC Holdings, Inc. on terms unfavorable to the other shareholders.

Tender offers or other private acquisitions of stock are usually made at prices above the prevailing market price of a company's stock. In addition, acquisitions of stock by persons attempting to acquire control through market purchases may cause the market price of the stock to reach levels that are higher than otherwise would be the case. This provision may discourage any purchases of less than all of the outstanding shares of voting stock of ICC Holdings, Inc. and may thereby deprive shareholders of an opportunity to sell their stock at a higher market price. Because of having to pay a higher price to other shareholders in a merger, it may become more costly for a purchaser to acquire control of ICC Holdings, Inc. Open market acquisitions of stock may be discouraged by the requirement that any premium price paid in connection with such acquisitions could increase the price that must be paid in a subsequent merger. The provision may therefore decrease the likelihood that a tender offer will be made for less than all of the outstanding voting stock of ICC Holdings, Inc. and, as a result, may adversely affect those shareholders who would desire to participate in such a tender offer.

8. *Prohibition of Shareholders' Action Without a Meeting and of Shareholders' Right To Call a Special Meeting*. Our articles of incorporation prohibit shareholder action without a meeting (i.e., the written consent procedure is prohibited) and prohibit shareholders from calling a special meeting. Therefore, in order for shareholders to take any action, it will require prior notice, a shareholders' meeting and a vote of shareholders.

Special meetings of shareholders can only be called by the Chief Executive Officer or the board of directors. Therefore, without the cooperation of the Chief Executive Officer or the board of directors, any shareholder will have to wait until the annual meeting of shareholders to have a proposal submitted to the shareholders for a vote.

These provisions are intended to provide the board of directors and non-consenting shareholders with the opportunity to review any proposed action, express their views at the meeting and take any necessary action to protect the interests of our shareholders and ICC Holdings, Inc. before the action is taken, and to avoid the costs of holding multiple shareholder meetings each year to consider proposals of shareholders. These provisions also will preclude a takeover bidder who acquires a majority of outstanding ICC Holdings, Inc. stock from completing a merger or other business combination of ICC Holdings, Inc. without granting the board of directors and the remaining shareholders an opportunity to make their views known and vote at an annual shareholders' meeting. The delay caused by the necessity for an annual shareholders' meeting may allow us to take preventive actions, even if you believe such actions are not in the best interests of the shareholders.

9. *Amendment of Articles of Incorporation.* The Pennsylvania Business Corporation Law provides that the articles of incorporation of a Pennsylvania business corporation (such as ICC Holdings, Inc.) may be amended by the affirmative vote of a majority of the votes cast by all shareholders entitled to vote, except as otherwise provided by the corporation's articles of incorporation. Our articles of incorporation provide that the following provisions of the articles can only be amended by an affirmative vote of shareholders entitled to cast at least 80% of all votes that shareholders are entitled to cast, or by an affirmative vote of 80% of the members of the board of directors and of shareholders entitled to cast at least a majority of all votes that shareholders are entitled to cast:

(i) those establishing a classified board of directors;

(ii) the prohibition on cumulative voting for directors;

(iii) the prohibition on shareholders calling special meetings;

(iv) the provision regarding the votes required to amend the articles of incorporation;

(v) the provision that no shareholder shall have preemptive rights;

(vi) the provisions that require 80% shareholder approval of certain actions;

(vii) the prohibition on acquiring or voting more than 10% of the voting stock;

(viii) the provision regarding the votes required to amend the bylaws; and

(ix) the requirement of a 25% shareholder to purchase all remaining shareholders' stock.

On other matters, the articles of incorporation can be amended by an affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon at a meeting at which a quorum is present.

10. *Amendment of Bylaws*. Generally, our articles of incorporation vest authority to make and amend the bylaws in the board of directors, acting by a vote of a majority of the entire board. In addition, except as described below, shareholders may amend the bylaws by an affirmative vote of the holders of 66-2/3% of the outstanding voting stock. However, the provision of the bylaws concerning directors' liability and indemnification of directors, officers and others may not be amended to increase the exposure of directors to liability or decrease the degree of indemnification except by a two-thirds vote of the entire board of directors or 80% of all votes of shareholders entitled to be cast.

This provision is intended to provide additional continuity and stability in our policies and governance so as to enable us to carry out our long range plans. The provision also is intended to discourage non-negotiated efforts to acquire from ICC Holdings , Inc., since a greater percentage of outstanding voting stock will be needed before effective control over its affairs could be exercised. The board of directors will have relatively greater control over the bylaws than the shareholders because, except with respect to the director liability and indemnification provisions, the board could adopt, alter, amend or repeal the bylaws upon a majority vote by the directors.

Pennsylvania Fiduciary Duty Provisions

The Pennsylvania Business Corporation Law provides that:

(a) the board of directors, committees of the board, and directors individually, can consider, in determining whether a certain action is in the best interests of the corporation:

(1) the effects of any action upon any or all groups affected by such action, including shareholders, employees, suppliers, customers and creditors of the corporation, and upon communities in which offices or other establishments of the corporation are located;

(2) the short-term and long-term interests of the corporation, including benefits that may accrue to the corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the corporation;

(3) the resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the corporation; and

(4) all other pertinent factors;

(b) the board of directors need not consider the interests of any particular group as dominant or controlling;

(c) directors, absent any breach of fiduciary duty, bad faith or self-dealing, are presumed to be acting in the best interests in the corporation, including with respect to actions relating to an acquisition or potential acquisition of control, and therefore they need not satisfy any greater obligation or higher burden of proof with respect to such actions;

(d) actions relating to acquisitions of control that are approved by a majority of disinterested directors are presumed to satisfy the directors' fiduciary obligations unless it is proven by clear and convincing evidence that the directors did not assent to such action in good faith after reasonable investigation; and

(e) the fiduciary duty of directors is solely to the corporation and not its shareholders, and may be enforced by the corporation or by a shareholder in a derivative action, but not by a shareholder directly.

One of the effects of these fiduciary duty provisions may be to make it more difficult for a shareholder to successfully challenge the actions of our board of directors in a potential change in control context. Pennsylvania case law appears to provide that the fiduciary duty standard under the Pennsylvania Business Corporation Law grants directors the almost unlimited statutory authority to reject or refuse to consider any potential or proposed acquisition of the corporation.

Other Provisions of Pennsylvania Law

The Pennsylvania Business Corporation Law also contains provisions that have the effect of impeding a change in control. As permitted by the Pennsylvania Business Corporation Law, we have elected to provide in our articles of incorporation that these provisions will not apply to us.

DESCRIPTION OF OUR CAPITAL STOCK

General

Our articles of incorporation authorize the issuance of 10,000,000 shares of common stock, $0.01 par value per share, and 1,000,000 shares of preferred stock, with a par value, if any, to be fixed by the board of directors. In the offering, we expect to issue between 2,720,000 and 4,088,889 shares of common stock. No shares of preferred stock will be issued in connection with the offering.

Common Stock

Voting Rights. The holders of common stock will possess exclusive voting rights in ICC Holdings, Inc., except if and to the extent shares of preferred stock issued in the future have voting rights. Each holder of shares of common stock will be entitled to one vote for each share held of record on all matters submitted to a vote of holders of shares of common stock. See "Restrictions on Acquisition of ICC Holdings, Inc. — Antitakeover Provisions of Our Articles of Incorporation and Bylaws." Shareholders are not entitled to cumulate their votes for election of directors.

Dividends. Under the Pennsylvania Business Corporation Law, we may only pay dividends if solvent and if payment of such dividend would not render us insolvent. Funds for the payment of dividends initially must come from either proceeds of this offering retained by us or dividends paid to us by Illinois Casualty. Therefore, the restrictions on Illinois Casualty's ability to pay dividends affect our ability to pay dividends. See "Dividend Policy" and "Business — Regulation."

Transfer. Shares of common stock are freely transferable except for shares that are held by affiliates. Shares issued to our directors and officers in the offering will be restricted as to transfer for a period of six months from the effective date of the offering. Generally, shares held by affiliates must be transferred in accordance with the requirements of Rule 144 of the Securities Act of 1933.

Liquidation. In the event of any liquidation, dissolution or winding up of Illinois Casualty, ICC Holdings, Inc., as holder of all of the capital stock of Illinois Casualty, would be entitled to receive all assets of Illinois Casualty after payment of all debts and liabilities. In the event of a liquidation, dissolution or winding up of ICC Holdings, Inc., each holder of shares of common stock would be entitled to receive a portion of the Company's assets, after payment of all of the Company's debts and liabilities. If any preferred stock is issued, the holders thereof are likely to have a priority in liquidation or dissolution over the holders of the common stock.

Other Characteristics. Holders of the common stock will not have preemptive rights under our articles of incorporation bylaws or Pennsylvania law with respect to any additional shares of common stock that may be issued. However, we have agreed to provide contractual preemptive rights to those investors who have entered into purchase agreements with us. See "The Conversion and Offering — Investor Agreements." The common stock is not subject to call for redemption, and the outstanding shares of common stock, when issued and upon our receipt of their full purchase price, will be fully paid and nonassessable.

Preferred Stock

None of the 1,000,000 shares of preferred stock that our board has authorized will be issued in the offering. When our articles of incorporation are filed, the board of directors will be authorized, without shareholder approval, to issue preferred stock or rights to acquire preferred stock, and to fix and state the par value, voting powers, number, designations, preferences or other special rights of such shares or rights, and the qualifications, limitations and restrictions applicable to any such series of preferred stock. The preferred stock may rank prior to the common stock as to dividend rights or liquidation preferences, or both, and may have full or limited voting rights. The board of directors has no present intention to issue any of the preferred stock.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common stock is .

LEGAL MATTERS

The legality of our common stock will be passed upon for us by Stevens & Lee, P.C., King of Prussia, Pennsylvania. Griffin is an affiliate of Stevens & Lee.

EXPERTS

The consolidated financial statements and schedules of Illinois Casualty Company and subsidiary as of December 31, 2015 and 2014, and for each of the years in the two year period ended December 31, 2015, have been included herein, in reliance upon the report of BKD, LLP, an independent registered public accounting firm, appearing elsewhere herein and upon the authority of said firm as experts in accounting and auditing.

Feldman Financial has consented to the publication in this document of the summary of its report to us setting forth its opinion as to the estimated consolidated pro forma market value of our common stock to be outstanding upon completion of the offering and its opinion with respect to subscription rights.

ADDITIONAL INFORMATION

We have filed with the SEC a Registration Statement on Form S-1 under the Securities Act of 1933 with respect to the shares of our common stock offered in this document. As permitted by the rules and regulations of the SEC, this prospectus does not contain all of the information set forth in the Registration Statement. Such information can be examined without charge at the Public Reference Room of the SEC located at 100 F Street, N.E., Washington, D.C. 20549, and copies of such material can be obtained from the SEC at prescribed rates. The public may obtain more information on the operations of the Public Reference Room by calling the SEC at 1-800-732-0330. The registration statement also is available through the SEC's website on the internet at http://www.sec.gov. The statements contained in this prospectus as to the contents of any contract or other document filed as an exhibit to the Registration Statement are, of necessity, brief descriptions thereof and are not necessarily complete.

In connection with the offering, we will register our common stock with the SEC under Section 12(b) of the Securities Exchange Act of 1934, and, upon such registration, we and the holders of our stock will become subject to the proxy solicitation rules, reporting requirements and restrictions on stock purchases and sales by directors, officers and shareholders with 10% or more of the voting power, the annual and periodic reporting requirements and certain other requirements of the Securities Exchange Act of 1934.

INDEX TO FINANCIAL STATEMENTS

Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Policyholders
Illinois Casualty Company
Rock Island, Illinois

We have audited the accompanying consolidated balance sheets of Illinois Casualty Company as of December 31, 2015 and 2014, and the related consolidated statements of earnings and comprehensive earnings, equity and cash flows for each of the years then ended. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. Our audits also included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Illinois Casualty Company as of December 31, 2015, and 2014, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ BKD, LLP

Cincinnati, Ohio
August 12, 2016

Illinois Casualty Company (A Mutual Insurance Company)
Consolidated Balance Sheets

	December 31, 2015	December 31, 2014
Assets		
Investments and cash:		
Fixed income		
Available-for-sale, at fair value (amortized cost - $63,994,827 in 2015 and $60,360,266 in 2014)	$ 65,195,308	$ 62,624,511
Equity securities available-for-sale, at fair value (cost - $9,282,252 in 2015 and $9,061,020 in 2014)	8,884,951	9,151,235
Short-term investments, at cost which approximates fair value	—	—
Cash and cash equivalents	2,179,511	1,141,656
Total investments and cash	76,259,770	72,917,402
Accrued investment income	580,786	539,018
Premiums and reinsurance balances receivable, net of allowances for uncollectible amounts of $100,000 in 2015 and $50,000 in 2014	15,637,909	14,521,889
Ceded unearned premiums	57,304	17,852
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 in 2015 and $0 in 2014	19,535,058	25,855,033
Current federal income taxes	773,206	284,773
Net deferred federal income taxes	1,400,652	1,273,390
Deferred policy acquisition costs, net	3,982,734	3,800,544
Property and equipment, at cost, net of accumulated depreciation of $3,553,073 in 2015 and $3,025,596 in 2014	4,241,099	3,605,898
Other assets	904,864	612,554
Total assets	123,373,382	123,428,353
Liabilities and Equity		
Liabilities:		
Unpaid losses and settlement expenses	61,055,626	64,617,010
Unearned premiums	23,948,476	22,497,605
Reinsurance balances payable	—	—
Corporate debt	3,273,560	2,785,710
Accrued expenses	4,096,190	3,745,775
Other liabilities	833,795	747,399
Total liabilities	93,207,647	94,393,499
Equity:		
Accumulated other comprehensive earnings, net of tax	530,097	1,553,944
Retained earnings	29,635,638	27,480,910
Total equity	30,165,735	29,034,854
Total liabilities and equity	$ 123,373,382	$ 123,428,353

See accompanying notes to consolidated financial statements.

Illinois Casualty Company (A Mutual Insurance Company)
Consolidated Statements of Earnings and Comprehensive Earnings

	Year ended December 31, 2015	2014
Net premiums earned	$ 40,219,861	$ 38,120,785
Net investment income	1,332,520	1,140,920
Net realized investment gains	80,527	458,539
Other income	189,902	112,515
Consolidated revenues	41,822,810	39,832,759
Losses and settlement expenses	23,800,514	22,748,378
Policy acquisition costs	14,555,411	14,322,597
Interest expense on debt	136,295	133,779
General corporate expenses	314,120	263,482
Total expenses	38,806,340	37,468,236
Earnings before income taxes	3,016,470	2,364,523
Income tax expense (benefit):		
Current	461,567	678,779
Deferred	400,175	100,370
Total income tax expense:	861,742	779,149
Net earnings	$ 2,154,728	$ 1,585,374
Other comprehensive earnings (loss), net of tax		
Unrealized gains and losses on investments:		
Unrealized holding (losses) gains arising during the period, net of income tax benefit (expense) of $500,057 in 2015 and $(621,429) in 2014	$ (970,699)	$ 1,206,302
Reclassification adjustment for (gains) losses included in net income, net of income tax expense of $27,379 in 2015 and $155,903 in 2014	(53,148)	(302,636)
Total other comprehensive (loss) earnings	(1,023,847)	903,666
Comprehensive earnings	$ 1,130,881	$ 2,489,040

See accompanying notes to consolidated financial statements.

Illinois Casualty Company (A Mutual Insurance Company)
Consolidated Statements of Policyholders' Equity

	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, January 1, 2014	$25,895,536	$ 650,278	$26,545,814
Net earnings	1,585,374	—	1,585,374
Other comprehensive earnings, net of tax	—	903,666	903,666
Balance, December 31, 2014	27,480,910	1,553,944	29,034,854
Net earnings	2,154,728	—	2,154,728
Other comprehensive loss, net of tax	—	(1,023,847)	(1,023,847)
Balance, December 31, 2015	$29,635,638	$ 530,097	$30,165,735

See accompanying notes to consolidated financial statements.

Illinois Casualty Company (A Mutual Insurance Company)
Consolidated Statements of Cash Flows

	Years ended December 31, 2015	2014
Cash flows from operating activities:		
Net earnings	$ 2,154,728	$ 1,585,374
Adjustments to reconcile net earnings to net cash provided by operating activities		
Net realized investment gains	(80,527)	(458,539)
Depreciation	505,555	511,294
Deferred income tax	400,175	100,370
Amortization of bond premium and discount	278,496	316,580
Change in:		
Accrued investment income	(41,768)	3,361
Premiums and reinsurance balances receivable (net of direct write-offs and commutations)	(1,116,020)	(111,665)
Other assets	(292,310)	(156,530)
Reinsurance balances payable	—	(529,861)
Ceded unearned premium	(39,452)	1,851,155
Reinsurance balances recoverable on unpaid losses	6,319,975	(4,861,206)
Deferred policy acquisition costs	(182,190)	(481,705)
Accrued expenses	350,415	1,287,244
Unpaid losses and settlement expenses	(3,561,384)	7,281,244
Unearned premiums	1,537,267	1,105,831
Current federal income tax	(488,433)	(71,221)
Net cash provided by operating activities	5,744,527	7,371,726
Cash flows from investing activities:		
Purchase of:		
Fixed income, available-for-sale	(13,319,250)	(13,264,238)
Equity securities, available-for-sale	(221,233)	(13,204,658)
Property and equipment	(644,805)	(717,104)
Other: Property held for investment income	(561,051)	—
Proceeds from sales, maturities, and calls of:		
Fixed income, available-for-sale	9,486,713	13,149,603
Equity securities, available-for-sale	—	5,903,997
Property and equipment	65,104	19,747
Net cash used in investing activities	(5,194,522)	(8,112,653)
Cash flows from financing activities:		
Proceeds from sale leaseback	911,527	—
Repayments of borrowed funds	(423,677)	(364,157)
Net cash provided in (used) in financing activities	487,850	(364,157)
Net increase (decrease) in cash	1,037,856	(1,105,084)
Cash and cash equivalent at beginning of year	1,141,656	2,246,740
Cash and cash equivalents at end of year	$ 2,179,511	$ 1,141,655
Supplemental disclosures:		
Federal income tax paid	$ 950,000	$ 750,000
Interest paid	$ 136,506	$ 133,654

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF BUSINESS

Illinois Casualty Company (A Mutual Insurance Company) (herein, “the Company”) is a specialty insurance carrier primarily underwriting commercial multi-peril, liquor liability, workers’ compensation, and umbrella liability coverages for the food and beverage industry. The Company writes business in Illinois, Iowa, Indiana, Minnesota, Missouri, and Wisconsin and markets through independent agents. Approximately 36 percent and 37 percent of the premium is written in Illinois for the years ended December 31, 2015 and 2014, respectively. The Company has three wholly owned subsidiaries, Beverage Insurance Agency, Estrella Innovative Solutions, Inc., and ICC Realty, LLC.; however the Company operates as a single segment.

B. PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

The accompanying consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles (GAAP), which differ in some respects from those followed in reports to insurance regulatory authorities. The consolidated financial statements include the accounts of our subsidiaries. All significant intercompany balances and transactions have been eliminated.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet, revenues and expenses for the periods then ended, and the accompanying notes to the financial statements. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclose herein. The most significant of these amounts is the liability for unpaid losses and settlement expenses. Other estimates include investment valuation and other than temporary impairments (OTTIs), the collectability of reinsurance balances, recoverability of deferred tax assets, and deferred policy acquisition costs. These estimates and assumptions are based on management’s best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Although recorded estimates are supported by actuarial computations and other supportive data, the estimates are ultimately based on expectations of future events. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

C. PROSPECTIVE ACCOUNTING STANDARDS

The dates presented below, represent the implementation dates for publicly traded entities. The Company’s status as an Emerging Growth Company could delay the required adoption of each of these standards.

In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-01, Financial Instruments Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The guidance affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements of financial instruments. The amendments will be applied to fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted for the accounting guidance on financial liabilities under the fair value option. The Company is currently assessing the impact this new standard will have on its consolidated financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with a limited exception for short term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the consolidated balance sheet has not yet been determined.

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments Credit Losses. The guidance affects the recognition of expected credit losses. Credit losses relating to available for sale securities will be recorded through an allowance for credit losses. The amendments will be applied to fiscal years beginning after December 15, 2019, and early adoption is permitted as of fiscal years beginning after December 15, 2018. The effect of applying the new guidance on accounting for credit losses has not yet been determined.

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-09, Disclosure about Short-Duration Contracts. The guidance addresses enhanced disclosure requirements for insurers relating to short-duration insurance contract claims and the unpaid claims liability rollforward for long and short-duration contracts. This ASU is effective for annual reporting periods beginning after December 15, 2015, and for interim periods after December 15, 2016. Early adoption is permitted. The Company has not early-adopted this ASU and while disclosures will be increased, management does not believe adoption will have a material effect on the Company’s financial statements.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for annual reporting periods beginning after December 15, 2016 including interim periods within that reporting period. The effect of applying the new guidance has not yet been determined.

D. INVESTMENTS:

The Company classifies its investments in all debt and equity securities as available-for-sale.

AVAILABLE-FOR-SALE SECURITIES

Debt and equity securities are classified as available-for-sale and reported at fair value. Unrealized gains and losses on these securities are excluded from net earnings but are recorded as a separate component of comprehensive earnings and shareholders’ equity, net of deferred income taxes.

OTHER THAN TEMPORARY IMPAIRMENT

Under current accounting standards, an OTTI write-down of debt securities, where fair value is below amortized cost, is triggered by circumstances where (1) an entity has the intent to sell a security, (2) it is more likely than not that the entity will be required to sell the security before recovery of its amortized cost

basis or (3) the entity does not expect to recover the entire amortized cost basis of the security. If an entity intends to sell a security or if it is more likely than not the entity will be required to sell the security before recovery, an OTTI write-down is recognized in earnings equal to the difference between the security's amortized cost and its fair value. If an entity does not intend to sell the security or it is not more likely than not that it will be required to sell the security before recovery, the OTTI write-down is separated into an amount representing the credit loss, which is recognized in earnings, and the amount related to all other factors, which is recognized in other comprehensive income. Impairment losses result in a reduction of the underlying investment's cost basis.

The Company regularly evaluates its fixed income and equity securities using both quantitative and qualitative criteria to determine impairment losses for other-than-temporary declines in the fair value of the investments. The following are the key factors for determining if a security is other-than-temporarily impaired:

- The extent to which the fair value is less than cost,
- The assessment of significant adverse changes to the cash flows on a fixed income investment,
- The occurrence of a discrete credit event resulting in the issuer defaulting on a material obligation, the issuer seeking protection from creditors under the bankruptcy laws, the issuer proposing a voluntary reorganization under which creditors are asked to exchange their claims for cash or securities having a fair value substantially lower than par value,
- The probability that the Company will recover the entire amortized cost basis of the fixed income securities prior to maturity,
- The ability and intent to hold fixed income securities until maturity or
- For equity securities, the expectation of recovery to cost within a reasonable period of time.

Quantitative and qualitative criteria are considered during this process to varying degrees depending on the sector the analysis is being performed:

Corporates

The Company performs a qualitative evaluation of holdings that fall below the price threshold. The analysis begins with an opinion of industry and competitive position. This includes an assessment of factors that enable the profit structure of the business (e.g., reserve profile for exploration and production companies), competitive advantage (e.g., distribution system), management strategy, and an analysis of trends in return on invested capital. Analysts may also review other factors to determine whether an impairment exists including liquidity, asset value cash flow generation, and industry multiples.

Municipals

The Company analyzes the screened impairment candidates on a quantitative and qualitative basis. This includes an assessment of the factors that may be contributing to the unrealized loss and whether the recovery value is greater or less than current market value.

Structured Securities

The "stated assumptions" analytic approach relies on actual 6-month average collateral performance measures (voluntary prepayment rate, gross default rate, and loss severity) sourced through third party data providers or remittance reports. The analysis applies the stated assumptions throughout the remaining term of the transaction using forecasted cashflows, which are then applied through the transaction structure (reflecting the priority of payments and performance triggers) to determine whether there is a loss to the

security (“Loss to Tranche”). For securities or sectors for which no actual loss or minimal loss has been observed (certain Prime Residential Mortgage Backed Securities (RMBS) and Commercial Mortgage Backed Securities (CMBS), for example), sector-based assumptions are applied or an alternative quantitative or qualitative analysis is performed.

Investment Income

Interest on fixed maturities and short-term investments is credited to earnings on an accrual basis. Premiums and discounts are amortized or accreted over the lives of the related fixed maturities. Dividends on equity securities are credited to earnings on the ex-dividend date. Realized gains and losses on disposition of investments are based on specific identification of the investments sold on the settlement date, which does not differ significantly from trade date accounting.

E. CASH AND CASH EQUIVALENTS

Cash consists of uninvested balances in bank accounts. Cash equivalents consist of investments with original maturities of 90 days or less, primarily AAA-rated prime and government money market funds. Cash equivalents are carried at cost, which approximates fair value. The Company has not experienced losses on these instruments.

F. REINSURANCE

Ceded unearned premiums and reinsurance balances recoverable on paid and unpaid losses and settlement expenses are reported separately as assets instead of being netted with the related liabilities, since reinsurance does not relieve us of our legal liability to our policyholders.

Quarterly, the Company monitors the financial condition of its reinsurers. The Company’s monitoring efforts include, but are not limited to, the review of annual summarized financial data and analysis of the credit risk associated with reinsurance balances recoverable by monitoring the A.M. Best and Standard & Poor’s (S&P) ratings. In addition, the Company subjects its reinsurance recoverables to detailed recoverable tests, including an analysis based on average default by A.M. Best rating. Based upon the review and testing, the Company’s policy is to charge to earnings, in the form of an allowance, an estimate of unrecoverable amounts from reinsurers. This allowance is reviewed on an ongoing basis to ensure that the amount makes a reasonable provision for reinsurance balances that the Company may be unable to recover.

G. POLICY ACQUISITION COSTS

The Company defers commissions, premium taxes, and certain other costs that are incrementally or directly related to the successful acquisition of new or renewal insurance contracts. Acquisition-related costs may be deemed ineligible for deferral when they are based on contingent or performance criteria beyond the basic acquisition of the insurance contract or when efforts to obtain or renew the insurance contract are unsuccessful. All eligible costs are capitalized and charged to expense in proportion to premium revenue recognized. The method followed in computing deferred policy acquisition costs limits the amount of such deferred costs to their estimated realizable value. This deferral methodology applies to both gross and ceded premiums and acquisition costs.

H. PROPERTY AND EQUIPMENT

Property and equipment are presented at cost, less accumulated depreciation, and are depreciated using accelerated methods for financial statement purposes for a period based on their economic life. Computer equipment is depreciated over 3 years and equipment over a range of 5 to 7 years. Buildings are depreciated over 39 years and related improvements over 15 years. Annually, the Company reviews the major asset classes held for impairment. For the years ended December 31, 2015 and 2014, the Company recognized no impairments. Property and equipment are summarized as follows:

	December 31,	
	2015	2014
Automobiles	$ 460,790	$ 440,924
Furniture and fixtures	474,213	376,328
Computer equipment and software	2,690,705	2,253,432
Real estate and related improvements	4,168,464	3,560,810
Total cost	7,794,172	6,631,494
Accumulated depreciation	3,553,073	3,025,596
Net property and equipment	$ 4,241,099	$ 3,605,898

I. UNPAID LOSSES AND SETTLEMENT EXPENSES

The liability for unpaid losses and settlement expenses represents estimates of amounts needed to pay reported and unreported claims and related expenses. The estimates are based on certain actuarial and other assumptions related to the ultimate cost to settle such claims. Such assumptions are subject to occasional changes due to evolving economic, social, and political conditions. All estimates are periodically reviewed and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments are reflected in the results of operations in the period in which they are determined. Due to the inherent uncertainty in estimating reserves for losses and settlement expenses, there can be no assurance that the ultimate liability will not exceed recorded amounts. If actual liabilities do exceed recorded amounts, there will be an adverse effect. Based on the current assumptions used in estimating reserves, we believe that our overall reserve levels at December 31, 2015, make a reasonable provision to meet our future obligations. See note 7 for a further discussion of unpaid losses and settlement expenses.

J. PREMIUMS

Premiums are recognized ratably over the term of the contracts, net of ceded reinsurance. Unearned premiums represent the portion of premiums written relative to the unexpired terms of coverage. Unearned premiums are calculated on a daily pro rata basis.

K. GENERAL CORPORATE EXPENSE

General corporate expenses consist primarily of real estate and occupancy costs, such as utilities and maintenance. These costs are largely fixed and therefore, do not vary significantly with premium volume.

L. INCOME TAXES

The Company files a consolidated federal income tax return. Federal income taxes are accounted for using the asset and liability method under which deferred income taxes are recognized for the tax consequences of "temporary differences" by applying enacted statutory tax rates applicable to future years to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities, operating losses and tax credit carry forwards. The effect on deferred taxes for a change in tax rates is recognized in income in the period that includes the enactment date. Deferred tax assets are reduced by a valuation allowance if it is more likely than not all or some of the deferred tax assets will not be realized.

The Company considers uncertainties in income taxes and recognizes those in its financial statements as required. As it relates to uncertainties in income taxes, unrecognized tax benefits, including interest and penalty accruals, are not considered material to the consolidated financial statements. Also, no tax uncertainties are expected to result in significant increases or decreases to unrecognized tax benefits within the next 12-month period. Penalties and interest related to income tax uncertainties, should they occur, would be included in income tax expense in the period in which they are incurred.

As an insurance company, the Company is subject to minimal state income tax liabilities. On a state basis, since the majority of income is from insurance operations, the Company pays premium taxes in lieu of state income tax. Premium taxes are a component of policy acquisition costs and calculated as a percentage of gross premiums written.

M. COMPREHENSIVE EARNINGS

Comprehensive earnings include net earnings plus unrealized gains/losses on available-for-sale investment securities, net of tax. In reporting the components of comprehensive earnings on a net basis in the statement of earnings, the Company used a 34 percent tax rate. Other comprehensive earnings (loss), as shown in the consolidated statements of earnings and comprehensive earnings, is net of tax (benefit) expense of $(527,437) and $465,525 for 2015 and 2014, respectively.

The following table provides the reclassifications out of accumulated other comprehensive income for the periods presented:

Details about Accumulated Other Comprehensive Income Component	Amounts Reclassified from Accumulated Other Comprehensive Income For the Years Ended December 31, 2015	2014	Affected Line Item in the Statement where Net Income is Presented
Unrealized gains on available-for-sale investments			
	$(80,527)	$(458,539)	Net realized gains (losses) on investments
	27,379	155,903	Income tax expense
	$(53,148)	$(302,636)	Net of tax

N. RISKS AND UNCERTAINTIES:

Certain risks and uncertainties are inherent to day-to-day operations and to the process of preparing the Company's consolidated financial statements. The more significant risks and uncertainties, as well as the Company's attempt to mitigate, quantify, and minimize such risks, are presented below and throughout the notes to the consolidated financial statements.

Catastrophe Exposures

The Company's insurance coverages include exposure to catastrophic events. All catastrophe exposures are monitored by quantifying exposed policy limits in each region and by using computer-assisted modeling techniques. Additionally, the Company limits its risk to such catastrophes through restraining the total policy limits written in each region and by purchasing reinsurance. The Company's major catastrophe exposure is to losses caused by tornado and hail to commercial properties throughout the Midwest. In 2014, the Company had protection of $4.5 million in excess of $500,000 first-dollar retention.

The catastrophe reinsurance treaty renewed on January 1, 2015, and the Company increased its limits to secure protection of $9.5 million in excess of $500,000 first-dollar retention. The catastrophe program is actively managed to keep net retention in line with risk tolerances and to optimize the risk/return trade off.

Reinsurance

Reinsurance does not discharge the Company from its primary liability to policyholders, and to the extent that a reinsurer is unable to meet its obligations, the Company would be liable. On a quarterly basis, the financial condition of prospective and existing reinsurers is monitored. As a result, the Company purchases reinsurance from a number of financially strong reinsurers. Accordingly, no allowance for reinsurance balances deemed uncollectible has been made. See further discussion of reinsurance exposures in note 5.

Investment Risk

The investment portfolio is subject to market, credit, and interest rate risks. The equity portfolio will fluctuate with movements in the overall stock market. While the equity portfolio has been constructed to have lower downside risk than the market, the portfolio is sensitive to movements in the market. The bond portfolio is affected by interest rate changes and movement in credit spreads. The Company attempts to mitigate its interest rate and credit risks by constructing a well-diversified portfolio with high-quality securities with varied maturities. Downturns in the financial markets could have a negative effect on the portfolio. However, the Company attempts to manage this risk through asset allocation, duration, and security selection.

Liquidity Risk

Liquidity is essential to the Company's business and a key component of the concept of asset-liability matching. The Company's liquidity may be impaired by an inability to collect premium receivable or reinsurance recoverable balances in a timely manner, an inability to sell assets or redeem investments, unforeseen outflows of cash or large claim payments, or an inability to access debt. Liquidity risk may arise due to circumstances that the Company may be unable to control, such as a general market disruption, an operational problem that affects third parties or the Company, or even by the perception among market participants that the Company, or other market participants, are experiencing greater liquidity risk.

The Company's A.M. Best rating is important to its liquidity. A reduction in credit ratings could adversely affect the Company's liquidity and competitive position, by increasing borrowing costs or limiting access to the capital markets.

External Factors

The Company is highly regulated by the state of Illinois and by the states in which it underwrites business. Such regulations, among other things, limit the amount of dividends, impose restrictions on the amount and types of investments, and regulates rates insurers may charge for various coverages. The Company is also subject to insolvency and guarantee fund assessments for various programs designed to

ensure policyholder indemnification. Assessments are generally accrued during the period in which it becomes probable that a liability has been incurred from an insolvency and the amount of the related assessment can be reasonably estimated.

The National Association of Insurance Commissioners (NAIC) has developed Property/Casualty Risk-Based Capital (RBC) standards that relate an insurer's reported statutory surplus to the risks inherent in its overall operations. The RBC formula uses the statutory annual statement to calculate the minimum indicated capital level to support asset (investment and credit) risk and underwriting (loss reserves, premiums written and unearned premium) risk. The NAIC model law calls for various levels of regulatory action based on the magnitude of an indicated RBC capital deficiency, if any. As of December 31, 2015, the Company determined that its capital levels are well in excess of the minimum capital requirements for all RBC action levels and that its capital levels are sufficient to support the level of risk inherent in its operations. See note 9 for further discussion of statutory information and related insurance regulatory restrictions.

In addition, ratings are a critical factor in establishing the competitive position of insurance companies. The Company is rated by A.M. Best. This rating reflects their opinion of the insurance company's financial strength, operating performance, strategic position, and ability to meet its obligations to policyholders.

2. INVESTMENTS

A summary of net investment income for the years ended December 31, 2015 and 2014 is as follows:

NET INVESTMENT INCOME

	2015	2014
Interest on fixed income securities	$ 2,014,504	$ 1,979,066
Rental Income	20,055	—
Dividends on equity securities	312,751	167,395
Interest on cash and short-term investments	11,351	9,458
Gross investment income	2,358,661	2,155,919
Less investment expenses	(1,026,141)	(1,014,999)
Net investment income	$ 1,332,520	$ 1,140,920

The following is a summary of the proceeds from sales, maturities, and calls of available-for-sale securities and the related gross realized gains and losses for the years ended December 31, 2015 and 2014.

SALES

	Proceeds	Gains	Losses	Net realized gain
2015				
Fixed income	$ 9,486,713	$ 80,527	$ —	$ 80,527
Equities	$ —	$ —	$ —	$ —
2014				
Fixed income	$13,149,603	$173,903	$(45,535)	$128,368
Equities	$ 5,903,997	$361,924	$(31,753)	$330,171

The amortized cost and estimated fair value of fixed income securities at December 31, 2015, by contractual maturity, are shown as follows:

	Amortized Cost	Fair Value
Available-for-sale:		
Due in one year or less	$ 1,802,962	$ 1,806,504
Due after one year through five years	15,146,664	15,412,009
Due after five years through 10 years	20,685,635	21,197,891
Due after 10 years	8,410,710	8,767,829
Asset and mortgage backed securities without a specific due date	17,948,856	18,011,075
Total available-for-sale	$ 63,994,827	$ 65,195,308

Expected maturities may differ from contractual maturities due to call provisions on some existing securities. At December 31, 2015, the net unrealized appreciation of available-for-sale fixed income and equity securities totaled $803,180. At December 31, 2014, the net unrealized appreciation of available-for-sale fixed income and equity securities totaled $2,354,461.

In addition, the following table is a schedule of amortized costs and estimated fair values of investments in fixed income and equity securities as of December 31, 2015 and 2014:

	Cost or Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
2015				
Available-for-sale:				
U.S. government	$ 1,242,679	$ 1,233,023	$ —	$ (9,656)
MBS/ABS/CMBS	17,948,856	18,010,566	205,253	(143,543)
Corporate	29,537,101	29,595,269	580,469	(522,301)
Municipal	15,266,191	16,356,450	1,090,259	—
Total fixed income	63,994,827	65,195,308	1,875,981	(675,500)
Equity securities*	9,282,252	8,884,951	21,200	(418,501)
Total available-for-sale	$ 73,277,079	$ 74,080,259	$ 1,897,181	$ (1,094,001)

	Cost or Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
2014				
Available-for-sale:				
U.S. government	$ 538,010	$ 536,382	$ 1,962	$ (3,590)
MBS/ABS/CMBS	18,100,687	18,402,127	372,867	(71,427)
Corporate	29,044,704	29,878,139	944,347	(110,912)
Municipal	12,676,865	13,807,863	1,130,998	—
Total fixed income	60,360,266	62,624,511	2,450,174	(185,929)
Equity securities*	9,061,020	9,151,235	200,614	(110,399)
Total available-for-sale	$ 69,421,286	$ 71,775,746	$ 2,650,788	$ (296,328)

* Equity securities consist of exchange traded funds (“ETF”) made up of Dividends Select, the S & P 500, and one bond ETF.

MORTGAGE-BACKED, COMMERCIAL MORTGAGE-BACKED AND ASSET-BACKED SECURITIES

All of the Company's collateralized securities carry an average credit rating of AA+ by one or more major rating agency and continue to pay according to contractual terms. Included within MBS/ABS/CMBS are residential mortgage backed securities of $9,201,791 and $8,503,800 and commercial mortgage backed securities of $6,874,455 and $7,592,922 at December 31, 2015 and 2014, respectively.

For all fixed income securities at a loss at December 31, 2015, management believes it is probable that the Company will receive all contractual payments in the form of principal and interest. In addition, the Company is not required to, nor does it intend to sell these investments prior to recovering the entire amortized cost basis of each security, which may be maturity. Management does not consider these investments to be other-than-temporarily impaired at December 31, 2015.

CORPORATE BONDS

Net unrealized gains in the corporate bond portfolio decreased $775,267 in 2015 from a gain of $833,435 in 2014 to a gain of $58,168 in 2015 as interest rates increased during the year. Of particular interest, the risk premiums associated with energy sector holdings increased near year-end. The wider credit spreads in energy were largely due to a rapid decline in oil and a repricing of risk for related companies. The corporate bond portfolio has an overall rating of AA-.

MUNICIPAL BONDS

As of December 31, 2015 and 2014, municipal bonds totaled $16,356,450 and $13,807,863, respectively with a gross and net unrealized gain of $1,090,259 and $1,130,998, respectively. The decrease was due to slightly higher interest rates. As of December 31, 2015, approximately 20 percent of the municipal fixed income securities in the investment portfolio were general obligations of state and local governments, 40 percent were revenue based, 32 percent were pre-refunded, and the remaining 8 percent were Taxable. The municipal bond portfolio has an overall rating of AA-.

EQUITY SECURITIES

The equity portfolio consists of exchange traded funds (ETF). Net unrealized gains in the equity portfolio decreased $487,516 and $72,944 in 2015 and 2014, respectively. Given the intent to hold and expectation of recovery to cost within a reasonable period of time, the Company does not consider any of its equities to be other-than-temporarily impaired.

Under current accounting standards, an OTTI write-down of debt securities, where fair value is below amortized cost, is triggered by circumstances where (1) an entity has the intent to sell a security, (2) it is more likely than not that the entity will be required to sell the security before recovery of its amortized cost basis or (3) the entity does not expect to recover the entire amortized cost basis of the security. If an entity intends to sell a security or if it is more likely than not the entity will be required to sell the security before recovery, an OTTI write-down is recognized in earnings equal to the difference between the security's amortized cost and its fair value. If an entity does not intend to sell the security or it is not more likely than not that it will be required to sell the security before recovery, the OTTI write-down is separated into an amount representing the credit loss, which is recognized in earnings, and the amount related to all other factors, which is recognized in other comprehensive income.

Part of the evaluation of whether particular securities are other-than-temporarily impaired involves assessing whether the Company has both the intent and ability to continue to hold equity securities in an unrealized loss position. For fixed income securities, management considers the intent to sell a security (which is determined on a security-by-security basis) and whether it is more likely than not that is will be

required to sell the security before the recovery of the amortized cost basis. Significant changes in these factors could result in a charge to net earnings for impairment losses. Impairment losses result in a reduction of the underlying investment's cost basis.

ANALYSIS

The following table is also used as part of the impairment analysis and displays the total value of securities that were in an unrealized loss position as of December 31, 2015 and 2014. The table segregates the securities based on type, noting the fair value, cost (or amortized cost), and unrealized loss on each category of investment as well as in total. The table further classifies the securities based on the length of time they have been in an unrealized loss position.

	December 31, 2015			December 31, 2014		
	< 12 Mos.	12 Mos & Greater	Total	< 12 Mos.	12 Mos & Greater	Total
U.S. Treasury						
Fair value	$ 1,233,023	$ —	$ 1,233,023	$ —	$ 292,572	$ 292,572
Cost or amortized cost	1,242,679	—	1,242,679	—	296,162	296,162
Unrealized Loss	(9,656)	—	(9,656)	—	(3,590)	(3,590)
MBS/ABS/CMBS						
Fair value	9,404,729	728,591	10,133,320	1,962,502	4,043,188	6,005,690
Cost or amortized cost	9,530,244	746,619	10,276,863	1,969,544	4,107,573	6,077,117
Unrealized Loss	(125,515)	(18,028)	(143,543)	(7,042)	(64,385)	(71,427)
Corporate						
Fair value	11,205,004	1,263,357	12,468,361	3,503,440	3,719,901	7,223,341
Cost or amortized cost	11,685,419	1,305,243	12,990,662	3,524,450	3,809,803	7,334,253
Unrealized Loss	(480,415)	(41,886)	(522,301)	(21,010)	(89,902)	(110,912)
Subtotal, fixed income						
Fair value	21,842,756	1,991,948	23,834,704	5,465,942	8,055,661	13,521,603
Cost or amortized cost	22,458,342	2,051,862	24,510,204	5,493,994	8,213,538	13,707,532
Unrealized Loss	(615,586)	(59,914)	(675,500)	(28,052)	(157,877)	(185,929)
Equity Securities						
Fair value	398,194	3,222,192	3,620,386	3,707,255	—	3,707,255
Cost or amortized cost	429,530	3,609,357	4,038,887	3,817,654	—	3,817,654
Unrealized Loss	(31,336)	(387,165)	(418,501)	(110,399)	—	(110,399)
Total						
Fair value	22,240,950	5,214,140	27,455,090	9,173,197	8,055,661	17,228,858
Cost or amortized cost	22,887,872	5,661,219	28,549,091	9,311,648	8,213,538	17,525,186
Unrealized Loss	$ (646,922)	$ (447,079)	$ (1,094,001)	$ (138,451)	$ (157,877)	$ (296,328)

As of December 31, 2015 and 2014, the Company held equity securities that were in unrealized loss positions. The total unrealized loss on these securities in 2015 and 2014 was $418,501 and $110,399, respectively.

The fixed income portfolio contained 62 securities in an unrealized loss position as of December 31, 2015. Of these 62 securities, 7 have been in an unrealized loss position for 12 consecutive months or longer

and represent $59,914 in unrealized losses. All fixed income securities in the investment portfolio continue to pay the expected coupon payments under the contractual terms of the securities. Credit-related impairments on fixed income securities that we do not plan to sell, and for which we are not more likely than not to be required to sell, are recognized in net earnings. Any non-credit related impairment is recognized in comprehensive earnings. Based on management's analysis, the fixed income portfolio is of a high credit quality and it is believed it will recover the amortized cost basis of the fixed income securities. Management monitors the credit quality of the fixed income investments to assess if it is probable that the Company will receive its contractual or estimated cash flows in the form of principal and interest. There were no OTTI losses recognized in other comprehensive earnings in the periods presented. Key factors considered in the evaluation of credit quality include:

- Changes in technology that may impair the earnings potential of the investment;
- The discontinuance of a segment of business that may affect future earnings potential;
- Reduction or elimination of dividends;
- Specific concerns related to the issuer's industry or geographic area of operation;
- Significant or recurring operating losses, poor cash flows and/or deteriorating liquidity ratios; and
- Downgrades in credit quality by a major rating agency.

Based on management's analysis, it was concluded that the securities in an unrealized loss position were not other-than-temporarily impaired at December 31, 2015, and 2014.

During 2015 and 2014, the Company did not recognize any impairment losses.

As required by law, certain fixed maturity investments amounting to $2,950,105 and $2,262,657 at December 31, 2015 and 2014, respectively, were on deposit with either regulatory authorities or banks. In addition, $947,554 was pledged in 2015 as part of a capital lease arrangement.

3. FAIR VALUE DISCLOSURES

Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. We determined the fair value of certain financial instruments based on their underlying characteristics and relevant transactions in the marketplace. GAAP guidance requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance also describes three levels of inputs that may be used to measure fair value.

The following are the levels of the fair value hierarchy and a brief description of the type of valuation inputs that are used to establish each level:

- **Level 1** is applied to valuations based on readily available, unadjusted quoted prices in active markets for identical assets.
- **Level 2** is applied to valuations based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities) or can be corroborated by observable market data.
- **Level 3** is applied to valuations that are derived from techniques in which one or more of the significant inputs are unobservable. Financial assets are classified based upon the lowest level of significant input that is used to determine fair value.

As a part of the process to determine fair value, management utilizes widely recognized, third-party pricing sources to determine fair values. Management has obtained an understanding of the third-party

pricing sources' valuation methodologies and inputs. The following is a description of the valuation techniques used for financial assets that are measured at fair value, including the general classification of such assets pursuant to the fair value hierarchy.

Corporate, Agencies, and Municipal Bonds: The pricing vendor employs a multi-dimensional model which uses standard inputs including (listed in order of priority for use) benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, market bids/offers and other reference data. The pricing vendor also monitors market indicators, as well as industry and economic events. All bonds valued using these techniques are classified as Level 2. All Corporate, Agencies, and Municipal securities are deemed Level 2.

Mortgage-backed Securities (MBS)/Collateralized Mortgage Obligations (CMO) and Asset-backed Securities (ABS): The pricing vendor evaluation methodology includes principally interest rate movements and new issue data. Evaluation of the tranches (non-volatile, volatile, or credit sensitivity) is based on the pricing vendors' interpretation of accepted modeling and pricing conventions. This information is then used to determine the cash flows for each tranche, benchmark yields, pre-payment assumptions and to incorporate collateral performance. To evaluate CMO volatility, an option adjusted spread model is used in combination with models that simulate interest rate paths to determine market price information. This process allows the pricing vendor to obtain evaluations of a broad universe of securities in a way that reflects changes in yield curve, index rates, implied volatility, mortgage rates, and recent trade activity. MBS/CMO and ABS with corroborated and observable inputs are classified as Level 2. All MBS/CMO and ABS holdings are deemed Level 2.

U.S. Treasury Bonds and Common Stock: U.S. treasury bonds and exchange traded equities have readily observable price levels and are classified as Level 1 (fair value based on quoted market prices). All common stock holdings are deemed Level 1.

Due to the relatively short-term nature of cash, cash equivalents, and the mortgage on the home office, their carrying amounts are reasonable estimates of fair value. The surplus notes are carried at face value and given that there is no readily available market for these to trade in, management believes that face value accurately reflects fair value. Cash and cash equivalents are classified as Level 1 of the hierarchy. The mortgage on the home office and the surplus notes are carried at Level 2 of the hierarchy.

Assets measured at fair value on a recurring basis as of December 31, 2015, are as summarized below:

	Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2015				
Available-for-sale:				
U.S. treasury	$ 1,233,023	$ —	$ —	$ 1,233,023
MBS/ABS/CMBS	—	18,010,566	—	18,010,566
Corporate	—	29,595,269	—	29,595,269
Municipal	—	16,356,450	—	16,356,450
Equities	8,884,951	—	—	8,884,951
	$ 10,117,974	$63,962,285	$ —	$74,080,259

Assets measured at fair value on a recurring basis as of December 31, 2014, are as summarized below:

	Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2014				
Available-for-sale:				
U.S. treasury	$ 536,382	$ —	$ —	$ 536,382
MBS/ABS/CMBS	—	18,402,127	—	18,402,127
Corporate	—	29,878,139	—	29,878,139
Municipal	—	13,807,863	—	13,807,863
Equities	9,151,235	—	—	9,151,235
	$ 9,687,617	$62,088,129	$ —	$71,775,746

As noted in the previous tables, the Company did not have any assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of December 31, 2015 and 2014. Additionally, there were no securities transferred in or out of levels 1 or 2 during the years ended December 31, 2015 and 2014.

4. POLICY ACQUISITION COSTS

Policy acquisition costs deferred and amortized to income for the years ended December 31 are summarized as follows:

	2015	2014
Deferred policy acquisition costs (DAC), beginning of year	$ 3,800,544	$ 3,318,839
Deferred:		
Direct commission	6,885,761	6,479,631
Premium taxes	620,726	702,728
Ceding commissions	(851,412)	(208,048)
Underwriting	341,006	328,548
Net deferred	6,996,081	7,302,859
Amortized	6,813,891	6,821,154
DAC, end of year	$ 3,982,734	$ 3,800,544
Policy acquisition costs:		
Amortized to expense	$ 6,813,891	$ 6,821,154
Period costs:		
Contingent commission	1,528,651	1,361,570
Other underwriting expenses	6,212,869	6,139,873
Total policy acquisition costs	$ 14,555,411	$ 14,322,597

5. DEBT

As of December 31, 2015 and 2014, outstanding debt balances totaled $ 3,273,560 and $2,785,710, respectively. The Company incurred interest expense for the years ended December 31, 2015 and 2014 of $136,295 and $133,799, respectively. The average rate on debt in 2015 was 4.50 percent. The debt balance is comprised of the following:

Surplus Notes

The Company has $1,921,428 and $1,992,857 of surplus notes issued, for cash, and outstanding as of December 31, 2015 and 2014, respectively. Payment of principal and interest on all surplus notes requires specific approval by the Illinois Department of Insurance. The Company's obligation to pay principal and interest on surplus notes is subordinate to the insurance claims of policyholders of the Company in accordance with terms of Section 56 of the Illinois Insurance Code.

Subject to the approval of the Director of Insurance of the State of Illinois and the applicable provisions of the Illinois Insurance Code, the noteholder shall have the right at the time of a stock conversion of the Company, upon not less than thirty (30) days' written notice to the Company, to convert all or any portion of the outstanding principal amount of the note into common shares of the Company.

Additional information regarding each surplus note follows:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
12/31/2003	5.35%	1,600,000	1,600,000	85,600	1,031,200	—	12/31/2033
7/15/2004	7.00%	410,000	250,000	17,500	443,707	—	7/15/2034
8/31/2004	7.00%	250,000	71,428	74,998	340,304	—	8/31/2016
		2,260,000	1,921,428	178,098	1,815,211	—	

Note holders are entitled to 1/28th of the principal each year. To date, the note holders of the surplus notes maturing on 12/31/2033 and 7/15/2034 have elected to waive principal repayment.

Leasehold Obligations

The Company entered into a sale leaseback arrangement in September 2015 that is accounted for as a capital lease. Under the agreement, Pacific Western Equipment Finance Company purchased electronic data processing software and titled vehicles which are leased to the Company. These assets remain on the Company's books due to provisions within the agreement that trigger capital lease accounting. To secure the lowest rate possible of 4.7 percent, the Company pledged bonds totaling $947,554. There was no gain or loss recognized as part of this transaction. Lease payments for 2015 totaled $64,182. The term of the electronic data processing lease is 48 months and the term of the titled vehicles lease is 36 months. The outstanding lease obligation at December 31, 2015, was $859,818.

Future minimum lease payments for the five succeeding years as of December 31, 2015 are:

Year	Amount
2016	$248,446
2017	248,446
2018	248,446
2019	192,353
2020	30,189
	967,880
Interest portion	108,062
Total	$859,818

Home Office Mortgage

The Company maintains a mortgage on its home office. Interest is charged at a fixed rate of 2.6 percent and the loan matures in 2017. The building is used as collateral to secure the loan. The loan balance at year end 2015 and 2014 was $492,315 and $792,853, respectively. The interest paid on the loan in 2015 was $17,153 and $25,430 in 2014.

Payments due subsequent to December 31, 2015 are summarized below:

Year	Amount
2016	$317,820
2017	185,395
	503,215
Interest portion	10,900
Total	$492,315

The Company maintains a revolving line of credit with American Bank & Trust, which permits borrowing up to an aggregate principal amount of $2.0 million. This facility was entered into during 2013 and is renewed annually. There are no financial covenants governing this agreement. As of and during the years ended December 31, 2015 and 2014, no amounts were outstanding on this facility.

6. REINSURANCE

In the ordinary course of business, the Company assumes and cedes premiums and selected insured risks with other insurance companies, known as reinsurance. A large portion of the reinsurance is put into effect under contracts known as treaties and, in some instances, by negotiation on each individual risk (known as facultative reinsurance). In addition, there are several types of treaties including quota share, excess of loss and catastrophe reinsurance contracts that protect against losses over stipulated amounts arising from any one occurrence or event. The arrangements allow the Company to pursue greater diversification of business and serve to limit the maximum net loss to a single event, such as a catastrophe. Through the quantification of exposed policy limits in each region and the extensive use of computer-assisted modeling techniques, management monitors the concentration of risks exposed to catastrophic events.

Through the purchase of reinsurance, the Company also generally limits its net loss on any individual risk to a maximum of $500,000, although certain treaties contain an annual aggregate deductible before reinsurance applies.

Premiums, written and earned, along with losses and settlement expenses incurred for the years ended December 31 are summarized as follows:

	2015	2014
WRITTEN		
Direct	$49,047,060	$ 46,339,636
Reinsurance assumed	346,280	335,174
Reinsurance ceded	(7,762,059)	(5,598,098)
Net	$41,631,281	$ 41,076,712
EARNED		
Direct	$47,616,234	$ 45,253,225
Reinsurance assumed	326,234	316,813
Reinsurance ceded	(7,722,607)	(7,449,253)
Net	$40,219,861	$ 38,120,785
LOSS AND SETTLEMENT EXPENSES INCURRED		
Direct	$28,462,833	$ 34,236,132
Reinsurance assumed	220,831	214,223
Reinsurance ceded	(4,883,150)	(11,701,977)
Net	$23,800,514	$ 22,748,378

The reinsurance assumed business consists of assigned risk pools, which require the Company to participate in certain workers' compensation and other liability pools, as a result of their licensure and premium writings in the various states in which it does business.

At December 31, 2015 and 2014, respectively, the Company had prepaid reinsurance premiums and recoverables on paid and unpaid losses and settlement expenses totaling $19,158,224 and $25,822,425. More than 98 percent of the Company's reinsurance recoverables are due from companies with financial strength ratings of "A" or better by A.M. Best.

The following table displays net reinsurance balances recoverable, after consideration of collateral, from the Company's top 10 reinsurers as of December 31, 2015. These reinsurers all have financial strength ratings of "A" or better by A.M. Best. Also shown are the amounts of written premium ceded to these reinsurers during the calendar year 2015.

(in 000's of US dollars)	A.M. Best Rating	S & P Rating	Net Reinsurer Exposure as of December 31, 2015	Percent of Total	Ceded Premiums Written	Percent of Total
Everest Reinsurance Company	A+	A+	4,081	20.4%	1,944	25.0%
Partner Reinsurance Company	A+	A+	3,511	17.6%	1,221	15.7%
Lloyd's Syn Number 1414	A	A+	3,121	15.6%	68	0.9%
Swiss Reinsurance	A+	AA-	2,575	12.9%	1,133	14.6%
Aspen Insurance UK Ltd	A	A	2,269	11.4%	868	11.2%
Platinum Underwriters	A	A-	1,494	7.5%	1	0.0%
Allied World Reinsurance	A	A	1,121	5.6%	861	11.1%
Hannover Ruckversicherungs	A+	AA-	929	4.7%	769	9.9%
Toa Reinsurance Company	A+	A+	652	3.3%	—	0.0%
Endurance	A	A	96	0.5%	174	2.2%
All other reinsurers*			122	0.5%	723	9.4%
			19,971	100.0%	7,762	100.0%

Ceded unearned premiums and reinsurance balances recoverable on paid losses and settlement expenses are reported separately as an asset, rather than being netted with the related liability, since reinsurance does not relieve the Company of its liability to policyholders. Such balances are subject to the credit risk associated with the individual reinsurer. On a quarterly basis, the financial condition of the Company's reinsurers is monitored. As part of the monitoring efforts, management reviews annual summarized financial data and publically available information. The credit risk associated with the reinsurance balances recoverable is analyze by monitoring the A.M. Best and S&P ratings of the reinsurers. In addition, the Company subjects its reinsurance recoverables to detailed recoverability tests, including one based on average default by A.M. Best rating.

Once regulatory action (such as receivership, finding of insolvency, order of conservation or order of liquidation) is taken against a reinsurer, the paid and unpaid recoverable for the reinsurer are specifically identified and written off through the use of the allowance for estimated unrecoverable amounts from reinsurers. When such a balance is written off, it is done in full. The Company then re-evaluates the remaining allowance and determines whether the balance is sufficient as detailed above, and if needed, an additional allowance is recognized and income charged. The Company had no allowance recorded related to uncollectible amounts on paid and unpaid recoverables at December 31, 2015 and 2014. The Company has no receivables with a due date that extends beyond 90 days from the date of billing that are not included in the allowance for uncollectible amounts.

7. UNPAID LOSSES AND SETTLEMENT EXPENSES

The following table is a reconciliation of the Company's unpaid losses and settlement expenses (LAE) for the years 2015 and 2014.

(in 000's US dollars)	2015	2014
Unpaid losses and LAE at beginning of year:		
Gross	$ 64,617	$ 57,336
Ceded	(25,822)	(20,994)
Net	38,795	36,342
Increase (decrease) in incurred losses and LAE:		
Current year	24,293	22,267
Prior years	(493)	481
Total incurred	23,800	22,748
Loss and LAE payments for claims incurred:		
Current year	(6,466)	(7,798)
Prior years	(14,231)	(12,497)
Total paid	(20,697)	(20,295)
Net unpaid losses and LAE at end of year	41,898	38,795
Unpaid losses and LAE at end of year:		
Gross	61,056	64,617
Ceded	(19,158)	(25,822)
Net	$ 41,898	$ 38,795

(in 000's US dollars)	2015	2014
Supplemental ceded unpaid losses and LAE at end of year disclosure:		
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 in 2015 and $0 in 2014	$(19,535)	$(25,855)
Reinsurance balances payable	377	33
	$(19,158)	$(25,822)

Differences from the initial reserve estimates emerged as changes in the ultimate loss estimates as those estimates were updated through the reserve analysis process. The recognition of the changes in initial reserve estimates occurred over time as claims were reported, initial case reserves were established, initial reserves were reviewed in light of additional information and ultimate payments were made on the collective set of claims incurred as of that evaluation date. The new information on the ultimate settlement value of claims is updated until all claims in a defined set are settled. As a small specialty insurer with a niche product portfolio, the Company's experience will ordinarily exhibit fluctuations from period to period. While management attempts to identify and react to systematic changes in the loss environment, they must also consider the volume of experience directly available to the Company and interpret any particular period's indications with a realistic technical understanding of the reliability of those observations.

A discussion of significant components of reserve development for the two most recent calendar years follows:

2015

The Company experienced favorable development relative to prior years' reserve estimates in its property line of business primarily from the 2014 accident year. The largest contributor to the adverse development in the casualty line of business was Liquor Liability, with approximately 89.4 percent of the development coming from this business.

2014

The Company experienced favorable development relative to prior years' reserve estimates in its property line of business primarily from the 2013 accident year. The largest contributor to the adverse development in the casualty line of business was BOP Liability, with approximately half of the development coming from the 2013 accident year.

8. INCOME TAXES

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are summarized as follows at December 31:

	2015	2014
Deferred tax assets:		
Tax discounting of claim reserves	$ 830,440	$ 1,231,812
Unearned premium reserve	1,660,239	1,561,989
AMT credit carryforward	166,535	471,644
Deferred compensation	275,992	72,243
Provision for uncollectible accounts	34,000	17,000
Other	478,386	456,434
Deferred tax assets before allowance	3,445,592	3,811,122
Less valuation allowance	—	—
Total deferred tax assets	$ 3,445,592	$ 3,811,122
Deferred tax liabilities:		
Net unrealized appreciation of securities	$ 273,080	$ 800,516
Deferred policy acquisition costs	1,354,130	1,292,195
Property and equipment	23,271	64,789
Other	394,459	380,232
Total deferred tax liabilities	2,044,940	2,537,732
Net deferred tax asset	$ 1,400,652	$ 1,273,390

Income tax expense attributable to income from operations for the years ended December 31, 2015 and 2014, differed from the amounts computed by applying the U.S. federal tax rate of 34 percent to pretax income from continuing operations as demonstrated in the following table:

	2015	2014
Provision for income taxes at the statutory federal tax rates	$1,025,600	$ 803,938
Increase (reduction) in taxes resulting from:		
Tax-exempt interest income	(174,808)	(164,482)
15% proration of tax exempt interest & dividends received deduction	26,222	24,672
Officer life insurance, net	3,474	3,338
Nondeductible expenses	35,313	27,500
Prior year true-ups and other	(54,059)	84,183
Total	$ 861,742	$ 779,149

The Company's effective tax rate was 28.6 percent and 33.0 percent for 2015 and 2014, respectively. Effective rates are dependent upon components of pretax earnings and the related tax effects.

The Company has recorded its deferred tax assets and liabilities using the statutory federal tax rate of 34 percent. Management believes it is more likely than not that all deferred tax assets will be recovered given the carry back availability as well as the results of future operations, which will generate sufficient taxable income to realize the deferred tax asset. In addition, it is believed that when these deferred items reverse in future years, taxable income will be taxed at an effective rate of 34 percent.

Federal and state income taxes paid in 2015 and 2014 amounted to $950,000 and $750,000, respectively. As of December 31, 2015, the Company does not have any capital or operating loss carryforwards. Periods still subject to Internal Revenue Service (IRS) audit include 2012 through current year. There are currently no open tax exams.

9. EMPLOYEE BENEFITS

401(K) AND BONUS AND INCENTIVE PLANS

The Company maintains a 401(k) and bonus and incentive plans covering executives, managers, and associates. Excluding the 401(k), at the CEO's discretion, funding of these plans is primarily dependent upon reaching predetermined levels of combined ratio, growth in statutory surplus, growth in direct written premium, and overall renewal retention ratios. Bonuses are earned as the Company generates earnings in excess of this required return. While some management incentive plans may be affected somewhat by other performance factors, the larger influence of corporate performance ensures that the interests of the executives, managers, and associates corresponds with those of the stakeholders.

The 401(k) plan offers a matching percentage up to 4 percent of eligible compensation, as well as a profit sharing percentage of each employee's compensation. Participants are 100 percent vested in the matching percentage and vest at a rate of 25 percent per year for the profit sharing distribution. Additionally, bonuses may be awarded to executives, managers, and associates through company incentive plans, provided certain financial or operational goals are met. Annual expenses for these incentive plans totaled $776,390 and $751,675 for 2015 and 2014, respectively.

DEFERRED COMPENSATION

In November 2012, the Company entered into a deferred compensation agreement with an executive of the Company. The agreement requires the Company to make payments to the executive beginning at retirement (age 62). In the event of separation of service without cause prior to age 62, benefits under this agreement vest 25 percent in November 2017, 50 percent in November 2022, 75 percent in November 2027, and 100 percent on January 1, 2032. In the event of death prior to retirement, benefits become fully vested and are payable to the executive's beneficiaries. Using a discount rate of 4.34 percent, the fully vested obligation under the agreement would total approximately $1,548,000 on January 1, 2032. As of December 31, 2015 and 2014, the accrued liability related to this agreement totaled $173,676 and $105,676, respectively. The Company's expense related to this plan was $68,000 and $69,992 in 2015 and 2014, respectively.

10. STATUTORY INFORMATION AND DIVIDEND RESTRICTIONS

The statutory financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Illinois Department of Insurance, which has adopted the National Association of Insurance Commissioners ("NAIC") statutory accounting practices as the basis of its statutory accounting practices. The Company did not use any permitted statutory accounting practices that differ from NAIC prescribed statutory accounting practices. In converting from statutory to GAAP, typical adjustments include deferral of policy acquisition costs, the inclusion of statutory non-admitted assets and the inclusion of net unrealized holding gains or losses in equity relating to available for sale investment securities, and the reclassification of surplus notes from equity to debt.

The NAIC has Risk-based capital ("RBC") requirements that require insurance companies to calculate and report information under a risk-based formula, which measures statutory capital and surplus needs based upon a regulatory definition of risk relative to the company's balance sheet and mix of products. As of December 31, 2015 and 2014, the Company had RBC amounts in excess of the authorized control level RBC, as defined by the NAIC. Illinois Casualty Company (ICC), had an authorized control level RBC of $6,175,978 and $6,156,557 as of December 31, 2015 and 2014, respectively, compared to actual statutory capital and surplus of $26,855,678 and $25,193,388, respectively, for these same periods.

Year-end statutory surplus for 2015 and 2014 presented in the table below includes $115 and $33,064 of Estrella Innovative Solutions, LLC common stock (cost basis of $170,078 and $160,078) held by Illinois Casualty Company. This investment is eliminated in the GAAP consolidated financial statements.

The following table includes selected information for our insurance subsidiary for the year ending and as of December 31:

(in 000's US dollars)	2015	2014
Net income, statutory basis	$ 1,849,291	$ 1,381,055
Surplus, statutory basis	$ 26,855,678	$ 25,193,388

No Illinois domiciled company may pay any extraordinary dividend or make any other extraordinary distribution to its security holders until: (a) 30 days after the Director has received notice of the declaration thereof and has not within such period disapproved the payment, or (b) the Director approves such payment within the 30-day period. For purposes of this subsection, an extraordinary dividend or distribution is any dividend or distribution of cash or other property whose fair market value, together with that of other dividends or distributions, made within the period of 12 consecutive months ending on the date on which the proposed dividend is scheduled for payment or distribution exceeds the greater of: (a) 10% of the company's surplus as regards policyholders as of the 31st day of December next preceding, or (b) the net income of the company for the 12-month period ending the 31st day of December next preceding, but does not include pro rata distributions of any class of the company's own securities.

The Company did not pay any dividends to security holders in 2015 or 2014. It did however, make cash dividend payments in the amount of $1,452 and $1,315 in 2015 and 2014, respectively, to Wisconsin policyholders in accordance with policy contractual obligations.

11. RELATED PARTY

Mr. John R. Klockau, a director of the Company, holds two surplus note from the Company totaling $1,150,000. The first note is for $1,000,000 and bears interest at 5.35%. The second note is for $150,000 and bears interest at 7.00%. Mr. Klockau was paid interest in the amount of $64,000 in both 2015 and 2014. Additionally, Mr. Klockau is a claims consultant and was paid $14,011 and $14,181 in 2015 and 2014, respectively, related to his services to the Company.

Mr. Scott T. Burgess is a director of the Company and a Senior Managing Director of Griffin Financial Group. Mr. Burgess was paid $2,284 and $1,092 in 2015 and 2014, respectively. Griffin Financial Group was paid $75,000 and $0 in 2015 and 2014, respectively.

12. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is party to numerous claims, losses, and litigation matters that arise in the normal course of business. Many of such claims, losses, or litigation matters involve claims under policies that the Company underwrites as an insurer. Management believes that the resolution of these claims and losses will not have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

The Company has operating lease obligations related to managing the business. Expenses associated with the unexpired portion of the agreements totals approximately $21,000 per year. Minimum future rental payments under non-cancellable agreements are as follows:

Year	Payments
2016	21,153

Rent expense totaled $32,457 and $26,738 in 2015 and 2014, respectively.

13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were issued. On February 16, 2016, the Board of Directors approved a plan of demutualization. The Company is currently organized as a mutual insurance company and has prepared these financial statements for use in its filing with the US Securities and Exchange Commission in order to complete the plan of demutualization.

Illinois Casualty Company (A Mutual Insurance Company)
Condensed Consolidated Balance Sheets

	As of	
	June 30, 2016 (Unaudited)	December 31, 2015
Assets		
Investments and cash:		
Fixed income		
Available-for-sale, at fair value (amortized cost - $61,099,706 at 6/30/2016 and $63,994,827 at 12/31/2015)	$ 64,502,039	$ 65,195,308
Equity securities available -for-sale, at fair value (cost - $9,670,992 at 6/30/2016 and $9,282,252 at 12/31/2015)	9,828,551	8,884,951
Cash and cash equivalents	3,385,977	2,179,511
Total investments and cash	77,716,567	76,259,770
Accrued investment income	505,341	580,786
Premiums and reinsurance balances receivable, net of allowances for uncollectible amounts of $100,000 at 6/30/2016 and 12/31/2015	17,253,833	15,637,909
Ceded unearned premiums	270,220	57,304
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 at 6/30/2016 and 12/31/2015	15,557,412	19,535,058
Current federal income taxes	299,412	773,206
Net deferred federal income taxes	392,014	1,400,652
Deferred policy acquisition costs, net	4,214,425	3,982,734
Property and equipment, at cost, net of accumulated depreciation of $3,937,709 at 6/30/2016 and $3,553,073 at 12/31/2015	6,046,614	4,241,099
Other assets	1,352,546	904,864
Total assets	$ 123,608,384	$ 123,373,382
Liabilities and Equity		
Liabilities:		
Unpaid losses and settlement expenses	57,386,924	61,055,626
Unearned premiums	25,262,805	23,948,476
Reinsurance balances payable	233,285	—
Corporate debt	3,743,315	3,273,560
Accrued expenses	3,263,302	4,096,190
Other liabilities	843,017	833,795
Total liabilities	90,732,648	93,207,647
Equity:		
Accumulated other comprehensive earnings, net of tax	2,349,529	530,097
Retained earnings	30,526,207	29,635,638
Total equity	32,875,736	30,165,735
Total liabilities and equity	$ 123,608,384	$ 123,373,382

See accompanying notes to consolidated financial statements.

Illinois Casualty Company (A Mutual Insurance Company)
Condensed Consolidated Statements of Earnings and Comprehensive Earnings (Unaudited)

	For the Three-Month Periods Ended June 30,	
	2016	2015
Net premiums earned	$10,555,466	$ 9,732,731
Net investment income	422,068	391,721
Net realized investment gains	13,970	10,159
Other income	17,536	72,525
Consolidated revenues	11,009,040	10,207,136
Losses and settlement expenses	6,177,420	5,901,996
Policy acquisition costs	4,011,294	3,548,834
Interest expense on debt	50,275	32,010
General corporate expenses	106,582	79,580
Total expenses	10,345,571	9,562,420
Earnings before income taxes	663,469	644,716
Income tax expense:		
Current	437,965	289,273
Deferred	(195,068)	(136,517)
Total income tax expense	242,897	152,756
Net earnings	$ 420,572	$ 491,960
Other comprehensive earnings (loss), net of tax	810,414	(910,886)
Comprehensive earnings	$ 1,230,986	$ (418,926)

See accompanying notes to consolidated financial statements.

Illinois Casualty Company (A Mutual Insurance Company)
Condensed Consolidated Statements of Earnings and Comprehensive Earnings (Unaudited)

	For the Six-Month Periods Ended June 30,	
	2016	2015
Net premiums earned	$ 20,846,228	$ 19,217,351
Net investment income	769,894	693,951
Net realized investment gains	138,218	33,693
Other income	75,861	136,439
Consolidated revenues	21,830,201	20,081,434
Losses and settlement expenses	12,556,916	11,747,392
Policy acquisition costs	7,543,274	7,017,988
Interest expense on debt	91,622	64,456
General corporate expenses	199,471	147,277
Total expenses	20,391,283	18,977,113
Earnings before income taxes	1,438,918	1,104,321
Income tax expense:		
Current	476,995	230,478
Deferred	71,355	84,829
Total income tax expense	548,350	315,307
Net earnings	$ 890,568	$ 789,014
Other comprehensive earnings (loss), net of tax	1,819,432	(552,766)
Comprehensive earnings	$ 2,710,000	$ 236,248

See accompanying notes to consolidated financial statements.

Illinois Casualty Company (A Mutual Insurance Company)
Condensed Consolidated Statements of Cash Flows (Unaudited)

	For the Six-Month Periods Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net earnings	$ 890,568	$ 789,014
Adjustments to reconcile net earnings to net cash provided by operating activities		
Net realized investment gains	(138,218)	(33,693)
Depreciation	385,482	274,415
Deferred income tax	71,355	84,829
Amortization of bond premium and discount	108,231	131,054
Change in:		
Accrued investment income	75,445	5,920
Premiums and reinsurance balances receivable (net of direct write-offs)	(1,615,924)	(2,626,818)
Reinsurance balances payable	233,285	22,741
Ceded unearned premium	(212,916)	(13,033)
Reinsurance balances recoverable on unpaid losses	3,977,646	3,135,935
Deferred policy acquisition costs	(231,691)	(205,839)
Accrued expenses	(832,888)	(955,633)
Unpaid losses and settlement expenses	(3,668,702)	(998,125)
Unearned premiums	1,314,329	1,648,972
Current federal income tax	473,794	(19,522)
Other	(277,439)	(196,976)
Net cash provided by operating activities	552,357	1,043,241
Cash flows from investing activities:		
Purchases of:		
Fixed income, available-for-sale	(4,570,653)	(6,924,809)
Equity securities, available-for-sale	(388,740)	—
Property and equipment	(584,052)	(491,304)
Property held for investment	(1,626,245)	—
Proceeds from sales, maturities and calls of:		
Fixed income, available-for-sale	7,495,759	6,319,928
Property and equipment	19,300	11,759
Net cash provided by (used in) investing activities	345,369	(1,084,426)
Cash flows from financing activities:		
Proceeds from sale leaseback	777,643	—
Proceeds from bank overdraft	—	35,754
Repayments of borrowed funds	(307,883)	(149,304)
Demutualization and initial public offering costs	(161,020)	—
Net cash provided by (used in) financing activities	308,740	(113,550)
Net increase (decrease) in cash	1,206,466	(154,735)
Cash and cash equivalents at beginning of period	2,179,511	1,141,656
Cash and cash equivalents at end of period	$ 3,385,977	$ 986,921

See accompanying notes to consolidated financial statements.

Notes to Unaudited Condensed Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF BUSINESS

Illinois Casualty Company (A Mutual Insurance Company) (herein, "the Company") is a specialty insurance carrier primarily underwriting commercial multi-peril, liquor liability, workers' compensation, and umbrella liability coverages for the food and beverage industry. The Company writes business in Illinois, Iowa, Indiana, Minnesota, Missouri, and Wisconsin and markets through independent agents. Approximately 40 percent and 38 percent of premium is written in Illinois for the three-months ended June 30, 2016 and 2015, respectively. Approximately 39 percent and 38 percent of the premium is written in Illinois for the six-months ended June 30, 2016 and 2015, respectively. The Company has three wholly owned subsidiaries, Beverage Insurance Agency, Estrella Innovative Solutions, Inc., and ICC Realty, LLC.; however the Company operates as a single segment.

B. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting and with the instructions to Form 10-Q. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. As such, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's December 31, 2015, audited financial statements. The condensed consolidated balance sheet at December 31, 2015, was derived from the audited consolidated balance sheet of the Company as of that date. Management believes that the disclosures are adequate to make the information presented not misleading, and all normal and recurring adjustments necessary to present fairly the financial position at June 30, 2016, and the results of operations of the Company and its subsidiaries for all periods presented have been made. The results of operations for any interim period are not necessarily indicative of the operating results for a full year.

The preparation of the unaudited condensed consolidated interim financial statements requires management to make estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated interim financial statements, and the reported amounts of revenue and expenses during the period. These amounts are inherently subject to change and actual results could differ significantly from these estimates.

C. PROSPECTIVE ACCOUNTING STANDARDS

The dates presented below, represent the implementation dates for publicly traded entities. The Company's status as an Emerging Growth Company could delay the required adoption of each of these standards.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Management does not believe adoption will have a material effect on the Company's financial statements.

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-09, Disclosure about Short-Duration Contracts. The guidance addresses enhanced

disclosure requirements for insurers relating to short-duration insurance contract claims and the unpaid claims liability rollforward for long and short-duration contracts. This ASU is effective for annual reporting periods beginning after December 15, 2015, and for interim periods after December 15, 2016. Early adoption is permitted. The Company has not early-adopted this ASU and while disclosures will be increased, management does not believe adoption will have a material effect on the Company's financial statements.

In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-01, Financial Instruments Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The guidance affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements of financial instruments. The amendments will be applied to fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted for the accounting guidance on financial liabilities under the fair value option. The Company is currently assessing the impact this new standard will have on its consolidated financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases, which will supersede the current lease requirements in Topic 840, Leases. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with a limited exception for short term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on accounting for leases has not yet been determined.

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments Credit Losses. The guidance affects the recognition of expected credit losses. Credit losses relating to available for sale securities will be recorded through an allowance for credit losses. The amendments will be applied to fiscal years beginning after December 15, 2019, and early adoption is permitted as of fiscal years beginning after December 15, 2018. The effect of applying the new guidance on accounting for credit losses has not yet been determined.

D. PROPERTY AND EQUIPMENT

Property and equipment are presented at cost, less accumulated depreciation, and are depreciated for financial statement purposes for a period based on their economic life. Computer equipment is depreciated using accelerated methods over 3 years and equipment over a range of 5 to 7 years. Buildings are depreciated over 39 years and related improvements over 15 years. Annually, the Company reviews the major asset classes held for impairment. For the periods ended June 30, 2016 and December 31, 2015, the Company recognized no impairments. Property and equipment are summarized as follows:

	As of	
	June 30, 2016	December 31, 2015
Automobiles	$ 621,185	$ 460,790
Furniture and fixtures	489,267	474,213
Computer equipment and software	3,079,162	2,690,705
Real estate and related improvements	5,794,709	4,168,464
Total cost	9,984,323	7,794,172
Accumulated depreciation	(3,937,709)	(3,553,073)
Net property and equipment	$ 6,046,614	$ 4,241,099

E. COMPREHENSIVE EARNINGS

Comprehensive earnings include net earnings plus unrealized gains/losses on available-for-sale investment securities, net of tax. In reporting the components of comprehensive earnings on a net basis in the statement of earnings, the Company used a 34 percent tax rate. Other comprehensive earnings (loss), as shown in the consolidated statements of earnings and comprehensive earnings, is net of tax expense of $417,486 and tax benefit of $469,244 for the three-months ended June 30, 2016 and 2015, respectively. Other comprehensive earnings (loss), as shown in the consolidated statements of earnings and comprehensive earnings, is net of tax expense of $937,283 and tax benefit of $284,758 for the six-months ended June 30, 2016 and 2015, respectively.

The following table illustrates the components of other comprehensive earnings for each period presented in the condensed consolidated interim financial statements.

	Three-Month Periods Ended June 30,					
	2016			2015		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Other comprehensive earnings (loss), net of tax						
Unrealized gains and losses on investments:						
Unrealized holding (losses) gains arising during the period	$ 1,241,870	$ (422,236)	$ 819,634	$ (1,369,972)	$ 465,791	$ (904,181)
Reclassification adjustment for (gains) losses included in net income	(13,970)	4,750	(9,220)	(10,159)	3,454	(6,705)
Total other comprehensive (loss) earnings	$ 1,227,900	$ (417,486)	$ 810,414	$ (1,380,131)	$ 469,245	$ (910,886)

	Six-Month Periods Ended June 30,					
	2016			2015		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Other comprehensive earnings (loss), net of tax						
Unrealized gains and losses on investments:						
Unrealized holding (losses) gains arising during the period	$ 2,894,933	$ (984,277)	$ 1,910,656	$ (803,832)	$ 273,303	$ (530,529)
Reclassification adjustment for (gains) losses included in net income	(138,218)	46,994	(91,224)	(33,693)	11,456	(22,237)
Total other comprehensive (loss) earnings	$ 2,756,715	$ (937,283)	$ 1,819,432	$ (837,525)	$ 284,759	$ (552,766)

The following table provides the reclassifications out of accumulated other comprehensive income for the periods presented:

Details about Accumulated Other Comprehensive Income Component	Amounts Reclassified from Accumulated Other Comprehensive Income				Affected Line Item in the Statement where Net Income is Presented
	Three-Months Ended June 30,		Six-Months Ended June 30,		
	2016	2015	2016	2015	
Unrealized gains on available-for-sale investments					
	$ (13,970)	$ (10,159)	$ (138,218)	$ (33,693)	Net realized gains on investments
	4,750	3,454	46,994	11,456	Income tax expense
	$ (9,220)	$ (6,705)	$ (91,224)	$ (22,237)	Net of tax

2. **INVESTMENTS**

The Company’s investments include fixed income debt securities and common stock equity securities. As disclosed elsewhere in this prospectus, all of the Company’s investments are presented as

available-for-sale, which are carried at fair value. When available, quoted market prices are obtained to determine fair value for the Company's investments. If a quoted market price is not available, fair value is estimated using a secondary pricing source or using quoted market prices of similar securities. The Company has no investment securities for which fair value is determined using Level 3 inputs as defined in note 3 to the unaudited condensed consolidated interim financial statements, "Fair Value Disclosures". Realized gains and losses on disposition of investments are based on specific identification of the investments sold on the settlement date, which does not differ significantly from trade date accounting.

The following is a summary of the proceeds from sales, maturities, and calls of available-for-sale securities and the related gross realized gains and losses for the three-months ended June 30, 2016 and 2015.

	For the Three Months Ended June 30,			
	Proceeds	Gains	Losses	Net realized gain
2016				
Fixed income	$1,318,280	$24,591	$(10,621)	$13,970
Equities	$ —	$ —	$ —	$ —
2015				
Fixed income	$2,994,008	$10,159	$ —	$10,159
Equities	$ —	$ —	$ —	$ —

The following is a summary of the proceeds from sales, maturities, and calls of available-for-sale securities and the related gross realized gains and losses for the six-months ended June 30, 2016 and 2015.

	For the Six Months Ended June 30,			
	Proceeds	Gains	Losses	Net realized gain
2016				
Fixed income	$7,495,759	$148,842	$(10,624)	$138,218
Equities	$ —	$ —	$ —	$ —
2015				
Fixed income	$6,319,928	$ 33,693	$ —	$ 33,693
Equities	$ —	$ —	$ —	$ —

The amortized cost and estimated fair value of fixed income securities at June 30, 2016, by contractual maturity, are shown as follows:

	Amortized Cost	Fair Value
Available-for-sale:		
Due in one year or less	$ 1,502,068	$ 1,504,224
Due after one year through five years	16,456,405	17,065,270
Due after five years through 10 years	17,813,698	19,319,535
Due after 10 years	5,853,411	6,561,191
Asset and mortgage backed securities without a specific due date	19,474,124	20,051,819
Total available-for-sale	$ 61,099,706	$ 64,502,039

Expected maturities may differ from contractual maturities due to call provisions on some existing securities.

In addition, the following table is a schedule of cost or amortized cost and estimated fair values of investments in fixed income and equity securities as of June 30, 2016 and December 31, 2015:

	Cost or Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
2016				
Available-for-sale:				
U.S. treasury	$ 1,243,608	$ 1,273,133	$ 29,525	$ —
MBS/ABS/CMBS	19,474,124	20,051,819	597,469	(19,774)
Corporate	27,893,502	29,443,743	1,588,890	(38,649)
Municipal	12,488,472	13,733,344	1,244,872	—
Total fixed income	61,099,706	64,502,039	3,460,756	(58,423)
Equity securities*	9,670,992	9,828,551	498,545	(340,986)
Total available-for-sale	$ 70,770,698	$ 74,330,590	$ 3,959,301	$ (399,409)

	Cost or Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
2015				
Available-for-sale:				
U.S. treasury	$ 1,242,679	$ 1,233,023	$ —	$ (9,656)
MBS/ABS/CMBS	17,948,856	18,010,566	205,253	(143,543)
Corporate	29,537,101	29,595,269	580,469	(522,301)
Municipal	15,266,191	16,356,450	1,090,259	—
Total fixed income	63,994,827	65,195,308	1,875,981	(675,500)
Equity securities*	9,282,252	8,884,951	21,200	(418,501)
Total available-for-sale	$ 73,277,079	$ 74,080,259	$ 1,897,181	$ (1,094,001)

* Equity securities consist primarily of exchange traded funds (“ETF”) made up of Dividends Select, the S&P 500, and one bond ETF.

Included within MBS/ABS/CMBS, as defined in Note 3 “Fair Value Disclosures”, are residential mortgage backed securities of $10,485,860 and $9,201,791 and commercial mortgage backed securities of $6,717,772 and $6,874,455 at June 30, 2016 and December 31, 2015, respectively.

ANALYSIS

The following table is also used as part of the impairment analysis and displays the total value of securities that were in an unrealized loss position as of June 30, 2016 and December 31, 2015. The table segregates the securities based on type, noting the fair value, cost (or amortized cost), and unrealized loss on each category of investment as well as in total. The table further classifies the securities based on the length of time they have been in an unrealized loss position.

	June 30, 2016			December 31, 2015		
	< 12 Mos.	12 Mos & Greater	Total	< 12 Mos.	12 Mos & Greater	Total
U.S. Treasury						
Fair value	$ —	$ —	$ —	$ 1,233,023	$ —	$ 1,233,023
Cost or amortized cost	—	—	—	1,242,679	—	1,242,679
Unrealized Loss	—	—	—	(9,656)	—	(9,656)
MBS/ABS/CMBS						
Fair value	1,148,968	65,596	1,214,564	9,404,729	728,591	10,133,320
Cost or amortized cost	1,167,584	66,754	1,234,338	9,530,244	746,619	10,276,863
Unrealized Loss	(18,616)	(1,158)	(19,774)	(125,515)	(18,028)	(143,543)
Corporate						
Fair value	1,134,546	469,242	1,603,788	11,205,004	1,263,357	12,468,361
Cost or amortized cost	1,149,518	492,919	1,642,437	11,685,419	1,305,243	12,990,662
Unrealized Loss	(14,972)	(23,677)	(38,649)	(480,415)	(41,886)	(522,301)
Subtotal, fixed income						
Fair value	2,283,514	534,838	2,818,352	21,842,756	1,991,948	23,834,704
Cost or amortized cost	2,317,102	559,673	2,876,775	22,458,342	2,051,862	24,510,204
Unrealized Loss	(33,588)	(24,835)	(58,423)	(615,586)	(59,914)	(675,500)
Equity Securities						
Fair value	373,922	3,323,979	3,697,901	398,194	3,222,192	3,620,386
Cost or amortized cost	429,530	3,609,357	4,038,887	429,530	3,609,357	4,038,887
Unrealized Loss	(55,608)	(285,378)	(340,986)	(31,336)	(387,165)	(418,501)
Total						
Fair value	2,657,436	3,858,817	6,516,253	22,240,950	5,214,140	27,455,090
Cost or amortized cost	2,746,632	4,169,030	6,915,662	22,887,872	5,661,219	28,549,091
Unrealized Loss	$ (89,196)	$ (310,213)	$ (399,409)	$ (646,922)	$ (447,079)	$ (1,094,001)

The following table shows the composition and the credit quality of the fixed income securities in an unrealized loss position at June 30, 2016. The table includes comparable credit quality ratings by Standard and Poor's Rating Services, Inc. and Moody's Investors Service.

Comparable Rating	Amortized Cost	Fair Value	Unrealized Loss	Percent to Total
AAA	$ 435,737	$ 434,643	$ (1,094)	1.9%
AA	798,601	779,922	(18,679)	31.9%
A	749,831	735,053	(14,778)	25.3%
BBB	643,130	639,052	(4,078)	7.0%
BB+ and Below	249,476	229,682	(19,794)	33.9%
Total	$2,876,775	$2,818,352	$(58,423)	100.0%

The fixed income portfolio contained 8 securities in an unrealized loss position as of June 30, 2016. Of these 8 securities, 3 have been in an unrealized loss position for 12 consecutive months or longer and represent $24,835 in unrealized losses. All fixed income securities in the investment portfolio continue to pay the expected coupon payments under the contractual terms of the securities. Credit-related impairments on fixed income securities that we do not plan to sell, and for which we are not more likely than not to be required to sell, are recognized in net earnings. Any non-credit related impairment is recognized in comprehensive earnings. Based on management's analysis, the fixed income portfolio is of a high credit quality and it is believed it will recover the amortized cost basis of the fixed income securities. Management monitors the credit quality of the fixed income investments to assess if it is probable that the Company will receive its contractual or estimated cash flows in the form of principal and interest. The Company recognized other-than-temporary impairment (OTTI) on one fixed income security in the amount of $6,897 during the three-month and six-month periods ended June 30, 2016. The Company did not recognize any OTTI on the fixed income investment portfolio during the three-month and six-month periods ended June 30, 2015.

As of June 30, 2016, the Company held 3 common stock securities that were in an unrealized loss position for 12 consecutive months or longer. The unrealized loss of these securities was $285,378. Based on management's analysis, it was concluded that the securities in an unrealized loss position were not other-than-temporarily impaired at June 30, 2016, or December 31, 2015. The Company did not recognize any OTTI on common stock securities during the three-month and six-month periods ended June 30, 2016 and 2015.

3. FAIR VALUE DISCLOSURES

Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. The fair value of certain financial instruments is determined based on their underlying characteristics and relevant transactions in the marketplace. GAAP guidance requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance also describes three levels of inputs that may be used to measure fair value.

The following are the levels of the fair value hierarchy and a brief description of the type of valuation inputs that are used to establish each level:

- **Level 1** is applied to valuations based on readily available, unadjusted quoted prices in active markets for identical assets.
- **Level 2** is applied to valuations based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities) or can be corroborated by observable market data.

- **Level 3** is applied to valuations that are derived from techniques in which one or more of the significant inputs are unobservable. Financial assets are classified based upon the lowest level of significant input that is used to determine fair value.

As a part of the process to determine fair value, management utilizes widely recognized, third-party pricing sources to determine fair values. Management has obtained an understanding of the third-party pricing sources' valuation methodologies and inputs. The following is a description of the valuation techniques used for financial assets that are measured at fair value, including the general classification of such assets pursuant to the fair value hierarchy.

Corporate, Agencies, and Municipal Bonds: The pricing vendor employs a multi-dimensional model which uses standard inputs including (listed in order of priority for use) benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, market bids/offers and other reference data. The pricing vendor also monitors market indicators, as well as industry and economic events. All bonds valued using these techniques are classified as Level 2. All Corporate, Agencies, and Municipal securities are deemed Level 2.

Mortgage-backed Securities (MBS)/Collateralized Mortgage Obligations (CMO) and Asset-backed Securities (ABS): The pricing vendor evaluation methodology includes principally interest rate movements and new issue data. Evaluation of the tranches (non-volatile, volatile, or credit sensitivity) is based on the pricing vendors' interpretation of accepted modeling and pricing conventions. This information is then used to determine the cash flows for each tranche, benchmark yields, pre-payment assumptions and to incorporate collateral performance. To evaluate CMO volatility, an option adjusted spread model is used in combination with models that simulate interest rate paths to determine market price information. This process allows the pricing vendor to obtain evaluations of a broad universe of securities in a way that reflects changes in yield curve, index rates, implied volatility, mortgage rates, and recent trade activity. MBS/CMO and ABS with corroborated and observable inputs are classified as Level 2. All MBS/CMO and ABS holdings are deemed Level 2.

U.S. Treasury Bonds and Common Stock: U.S. treasury bonds and exchange traded equities have readily observable price levels and are classified as Level 1 (fair value based on quoted market prices). All common stock holdings are deemed Level 1.

Due to the relatively short-term nature of cash, cash equivalents, and the mortgage on the home office, their carrying amounts are reasonable estimates of fair value. The surplus notes reported under Note 4 "Debt", are carried at face value and given that there is no readily available market for these to trade in, management believes that face value accurately reflects fair value. Cash and cash equivalents are classified as Level 1 of the hierarchy. The mortgage on the home office and the surplus notes are classified as Level 2 of the hierarchy.

Assets measured at fair value on a recurring basis as of June 30, 2016, are as summarized below:

	Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2016				
Available-for-sale:				
U.S. treasury	$ 1,273,133	$ —	$ —	$ 1,273,133
MBS/ABS/CMBS	—	20,051,819	—	20,051,819
Corporate	—	29,443,743	—	29,443,743
Municipal	—	13,733,344	—	13,733,344
Equities	9,828,551	—	—	9,828,551
	$ 11,101,684	$63,228,906	$ —	$74,330,590

Assets measured at fair value on a recurring basis as of December 31, 2015, are as summarized below:

	Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2015				
Available-for-sale:				
U.S. treasury	$ 1,233,023	$ —	$ —	$ 1,233,023
MBS/ABS/CMBS	—	18,010,566	—	18,010,566
Corporate	—	29,595,269	—	29,595,269
Municipal	—	16,356,450	—	16,356,450
Equities	8,884,951	—	—	8,884,951
	$ 10,117,974	$63,962,285	$ —	$74,080,259

As noted in the previous tables, the Company did not have any assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of June 30, 2016 and December 31, 2015. Additionally, there were no securities transferred in or out of levels 1 or 2 during the six-month periods ended June 30, 2016 and 2015.

4. DEBT

Long-term debt consists of the following as of the periods referenced below:

	June 30, 2016	December 31, 2015
Surplus notes	$ 1,921,428	$ 1,921,428
Leasehold obligations	1,482,817	859,818
Home office mortgage	339,070	492,314
Total	$ 3,743,315	$ 3,273,560

5. REINSURANCE

In the ordinary course of business, the Company assumes and cedes premiums and selected insured risks with other insurance companies, known as reinsurance. A large portion of the reinsurance is put into effect under contracts known as treaties and, in some instances, by negotiation on each individual risk (known as facultative reinsurance). In addition, there are several types of treaties including quota share, excess of loss and catastrophe reinsurance contracts that protect against losses over stipulated amounts arising from any one occurrence or event. The arrangements allow the Company to pursue greater diversification of business and serve to limit the maximum net loss to a single event, such as a catastrophe. Through the quantification of exposed policy limits in each region and the extensive use of computer-assisted modeling techniques, management monitors the concentration of risks exposed to catastrophic events.

Premiums, written and earned, along with losses and settlement expenses incurred for the periods presented is summarized as follows:

	Three-Month Periods Ended June 30,	
	2016	2015
WRITTEN		
Direct	$ 13,801,168	$ 12,922,310
Reinsurance assumed	85,665	70,923
Reinsurance ceded	(2,106,014)	(2,113,941)
Net	$ 11,780,819	$ 10,879,292
EARNED		
Direct	$ 12,447,927	$ 11,763,899
Reinsurance assumed	83,482	63,054
Reinsurance ceded	(1,975,943)	(2,094,222)
Net	$ 10,555,466	$ 9,732,731
LOSS AND SETTLEMENT EXPENSES INCURRED		
Direct	$ 5,958,742	$ 8,392,669
Reinsurance assumed	33,351	17,193
Reinsurance ceded	185,327	(2,507,866)
Net	$ 6,177,420	$ 5,901,996

	Six-Month Periods Ended June 30,	
	2016	2015
WRITTEN		
Direct	$ 25,878,233	$ 24,843,646
Reinsurance assumed	131,385	133,303
Reinsurance ceded	(4,061,978)	(4,123,659)
Net	$ 21,947,640	$ 20,853,290
EARNED		
Direct	$ 24,552,444	$ 23,186,109
Reinsurance assumed	142,846	141,867
Reinsurance ceded	(3,849,062)	(4,110,625)
Net	$ 20,846,228	$ 19,217,351
LOSS AND SETTLEMENT EXPENSES INCURRED		
Direct	$ 17,248,096	$ 15,651,377
Reinsurance assumed	55,950	61,165
Reinsurance ceded	(4,747,130)	(3,965,150)
Net	$ 12,556,916	$ 11,747,392

6. UNPAID LOSSES AND SETTLEMENT EXPENSES

The following table is a reconciliation of the Company's unpaid losses and settlement expenses (LAE) for the periods ending June 30, 2016, and December 31, 2015:

(in 000's US dollars)	As of June 30, 2016	As of December 31, 2015
Unpaid losses and LAE at beginning of the period:		
Gross	$ 61,056	$ 64,617
Ceded	(19,158)	(25,822)
Net	41,898	38,795
Increase (decrease) in incurred losses and LAE:		
Current year	12,781	24,293
Prior years	(224)	(493)
Total incurred	12,557	23,800
Loss and LAE payments for claims incurred:		
Current year	(2,608)	(6,466)
Prior years	(10,017)	(14,231)
Total paid	(12,625)	(20,697)
Net unpaid losses and LAE at end of the period	$ 41,830	$ 41,898
Unpaid losses and LAE at end of the period:		
Gross	57,387	61,056
Ceded	(15,557)	(19,158)
Net	$ 41,830	$ 41,898

7. INCOME TAXES

The Company's effective tax rate for the three-month period ended June 30, 2016, was 36.6 percent, compared to 23.7 percent for the same period in 2015. The Company's effective tax rate for the six-month period ended June 30, 2016, was 38.1 percent, compared to 28.6 percent for the same period in 2015. Effective rates are dependent upon components of pretax earnings and the related tax effects.

Income tax expense for the three-month periods and the six-month periods ended June 30, 2016 and 2015, differed from the amounts computed by applying the U.S. federal tax rate of 34 percent to pretax income from continuing operations as demonstrated in the following tables:

	For the Three-Month Periods Ended June 30, 2016	2015
Provision for income taxes at the statutory federal tax rates	$ 225,579	$ 219,203
Increase (reduction) in taxes resulting from:		
Tax-exempt interest income	(38,931)	(42,555)
15% proration of tax exempt interest & Dividends received deduction	5,839	6,383
Officer life insurance, net	5,793	(13,954)
Nondeductible expenses	111,434	7,904
Prior year true-ups and other	(66,817)	(24,225)
Total	$ 242,897	$ 152,756

	For the Six-Month Periods Ended June 30, 2016	2015
Provision for income taxes at the statutory federal tax rates	$489,232	$375,469
Increase (reduction) in taxes resulting from:		
Tax-exempt interest income	(82,596)	(82,562)
15% proration of tax exempt interest	12,389	12,384
Officer life insurance, net	11,587	(8,114)
Nondeductible expenses	121,654	22,309
Prior year true-ups and other	(3,916)	(4,179)
Total	$548,350	$315,307

The Company has recorded its deferred tax assets and liabilities using the statutory federal tax rate of 34 percent. Management believes it is more likely than not that all deferred tax assets will be recovered given the net operating loss (NOL) carry back availability as well as the results of future operations, which will generate sufficient taxable income to realize the deferred tax asset. In addition, it is believed that when these deferred items reverse in future years, taxable income will be taxed at an effective rate of 34 percent.

Federal and state income taxes paid in 2016 and 2015 amounted to $0 and $950,000, respectively. As of June 30, 2016 and December 31, 2015, the Company does not have any capital or operating loss carryforwards. Periods still subject to Internal Revenue Service (IRS) audit include 2012 through current year. Generally, the IRS can include returns filed within the last three years in an audit. Additional years can be added if a substantial error is identified. Generally, if a substantial error is identified, the IRS will not go back more than the last six years. There are currently no open tax exams.

8. RELATED PARTY

Mr. John R. Klockau, a director of the Company, holds two surplus note from the Company totaling $1,150,000. The first note is for $1,000,000 and bears interest at 5.35 percent. The second note is for $150,000 and bears interest at 7.00 percent. The Company has accrued interest in the amount of $32,000 as of June 30, in both 2016 and 2015. Additionally, Mr. Klockau is a claims consultant and was paid $5,528 and $6,687 as of June 30, 2016 and 2015, respectively, related to his services to the Company.

Mr. Scott T. Burgess is a director of the Company and a Senior Managing Director of Griffin Financial Group. Mr. Burgess was paid $560 and $476 as of June 30, 2016 and 2015, respectively. Griffin Financial Group was paid $0 and $0 as of June 30, 2016 and 2015, respectively.

Report of Independent Registered Public Accounting Firm on Financial Statement Schedules

Audit Committee, Board of Directors and Policyholders
Illinois Casualty Company
Rock Island, Illinois

In connection with our audit of the consolidated financial statements of Illinois Casualty Company for each of the two years in the period ended December 31, 2015, we have also audited Schedules III, IV, V, and VI on pages F-46 through F-50. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits of the basic financial statements. The schedules are presented for purposes of complying with the Securities and Exchange Commission's rules and regulations and are not a required part of the consolidated financial statements.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

/s/ BKD, LLP

Cincinnati, Ohio
August 12, 2016

ILLINOIS CASUALTY COMPANY AND SUBSIDIARY
Schedule III — Supplemental Insurance Information
Years ended December 31, 2015 and 2014
(Dollars in thousands)

	Deferred policy acquisition costs	Future policy benefits, losses, claims and loss expenses	Unearned premiums	Other policy and benefits payable	Net premium earned
December 31, 2015					
Commercial Business	3,983	61,056	23,948		40,220
Total	$ 3,983	$ 61,056	$ 23,948	$ —	$ 40,220
December 31, 2014					
Commercial Business	3,801	64,617	22,498		38,121
Total	$ 3,801	$ 64,617	$ 22,498	$ —	$ 38,121

ILLINOIS CASUALTY COMPANY AND SUBSIDIARY
Schedule III — Supplemental Insurance Information
Years ended December 31, 2015 and 2014
(Dollars in thousands)

	Net investment income	Benefits, claims, losses and settlement expenses	Amortization of DPAC	Other operating expenses	Premium written
December 31, 2015					
Commercial Business	1,333	23,801	6,814	8,192	49,047
Total	$ 1,333	$ 23,801	$ 6,814	$ 8,192	$49,047
December 31, 2014					
Commercial Business	1,141	22,748	6,821	7,899	46,340
Total	$ 1,141	$ 22,748	$ 6,821	$ 7,899	$46,340

See note 18 of the notes to the consolidated financial statements.

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

ILLINOIS CASUALTY COMPANY AND SUBSIDIARY

Schedule IV — Reinsurance

Years ended December 31, 2015 and 2014

(Dollars in thousands)

Premiums Earned	Gross Amount	Ceded to Other Companies	Assumed From Other Companies	Net Amount	Percentage of Amount Assumed to Net
2015	$47,616	$ 7,723	$ 326	$ 40,219	0.8%
2014	$45,253	$ 7,449	$ 317	$ 38,121	0.8%

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

ILLINOIS CASUALTY COMPANY AND SUBSIDIARY
Schedule V — Allowance for Uncollectible Premiums and Other Receivables
Years ended December 31, 2015 and 2014
(Dollars in thousands)

	2015	2014
Beginning balance	50	—
Additions	50	50
Deletion	—	—
Ending balance	100	50

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

ILLINOIS CASUALTY COMPANY AND SUBSIDIARY

Schedule VI — Supplemental Information

Years ended December 31, 2015 and 2014

(Dollars in thousands)

	Deferred policy acquisition costs	Reserve for Losses and loss adj. expenses	Discount if any deducted in column C	Unearned premium	Net earned premiums	Net investment income
2015	$ 3,983	$ 61,056	$ —	$23,948	$ 40,220	$ 1,333
2014	$ 3,801	$ 64,617	$ —	$22,498	$ 38,121	$ 1,141

	Losses and LAE Incurred		Amortization of DPAC	Paid losses and adjustment expenses	Net written premiums
	Current year	Prior year			
2015	$ 23,801	$ 22,748	$ 6,814	$ 20,697	$ 41,631
2014	$ 22,748	$ 21,062	$ 6,821	$ 20,295	$ 41,077

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

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ICC HOLDINGS, INC.

UP TO 3,680,000 SHARES COMMON STOCK

PROSPECTUS

GRIFFIN FINANCIAL GROUP, LLC

, 2016

Until , 2016, all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters.

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses payable by us in connection with the registration of our common stock hereunder. All amounts are estimated, except for the SEC registration fee and the CUSIP assignment fee. We also expect to incur an estimated $250,000 in conversion expenses, which will include legal expenses, filing fees with the Illinois Department of Insurance, and printing, postage, and mailing charges. See "The Conversion and Offering" for a description of our obligation with respect to such expenses.

SEC registration fee	$ 4,118
CUSIP assignment fee	*
Printing, postage and mailing	*
Legal fees and expenses	350,000
Underwriting expenses	*
Accounting fees and expenses	*
Valuation fees and expenses	*
Transfer and offering agent fees and expenses	*
Miscellaneous	*
Total	$ *

Item 14. Indemnification of Directors and Officers.

Pennsylvania law provides that a Pennsylvania corporation may indemnify directors, officers, employees, and agents of the corporation against liabilities they may incur in such capacities for any action taken or any failure to act, whether or not the corporation would have the power to indemnify the person under any provision of law, unless such action or failure to act is determined by a court to have constituted recklessness or willful misconduct. Pennsylvania law also permits the adoption of a bylaw amendment, approved by shareholders, providing for the elimination of a director's liability for monetary damages for any action taken or any failure to take any action unless the director has breached or failed to perform the duties of his office, and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

Our bylaws provide for (i) the indemnification of the directors, officers, employees, and agents of ICC Holdings, Inc. and its subsidiaries to the fullest extent permitted by Pennsylvania law and (ii) the elimination of a directors' liability for monetary damages to the fullest extent permitted by Pennsylvania law unless the director has breached or failed to perform the duties of his or her office under Subchapter B of Chapter 17 of the Pennsylvania Business Corporation Law, and such breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

We also maintain an insurance policy insuring our directors, officers and certain other persons against liabilities and expenses incurred by any of them in certain stated proceedings and under certain stated conditions.

In the agency agreement with Griffin, Griffin agrees to indemnify our officers, directors and controlling persons against certain liabilities, including liabilities under the Securities Act of 1933 under certain conditions and with respect to certain limited information.

Item 15. Recent Sales of Unregistered Securities.

None.

Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits

1.1	Form of Agency Agreement among ICC Holdings, Inc., Illinois Casualty Company and Griffin Financial Group, LLC
2.1	Plan of Conversion from mutual to stock form of Illinois Casualty Company, dated as of February 16, 2016, as amended and restated June 14, 2016**
3.1	Form of Amended and Restated Articles of Incorporation of ICC Holdings, Inc.*
3.2	Form of Amended and Restated Bylaws of ICC Holdings, Inc.*
4.1	Form of certificate evidencing shares of common stock of ICC Holdings, Inc.*
5.1	Opinion of Stevens & Lee regarding stock of ICC Holdings, Inc. being issued*
8.1	Opinion of Stevens & Lee regarding certain United States federal income tax issues
10.1	Employment Agreement among ICC Holdings, Inc., Illinois Casualty Company and Arron K. Sutherland
10.2	Form of Change of Control Agreement among ICC Holdings, Inc., Illinois Casualty Company and an employee
10.3	ICC Holdings, Inc. Employee Stock Ownership Plan
10.4	Purchase Agreement among ICC Holdings, Inc., Illinois Casualty Company, and certain investors, including R. Kevin Clinton**
10.5	Purchase Agreement among ICC Holdings, Inc., Illinois Casualty Company, and Rock Island Investors, LLC**
10.6	Purchase Agreement among ICC Holdings, Inc., Illinois Casualty Company, and Tuscarora Wayne**
10.7	Illinois Casualty Company Profit Sharing Cash Bonus Program**
10.8	Property First and Second Risk Per Risk Excess of Loss Reinsurance Contract between Illinois Casualty Company and certain reinsurers†
10.9	Combined Property and Aggregate Catastrophe Excess of Loss Reinsurance Contract between Illinois Casualty Company and certain reinsurers†
10.10	Casualty First Excess of Loss Reinsurance Contract between Illinois Casualty Company and certain reinsurers†
10.11	Property Facultative Per Risk Excess of Loss Reinsurance Contract between Illinois Casualty Company and certain reinsurers†
10.12	Casualty Clash Excess of Loss Reinsurance Contract between Illinois Casualty Company and certain reinsurers†
10.13	Workers Compensation First Excess of Loss Reinsurance Contract between Illinois Casualty Company and certain reinsurers†
10.14	Workers Compensation Second Excess of Loss Reinsurance Contract between Illinois Casualty Company and certain reinsurers†
21.1	Subsidiaries of ICC Holdings, Inc.**

23.1	Consent of R. Kevin Clinton*
23.2	Consent of Feldman Financial Advisors, Inc.**
23.3	Consent of Stevens & Lee (contained in Exhibits 5.1 and 8.1)
23.4	Consent of BKD, LLP**
24.1	Power of Attorney (contained on signature page to Draft Registration Statement on Form S-1)
99.1	Form of Illinois Casualty Company Member Proxy Materials**
99.2	Pro Forma Valuation Appraisal Report, valued as of April 29, 2016, prepared for Illinois Casualty Company by Feldman Financial Advisors, Inc.**
99.3	Letter, dated April 29, 2016, to Illinois Casualty Company from Feldman Financial Advisors, Inc. regarding fair value of subscription rights**
99.4	Form of Stock Order Form**
99.5	Form of Escrow Agreement**

* To be filed by amendment.
** To Previously filed.
† Confidential treatment requested.

(b) Financial Statement Schedules

The following schedules have been filed as a part of this Registration Statement and are included in the Registrant's audited Financial Statements included in the prospectus at page F-1.

Schedule III — Supplemental Insurance Information

Schedule IV — Reinsurance

Schedule V — Allowance for Uncollectible Premiums and Other Receivables

Schedule VI — Supplemental Information

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any fact or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the forgoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rock Island, State of Illinois, on November 4, 2016.

ICC HOLDINGS, INC.

By: /s/ Arron K. Sutherland
Arron K. Sutherland, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Arron K. Sutherland Arron K. Sutherland	President and Chief Executive Officer (Principal Executive Officer)	November 4, 2016
* Joel K. Heriford	Director	November 4, 2016
* Gerald J. Pepping	Director	November 4, 2016
* Mark J. Schwab	Director	November 4, 2016
* Scott T. Burgess	Director	November 4, 2016
* James R. Dingman	Director	November 4, 2016
* John R. Klockau	Director	November 4, 2016
* Daniel H. Portes	Director	November 4, 2016
* Christine C. Schmitt	Director	November 4, 2016
/s/ Michael R. Smith Michael R. Smith	Chief Financial Officer (Principal Financial and Accounting Officer)	November 4, 2016

By: /s/ Arron K. Sutherland
Arron K. Sutherland
As Attorney-in-Fact

EXHIBIT INDEX

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* To be filed by amendment.
** Previously filed.
† Confidential treatment requested.

Exhibit 1.1

ICC Holdings, Inc.
Up to 4,088,889 Shares

COMMON STOCK
($0.01 Par Value)

Subscription Price $10.00 Per Share

AGENCY AGREEMENT

[ ], 2016

Griffin Financial Group, LLC
620 Freedom Business Center
2nd Floor
King of Prussia, Pennsylvania 10019

Ladies and Gentlemen:

ICC Holdings, Inc., a Pennsylvania business corporation ("Holdings"), and Illinois Casualty Company, an Illinois mutual insurance company ("Illinois Casualty" and together with Holdings, the "ICC Parties"), hereby confirm, jointly and severally, their agreement (the "Agreement") with Griffin Financial Group, LLC (the "Agent"), as follows:

1. The Offering. On February 16, 2016, the board of directors of Illinois Casualty adopted a Plan of Conversion, which was amended and restated on June 14, 2016 (the "Plan"). The Plan provides for the conversion of Illinois Casualty from mutual to stock form (the "Conversion"). The Plan also provides for (a) the issuance of all of the outstanding common stock of Illinois Casualty upon completion of the Conversion to Holdings, and (b) the formation of Holdings as a stock holding company that will own 100% of the common stock of Illinois Casualty.

In connection with the Conversion, Holdings is offering up to 4,088,889 shares (the "Shares") of its common stock, $0.01 par value (the "Common Stock"), in (i) a subscription offering (the "Subscription Offering"), and, if necessary, (ii) a direct community offering (the "Community Offering"), and (iii) if necessary, a syndicated offering (the "Syndicated Offering"). The Subscription Offering, the Community Offering and the Syndicated Offering are herein sometimes collectively referred to as the "Offering." The Shares will constitute 100% of the outstanding common stock of Holdings after completion of the Offering.

Holdings will issue the Shares at a purchase price of $10.00 per share (the "Purchase Price"). If the number of Shares is increased or decreased in accordance with the Plan, the term "Shares" shall mean such greater or lesser number, where applicable.

The shares of Common Stock to be offered in the Subscription Offering will be offered pursuant to nontransferable subscription rights in the following order of priority (subject to limitations set forth in the Plan):

- eligible members of Illinois Casualty, who are the named insureds under policies of insurance issued by Illinois Casualty and in force on February 16, 2016;
- the Employee Stock Ownership Plan formed by Illinois Casualty (the "ESOP"); and
- officers, directors, and employees of Illinois Casualty.

Holdings may offer shares of Common Stock for which subscriptions have not been received in the Subscription Offering to the following categories of purchasers (listed in order of priority) in the Community Offering before offering them to the general public:

- Named insureds under policies of insurance issued by Illinois Casualty after February 16, 2016;
- Licensed insurance producers appointed by Illinois Casualty who have produced business within the last 12 months; and
- Members of the general public.

In the event a Community Offering is held, it may be held at any time during or immediately after the Subscription Offering. Depending on market conditions, shares not subscribed for in the Subscription Offering or in the Community Offering may be offered in the Syndicated Offering to selected members of the general public on a best-efforts basis through a syndicate of registered broker-dealers who are members of the Financial Industry Regulatory Authority ("FINRA"). The Syndicated Offering will be managed by the Agent.

It is acknowledged that the number of Shares to be sold in the Offering may be increased or decreased as described in the Prospectus (as hereinafter defined), that the purchase of Shares in the Offering is subject to maximum and minimum purchase limitations as described in the Prospectus, and that Holdings may reject, in whole or in part, any subscription received in the Community Offering or Syndicated Offering.

Holdings has filed with the U.S. Securities and Exchange Commission (the "Commission") a Registration Statement on Form S-1 (File No. 333-214081) in order to register the Shares under the Securities Act of 1933, as amended (the "1933 Act"), and the regulations promulgated thereunder (the "1933 Act Regulations") and has filed such amendments thereto as have been required to the date hereof (the "Registration Statement"). The term "Registration Statement" shall include any documents incorporated by reference therein and all financial schedules and exhibits thereto, including post-effective amendments. The prospectus, as amended, included in the Registration Statement at the time it initially becomes effective is hereinafter called the "Prospectus," except that if any prospectus is filed by Holdings pursuant to Rule 424(b) or (c) of the 1933 Act Regulations differing from the prospectus included in the Registration Statement at the time it initially becomes effective, the term "Prospectus" shall refer

to the prospectus filed pursuant to Rule 424(b) or (c) from and after the time such prospectus is filed with the Commission and shall include any supplements and amendments thereto from and after their dates of effectiveness or use, respectively.

Concurrently with the execution of this Agreement, Holdings is delivering to the Agent copies of the Prospectus, dated _____, 2016, of Holdings to be used in the Subscription Offering and Community Offering (if any), and, if necessary, will deliver copies of the Prospectus and any prospectus supplement for use in a Syndicated Offering as defined in the Prospectus.

In accordance with Section 59.1 of the Illinois Insurance Code, 215 ILCS 5/59.1 (the "Insurance Code"), Illinois Casualty has filed with the Illinois Department of Insurance (the "Department") an application for conversion and has filed such amendments thereto and supplementary materials as may have been required to the date hereof (such application, as amended to date, is hereinafter referred to as the "Conversion Application"), including a copy of the Proxy Statement for a Special Meeting of the voting members of Illinois Casualty relating to the Conversion (the "Proxy Statement"), the Pro Forma Valuation Report prepared by Feldman Financial, Inc. (the "Appraisal"), and the Prospectus.

2. Appointment of the Agent. Subject to the terms and conditions of this Agreement, the ICC Parties hereby appoint the Agent as their exclusive financial advisor (i) to consult with and to advise and assist the ICC Parties with respect to the sale of the Shares in the Offering, (ii) to utilize its best efforts to solicit subscriptions for the Shares and to advise and assist Holdings with respect to the sale of the Shares in the Offering, and (iii) to participate in the Offering in the areas of market making and in syndicate formation (if necessary).

It is acknowledged by the ICC Parties that the Agent shall not be obligated to purchase any Shares and shall not be obligated to take any action which is inconsistent with any applicable law, regulation, decision or order. Except as provided in the last Paragraph of this Section 2 and Section 13, the appointment of the Agent hereunder shall terminate upon consummation of the Offering, but in no event later than __ days after completion of the Subscription Offering (the "End Date"). All fees or expenses due to the Agent but unpaid will be payable to the Agent in same day funds at the earlier of the Closing Date (as hereinafter defined) or the End Date. In the event the Offering is extended beyond the End Date, the ICC Parties and the Agent may agree to renew this Agreement under mutually acceptable terms.

If selected broker-dealers are used to assist in the sale of Shares in the Syndicated Offering, the ICC Parties hereby, subject to the terms and conditions of this Agreement, appoint the Agent to manage such broker-dealers in the Syndicated Offering. On the basis of the representations, warranties, and agreements of the ICC Parties contained in, and subject to the terms and conditions of, this Agreement, the Agent accepts such appointment and agrees to manage the selling group of broker-dealers in the Syndicated Offering.

3. Refund of Purchase Price. In the event that the Offering is not consummated for any reason, including but not limited to the inability of Holdings to sell a minimum of 2,720,000 Shares during the Offering (including any permitted extension thereof) or such other minimum number of Shares as shall be established consistent with the Plan, this Agreement shall

terminate and any persons who have subscribed for or placed orders for any of the Shares shall have refunded to them the full amount that has been received from such person, without interest, as provided in the Prospectus. In the event the Offering is terminated for any reason not attributable to the action or inaction of the Agent, the Agent shall be paid the fees due to the date of such termination pursuant to Section 4(a) and (d) hereof.

4. Fees. In addition to the expenses specified in Section 9 hereof, as compensation for the Agent's services under this Agreement, the Agent has received or will receive the following fees from the ICC Parties:

(a) A retainer (the "Retainer") in the amount of $175,000, which was already paid. $100,000 of the Retainer shall be credited against the Success Fee described in Section 4(b) hereof.

(b) A success fee (the "Success Fee") of 2.0% shall be paid based on the aggregate purchase price of Shares sold in the Subscription Offering and Community Offering. The Retainer and any other amounts paid to the Agent and related persons shall be repaid to the ICC Parties to the extent any portion thereof is not actually incurred in compliance with FINRA Rule 5110(f)(2)(C).

(c) If any of the Shares remain available after the Subscription Offering and Community Offering, at the request of the ICC Parties, the Agent will seek to form a group of approved registered broker-dealer firms (the "Assisting Brokers") to assist in the sale of such available Shares on a best-efforts basis, subject to the terms and conditions set forth in a selected dealers agreement to be entered into between Holdings and the Agent. Agent will endeavor to distribute the Shares among dealers in a fashion which best meets the distribution objectives of Holdings and the Plan. The ICC Parties, in consultation with the Agent, will determine which FINRA member firms will participate in the Syndicated Offering and the extent of their participation. The Agent will be paid a fee pursuant to this Section 4(c) equal to 6.5% of the aggregate Purchase Price of the Shares sold in the Syndicated Offering. From this fee, Agent will pass onto selected broker-dealers who assist in the Syndicated Offering an amount competitive with gross underwriting discounts charged at such time for comparable amounts of stock sold at a comparable price per share in a similar market environment. Fees with respect to purchases affected with the assistance of a broker/dealer other than the Agent shall be transmitted by the Agent to such broker/dealer. The decision to utilize selected broker-dealers will be made by Agent upon consultation with the Holdings. All such fees payable under this Section 4(c) shall be in addition to all fees payable under Sections 4(a) and 4(b) and shall be paid at Closing (as defined in Section 5).

(d) The ICC Parties will reimburse the Agent, upon request made from time to time, for its reasonable out-of-pocket expenses incurred in connection with its conversion agent services not to exceed $10,000 without the written approval of Illinois Casualty. Any amounts paid to the Agent and related persons shall be repaid to the ICC Parties to the extent any portion thereof is not actually incurred in compliance with FINRA Rule 5110(f)(2)(C).

If this Agreement is terminated in accordance with the provisions of Sections 3, 10, or 14, and the sale of Shares is not consummated, the Agent shall not be entitled to receive the fees set forth in Sections 4(b) and(c), and the Agent will return to the ICC Parties any amounts advanced to the Agent to the extent not actually incurred by the Agent in accordance with FINRA Rule 5110(f)(2)(C). Any amount paid pursuant to Section 4(a) above shall be applied to any fees due upon termination.

5. Closing. If the minimum number of Shares required to be sold in the Offering pursuant to the Plan are subscribed for or ordered at or before the termination of the Offering, and the other conditions to the completion of the Offering are satisfied, Holdings agrees to issue the Shares at the Closing Time (as hereinafter defined) against payment therefor by the means authorized by the Plan*; provided, however,* that no funds shall be released to Holdings until the conditions specified in Section 10 hereof have been complied with to the reasonable satisfaction of the Agent. Holdings shall deliver written notice of the issuance of the Shares in accordance with Section 59.1 of the Insurance Code (the "Conversion Act") in such authorized denominations and registered in such names as may be indicated on the subscription order forms directly to the purchasers thereof as promptly as practicable after the Closing Time. The Closing (the "Closing") shall be held at the offices of Stevens & Lee, PC, 620 Freedom Business Center, King of Prussia, Pennsylvania, or at such other place as shall be agreed upon among the ICC Parties and the Agent, at 9:00 a.m., Central Time, on the business day selected by Holdings (the "Closing Date"), which business day shall be no less than two business days following the giving of prior notice by Holdings to the Agent or at such other time as shall be agreed upon by Holdings and the Agent. At the Closing, Holdings shall deliver to the Agent by wire transfer in same-day funds the commissions, fees and expenses owing as set forth in Sections 4 and 9 hereof and the opinions and other documents required hereby shall be executed and delivered to effect the sale of the Shares as contemplated hereby and pursuant to the terms of the Prospectus; *provided, however*, that all out-of-pocket expenses to which the Agent is entitled under Section 9 hereof shall be due and payable upon receipt by Holdings of a written accounting therefor setting forth in reasonable detail the expenses incurred by the Agent. The hour and date upon which Holdings shall release the Shares for delivery in accordance with the terms hereof is referred to herein as the "Closing Time."

The Agent shall have no liability to any party for the records or other information provided by the ICC Parties (or their agents) to the Agent for use in allocating the Shares. Subject to the limitations of Section 11 hereof, the ICC Parties shall indemnify and hold harmless the Agent for any liability arising out of the allocation of the Shares in accordance with (i) the Plan generally, and (ii) the records or other information provided to the Agent by the ICC Parties (or their respective agents).

6. Representations and Warranties of the ICC Parties. The ICC Parties jointly and severally represent and warrant to the Agent that, except as disclosed in the Prospectus:

(a) Each of the ICC Parties has and, as of the Closing Time, will have all such power, authority, authorizations, approvals and orders as may be required to enter into

this Agreement, to carry out the provisions and conditions hereof and to issue and sell the Shares as provided herein and as described in the Prospectus. Subject to the receipt of regulatory approval, the execution, delivery and performance of this Agreement and the consummation of the transactions herein contemplated have been duly and validly authorized by all necessary corporate action on the part of each of the ICC Parties that is a party thereto. This Agreement has been validly executed and delivered by each of the ICC Parties and is a valid, legal and binding obligation of each of the ICC Parties, enforceable in accordance with its terms, except as the legality, validity, binding nature and enforceability thereof may be limited by (i) bankruptcy, insolvency, moratorium, conservatorship, receivership or other similar laws relating to or affecting the enforcement of creditors' rights generally; (ii) general equity principles regardless of whether such enforceability is considered in a proceeding in equity or at law; and (iii) the extent, if any, that the provisions of Sections 11 or 12 hereof may be unenforceable as against public policy.

(b) The Registration Statement, which was prepared by the ICC Parties and filed with the Commission, was declared effective by the Commission on _____, 2016, and no stop order has been issued with respect thereto and no proceedings therefor have been initiated or, to the knowledge of the ICC Parties, threatened by the Commission. At the time the Registration Statement, including the Prospectus contained therein (including any amendment or supplement), became effective, at the Applicable Time (as defined in Section 6(d) hereof) and at the Closing Date, the Registration Statement (including the Prospectus contained therein) complied and will comply in all material respects with the 1933 Act and the 1933 Act Regulations, and the Registration Statement, including the Prospectus contained therein (including any amendment or supplement), and any information regarding the ICC Parties contained in any Sales Information (as defined in Section 11(a) hereof) authorized by the ICC Parties for use in connection with the Offering, (i) contained and will contain all statements required to be included therein in accordance with the 1933 Act and the 1933 Act Regulations, and (ii) did not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. At the time any Rule 424(b) or (c) Prospectus was or is filed with the Commission and at the Closing Time referred to in Section 5, the Registration Statement, including the Prospectus contained therein (including any amendment or supplement thereto), and any state securities law application or any Sales Information authorized by the ICC Parties for use in connection with the Offering did not and will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; *provided, however*, that the representations and warranties in this Section 6(b) shall not apply to statements or omissions made in reliance upon and in conformity with written information furnished to the ICC Parties by the Agent regarding the Agent or the method of conducting the Offering expressly for use in the Registration Statement or Prospectus, which the parties hereto agree is limited to the information contained in the first three paragraphs under the caption "The Conversion and the Offering—Marketing and Underwriting Arrangements."

(c) At the time of filing of the Registration Statement and at the date hereof, Holdings was not, and is not, an ineligible issuer, as defined in Rule 405. At the time of the filing of the Registration Statement and at the time of the use of any Issuer Free Writing Prospectus, as defined in Rule 433(h), Holdings met the conditions required by Rules 164 and 433 for the use of a free writing prospectus. If required to be filed, Holdings has filed any Issuer Free Writing Prospectus related to the offered Shares at the time it is required to be filed under Rule 433 and, if not required to be filed, will retain such free writing prospectus in Holdings' records pursuant to Rule 433(g), and if any Issuer Free Writing Prospectus is used after the date hereof in connection with the offering of the Shares, Holdings will file or retain such free writing prospectus as required by Rule 433.

(d) As of the Applicable Time (as hereinafter defined), neither (i) the Issuer General Free Writing Prospectus(es) issued at or prior to the Applicable Time and the Statutory Prospectus, all considered together (collectively, the "General Disclosure Package"), nor (ii) any individual Issuer Limited-Use Free Writing Prospectus, when considered together with the General Disclosure Package, included any untrue statement of a material fact or omitted to state any material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading. The preceding sentence does not apply to statements in or omissions from any Prospectus included in the Registration Statement relating to the offered Shares or any Issuer Free Writing Prospectus based upon and in conformity with written information furnished to any of the ICC Parties by the Agent specifically for use therein. As used in this Paragraph and elsewhere in this Agreement:

(i) "Applicable Time" means each and every date when a potential purchaser submitted a subscription or otherwise committed to purchase Shares.

(ii) "Statutory Prospectus" as of any time, means the Prospectus relating to the offered Shares that is included in the Registration Statement relating to the offered Shares immediately prior to the Applicable Time, including any document incorporated by reference therein.

(iii) "Issuer Free Writing Prospectus" means any "issuer free writing prospectus," as defined in Rule 433(h), relating to the offered Shares that is filed or is required to be filed with the Commission by Holdings, or, if not required to be filed with the Commission, that is retained in Holdings' records pursuant to Rule 433(g). The term does not include any writing exempted from the definition of prospectus pursuant to clause (g) of Section 2(a)(10) of the 1933 Act, without regard to Rule 172 or Rule 173 under the 1933 Act Regulations.

(iv) "Issuer General Free Writing Prospectus" means any Issuer Free Writing Prospectus that is intended for general distribution to prospective investors.

(v) "Issuer Limited-Use Free Writing Prospectus" means any Issuer Free Writing Prospectus that is not an Issuer General Free Writing Prospectus. The term Issuer Limited-Use Free Writing Prospectus also includes any "bona fide electronic road show," as defined in Rule 433 under the 1933 Act Regulations, that is made available without restriction pursuant to Rule 433(d)(8)(ii) under the 1933 Act Regulations or otherwise, even though not required to be filed with the Commission.

(vi) "Permitted Free Writing Prospectus" means any free writing prospectus as defined in Rule 405 of the 1933 Act Regulations that is consented to by Holdings and the Agent.

(e) None of the ICC Parties has directly or indirectly distributed or otherwise used and will not directly or indirectly distribute or otherwise use any prospectus, any "free writing prospectus" (as defined in Rule 405 of the 1933 Act Regulations) or other offering material (including, without limitation, content on Holdings' website that may be deemed to be a prospectus, free writing prospectus or other offering material) in connection with the offering and sale of the Shares other than any Permitted Free Writing Prospectus or the Prospectus or other materials permitted by the 1933 Act and the 1933 Act Regulations distributed by Holdings and reviewed and approved in advance for distribution by the Agent. Holdings has not, directly or indirectly, prepared or used and will not directly or indirectly, prepare or use, any Permitted Free Writing Prospectus except in compliance with the filing and other requirements of Rules 164 and 433 of the 1933 Act Regulations; assuming that such Permitted Free Writing Prospectus is so sent or given after the Registration Statement was filed with the Commission (and after such Permitted Free Writing Prospectus was, if required pursuant to Rule 433(d) under the Act, filed with the Commission), the sending or giving, by the Agent, of any Permitted Free Writing Prospectus will satisfy the provisions of Rules 164 and 433 (without reliance on subsections (b), (c) and (d) for Rule 164).

(f) Each Issuer Free Writing Prospectus, as of its date of first use and at all subsequent times through the completion of the Offering and sale of the offered Shares or until any earlier date that Holdings notified or notifies the Agent (as described in the next sentence), did not, does not and will not include any information that conflicted, conflicts or will conflict with the information contained in the Registration Statement, including any document incorporated by reference therein that has not been superseded or modified. If at any time following the date of first use of an Issuer Free Writing Prospectus there occurred or occurs an event or development as a result of which such Issuer Free Writing Prospectus conflicted or would conflict with the information contained in the Registration Statement relating to the offered Shares or included or would include an untrue statement of a material fact or omitted or would omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances prevailing at that subsequent time, not misleading, Holdings has notified or will notify promptly the Agent so that any use of such Issuer Free-Writing Prospectus may cease until it is amended or supplemented, and Holdings

has promptly amended or will promptly amend or supplement such Issuer Free Writing Prospectus to eliminate or correct such conflict, untrue statement or omission. The foregoing two sentences do not apply to statements in or omissions from any Issuer Free Writing Prospectus based upon and in conformity with written information furnished to any of the ICC Parties by the Agent specifically for use therein.

(g) Holdings will promptly file the Prospectus and any supplemental sales literature with the Commission. The Prospectus and all supplemental sales literature, as of the date the Registration Statement became effective and at the Closing Time referred to in Section 5, will have received all required authorizations for use in final form.

(h) The Conversion Application, which was prepared by the ICC Parties and filed with the Department, has been approved by the Department and the related Prospectus and Proxy Statement to be delivered to eligible voters of Illinois Casualty have been authorized for use by the Department. The Conversion Application complies in all material respects with the Conversion Act, except to the extent waived in writing by the Department, and did not and does not include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading.

(i) No order has been issued by the Department, the Commission, or any other state or federal regulatory authority, preventing or suspending the use of the Registration Statement, the Prospectus, the Proxy Statement or any supplemental sales literature, and no action by or before any such government entity to revoke any approval, authorization or order of effectiveness related to the Offering is pending or, to the knowledge of the ICC Parties, threatened.

(j) The Plan has been duly adopted by the Board of Directors of Illinois Casualty, and the offer and sale of the Shares will have been conducted in all material respects in accordance with the Plan, the Insurance Code (except to the extent waived or otherwise approved by the Department), and all other applicable laws, regulations, decisions and orders, including all terms, conditions, requirements and provisions precedent to the Offering imposed upon the ICC Parties by the Department or the Commission and in the manner described in the Prospectus. To the knowledge of the ICC Parties, no person has, or at the Closing Time will have, sought to obtain review of the final action of any state or federal regulatory authority with respect to the Plan or the Offering.

(k) Feldman Financial, Inc., which prepared the Appraisal in connection with the Offering, has advised the ICC Parties in writing that it is independent with respect to each of the ICC Parties. The ICC Parties believe that Feldman Financial, Inc. is an expert in preparing appraisals of insurance companies.

(l) BKD, LLP, which certified the financial statements included in the Registration Statement, has advised the ICC Parties that it is an independent registered public accounting firm within the meaning of the Code of Ethics of the American Institute of Certified Public Accountants (the "AICPA"), that it is registered with the Public Company Accounting Oversight Board ("PCAOB"), and that it is, with respect to each of the ICC Parties, an independent certified public accountant within the meaning of, and is not in violation of the auditor independence requirements of the 1933 Act, the 1933 Act Regulations, the regulations of the PCAOB and the Sarbanes Oxley Act of 2002 (the "Sarbanes-Oxley Act").

(m) The consolidated financial statements, schedules and notes thereto which are included in the Registration Statement and which are a part of the Prospectus present fairly the financial condition and retained earnings of Illinois Casualty and its subsidiaries as of the dates indicated and the results of operations and cash flows for the periods specified. The financial statements comply in all material respects with the applicable accounting requirements of the 1933 Act Regulations, Regulation S-X of the Commission, and accounting principles generally accepted in the United States of America ("GAAP") applied on a consistent basis during the periods presented except as otherwise noted therein, and present fairly in all material respects the information required to be stated therein. The other financial, statistical and pro forma information and related notes included in the Prospectus present fairly the information shown therein on a basis consistent with the audited and unaudited financial statements included in the Prospectus, and as to the pro forma adjustments, the adjustments made therein have been properly applied on the basis described therein.

(n) Since the respective dates as of which information is given in the Registration Statement, including the Prospectus, other than disclosed therein: (i) there has not been any material adverse change in the financial condition or in the earnings, capital, properties, business affairs or prospects of any of the ICC Parties or of the ICC Parties taken as a whole, whether or not arising in the ordinary course of business ("Material Adverse Effect"); (ii) there has not been any material change in total assets of the ICC Parties, nor have any of the ICC Parties issued any securities or incurred any liability or obligation for borrowings other than in the ordinary course of business; and (iii) there have not been any material transactions entered into by any of the ICC Parties, other than those in the ordinary course of business. The capitalization, liabilities, assets, properties and business of the ICC Parties conform in all material respects to the descriptions thereof contained in the Prospectus, and none of the ICC Parties has any material liabilities of any kind, contingent or otherwise, except as disclosed in the Registration Statement or the Prospectus.

(o) Holdings is a corporation duly incorporated and validly existing under the laws of the Commonwealth of Pennsylvania, with corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and the Prospectus, and is, and as of the Closing Date will be, qualified to transact business and in good standing in each jurisdiction in

which the conduct of its business requires such qualification unless the failure to qualify in one or more of such jurisdictions would not have a Material Adverse Effect. As of the Closing Time, Holdings will be in good standing under the laws of the Commonwealth of Pennsylvania and will have obtained all licenses, permits and other governmental authorizations required for the conduct of its business, except those that individually or in the aggregate would not have a Material Adverse Effect; and all such licenses, permits and governmental authorizations are in full force and effect, and Holdings is, and as of the Closing Date will be, in compliance therewith in all material respects. There are no outstanding options, warrants or other rights to purchase any securities of Holdings or any of the ICC Parties except as disclosed in the Prospectus.

(p) Illinois Casualty is a mutual insurance company organized under the laws of the State of Illinois and validly existing under the laws of the State of Illinois, with power and authority to own, lease and operate its properties and to conduct its business as described in the Registration Statement and the Prospectus, and is, and as of the Closing Date will be, qualified to transact business and in good standing in each jurisdiction in which the conduct of its business requires such qualification unless the failure to qualify in one or more of such jurisdictions would not have a Material Adverse Effect. As of the Closing Time, Illinois Casualty will be in good standing under the laws of the State of Illinois and will have obtained all licenses, permits and other governmental authorizations required for the conduct of its business, except those that individually or in the aggregate would not have a Material Adverse Effect; and all such licenses, permits and governmental authorizations are in full force and effect, and Illinois Casualty is, and at the Closing Date will be, in compliance therewith in all material respects. Illinois Casualty directly owns all of the outstanding equity interests of American West and Tri-State Ltd. (“Tri-State”) free and clear of any mortgage, pledge, lien, encumbrance, claim or restriction. Tri-State directly owns all of the outstanding equity interests of Primero free and clear of any mortgage, pledge, lien, encumbrance, claim or restriction. There are no outstanding options, warrants, or other rights to purchase any equity interests of American West, Tri-State or Primero or any securities convertible into or exchangeable for any equity interests of American West, Tri-State or Primero.

(q) The authorized capital stock of Holdings consists of 25,000,000 shares of Common Stock, $0.01 par value per share, and 5,000,000 shares of preferred stock, no par value. Upon consummation of the Offering, the issued and outstanding Common Stock of Holdings will be within the range set forth in the Prospectus under the caption “Capitalization” (except for subsequent issuances, if any, pursuant to reservations, agreements or employee benefit plans referred to in the Prospectus); and the shares of Common Stock to be subscribed for in the Offering have been duly and validly authorized for issuance and, when issued and delivered by Holdings pursuant to the Plan against payment of the consideration calculated as set forth in the Plan and the Prospectus, will be duly and validly issued and fully paid and nonassessable; the issuance of the Shares is not subject to preemptive rights, except for the Subscription Rights granted pursuant to the

Plan; and the terms and provisions of the Shares will conform in all material respects to the description thereof contained in the Prospectus. Upon issuance of the Shares, good title to the Shares will be transferred from Holdings to the purchasers of Shares against payment therefor in the Offering as set forth in the Plan and the Prospectus. No holder of Shares will be subject to personal liability by reason of being such a holder.

(r) Upon consummation of the Conversion, the authorized capital stock of Illinois Casualty will be _____ shares of common stock, par value $____ per share (the "Illinois Casualty Common Stock"), and no shares of Illinois Casualty Common Stock have been or will be issued prior to the Closing Time. The shares of Illinois Casualty Common Stock to be issued to Holdings will have been duly authorized for issuance and, when issued and delivered by Illinois Casualty, will be duly and validly issued and fully paid and nonassessable, and all such Illinois Casualty Common Stock will be owned beneficially and of record by Holdings, free and clear of any security interest, mortgage, pledge, lien, encumbrance or legal or equitable claim; the certificates representing the shares of Illinois Casualty Common Stock will conform with the requirements of applicable laws and regulations.

(s) None of the ICC Parties is and, as of the Closing Time, none of the ICC Parties will be, in violation of its respective declaration of organization, charter, certificate or articles of incorporation, certificate of organization, operating agreement or bylaws (collectively, the "Organizational Documents"), or in material default in the performance or observance of any obligation, agreement, covenant, or condition contained in any contract, lease, loan agreement, indenture or other instrument to which any of them is a party or by which any of them, or any of their respective properties, may be bound which would result in a Material Adverse Effect. The consummation of the transactions herein contemplated will not (i) conflict with or constitute a breach of, or default under, the Organizational Documents of any of the ICC Parties, or materially conflict with or constitute a material breach of, or default under, any material contract, lease or other instrument to which any of the ICC Parties is a party or bound, or any applicable law, rule, regulation or order that is material to the financial condition of the ICC Parties, on a consolidated basis; (ii) violate any authorization, approval, judgment, decree, order, statute, rule or regulation applicable to the ICC Parties except for such violations which would not have a Material Adverse Effect; or (iii) result in the creation of any material lien, charge or encumbrance upon any property of any of the ICC Parties.

(t) No default exists, and no event has occurred which with notice or lapse of time, or both, would constitute a material default on the part of any of the ICC Parties, in the due performance and observance of any term, covenant or condition of any indenture, mortgage, deed of trust, note, bank loan or credit agreement or any other material instrument or agreement to which any of the ICC Parties is a party or by which any of them or any of their property is bound or affected in any respect which, in any such case, is material to the ICC Parties individually or

considered as one enterprise, and such agreements are in full force and effect; and no other party to any such agreements has instituted or, to the knowledge of the ICC Parties, threatened any action or proceeding wherein any of the ICC Parties is alleged to be in default thereunder under circumstances where such action or proceeding, if determined adversely to any of the ICC Parties, would have a Material Adverse Effect.

(u) The ICC Parties have good and marketable title to all assets which are material to the businesses of the ICC Parties and to those assets described in the Prospectus as owned by them, free and clear of all material liens, charges, encumbrances, restrictions or other claims, except such as are described in the Prospectus or which do not have a Material Adverse Effect, and all of the leases and subleases which are material to the businesses of the ICC Parties, as described in the Registration Statement or Prospectus, are in full force and effect.

(v) The ICC Parties are not in material violation of any directive from the Department, the Commission, or any other agency to make any material change in the method of conducting their respective businesses; the ICC Parties have conducted and are conducting their respective businesses so as to comply in all respects with all applicable statutes and regulations (including, without limitation, regulations, decisions, directives and orders of the Department and the Commission), except where the failure to so comply would not reasonably be expected to result in any Material Adverse Effect, and there is no charge, investigation, action, suit or proceeding before or by any court, regulatory authority or governmental agency or body pending or, to the knowledge of any of the ICC Parties, threatened, which would reasonably be expected to materially and adversely affect the Offering, the performance of this Agreement, or the consummation of the transactions contemplated in the Plan as described in the Registration Statement, or which would reasonably be expected to result in a Material Adverse Effect.

(w) The ICC Parties have received an opinion of their counsel, Dorsey & Whitney, LLP, with respect to the legality of the Shares and an opinion of Stevens & Lee, P.C. with respect to the federal income tax consequences of the Conversion and the Offering, as described in the Registration Statement and the Prospectus, and the facts and representations upon which such opinions are based are truthful, accurate and complete, and none of the ICC Parties will take any action inconsistent therewith. All material aspects of the aforesaid opinions are accurately summarized in the Prospectus. None of the ICC Parties has taken or will take any action inconsistent with such opinions.

(x) The ICC Parties have timely filed all required federal and state tax returns, have paid all taxes that have become due and payable in respect of such returns, except where permitted to be extended, have made adequate reserves for similar future tax liabilities, and no deficiency has been asserted with respect thereto by any taxing authority.

(y) No approval, authorization, consent or other order of any regulatory or supervisory or other public authority is required for the execution and delivery by the ICC Parties of this Agreement and the issuance of the Shares, except (i) for the approval of the Department (which will have been received as of the Closing Time), (ii) the non-objection of FINRA, and (iii) any necessary qualification, notification, or registration or exemption under the securities or blue sky laws of the various states in which the Shares are to be offered for sale.

(z) None of the ICC Parties has: (i) issued any securities within the last 18 months (except for notes to evidence bank loans or other liabilities in the ordinary course of business or as described in the Prospectus); (ii) had any dealings with respect to sales of securities within the 18 months prior to the date hereof with any member of FINRA except the Agent, or any person related to or associated with such member, other than discussions and meetings relating to the Offering and purchases and sales of U.S. government and agency and other securities in the ordinary course of business; (iii) entered into a financial or management consulting agreement; or (iv) engaged any intermediary between the Agent and the ICC Parties in connection with the Offering, and no person is being compensated in any manner for such services.

(aa) None of the ICC Parties nor, to the knowledge of the ICC Parties, any employee of the ICC Parties, has made any payment of funds of the ICC Parties as a loan to any person for the purchase of Shares or has made any other payment of funds prohibited by law, and no funds have been set aside to be used for any payment prohibited by law.

(bb) The ICC Parties and their respective subsidiaries comply in all material respects with any applicable financial record keeping and reporting requirements of the Currency and Foreign Transactions Reporting Act of 1970, as amended, and the regulations and rules thereunder. The ICC Parties have established compliance programs and are in compliance in all material respects with the requirements of the USA PATRIOT Act and all applicable regulations promulgated thereunder, and there is no charge, investigation, action, suit or proceeding before any court, regulatory authority or governmental entity or body pending or, to the knowledge of the ICC Parties, threatened regarding compliance by the ICC Parties with the USA PATRIOT Act or any regulations promulgated thereunder.

(cc) The membership records of Illinois Casualty, including, without limitation, as to Eligible Members, are accurate and complete in all material respects.

(dd) The ICC Parties comply in all material respects with all laws, rules and regulations relating to environmental protection, and none of them has been notified or is otherwise aware that any of them is potentially liable, or is considered potentially liable, under the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, or any other federal, state or local environmental laws and regulations; no action, suit, regulatory investigation or other proceeding is pending or, to the knowledge of the ICC

Parties, threatened against the ICC Parties relating to environmental protection, nor do the ICC Parties have any reason to believe any such proceedings may be brought against any of them; and no disposal, release or discharge of hazardous or toxic substances, pollutants or contaminants, including petroleum and gas products, as any of such terms may be defined under federal, state or local law, has occurred on, in, at or about any facilities or properties owned or leased by any of the ICC Parties.

(ee) None of the ICC Parties maintains any "pension plan," as defined in the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). In addition, (A) the employee benefit plans, including employee welfare benefit plans, of the ICC Parties (the "Employee Plans") have been operated in compliance with the applicable provisions of ERISA, the Internal Revenue Code of 1986, as amended (the "Code"), all regulations, rulings and announcements promulgated or issued thereunder and all other applicable laws and governmental regulations, (B) no reportable event under Section 4043(c) of ERISA has occurred with respect to any Employee Plan of the ICC Parties for which the reporting requirements have not been waived, (C) no prohibited transaction under Section 406 of ERISA, for which an exemption does not apply, has occurred with respect to any Employee Plan of the ICC Parties and (D) all Employee Plans that are group health plans have been operated in compliance with the group health plan continuation coverage requirements of Section 4980B of the Code, except to the extent such noncompliance, reportable event or prohibited transaction would not have, individually or in the aggregate, a Material Adverse Effect. There are no pending or, to the knowledge of the ICC Parties, threatened, claims by or on behalf of any Employee Plan, by any employee or beneficiary covered under any such Employee Plan or by any governmental authority, or otherwise involving such Employee Plans or any of their respective fiduciaries (other than for routine claims for benefits). Each of the ICC Parties has fulfilled, in all material respects, its obligations, if any, under the minimum funding standards of Section 302 of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and the regulations promulgated thereunder with respect to any "plan" (as defined in Section 3(3) of ERISA and the regulations thereunder), which is maintained by any of the ICC Parties for their employees, and any such plan is in compliance in all material respects with the presently applicable provisions of ERISA and the regulations thereunder. None of the ICC Parties has incurred any unpaid liability under Title IV of ERISA to the Pension Benefit Guaranty Corporation (other than for the payment of premiums in the ordinary course) or to any such plan.

(ff) Holdings has applied for approval, subject to completion of the Offering, to have the Shares listed on the NASDAQ Capital Market effective as of the Closing Time.

(gg) Except as disclosed in the Prospectus, all material reinsurance treaties or agreements to which Illinois Casualty is a party or is a named reinsured are in full force and effect. To the knowledge of Illinois Casualty, neither Illinois Casualty nor any other party thereto, is in default under any such agreement, and no party may terminate any such agreement by reason of the transactions contemplated by the Plan.

(hh) Holdings has filed a registration statement on Form 8-A to register the Common Stock under Section 12(g) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), and pursuant to Form 8-A such registration statement shall be effective concurrent with the effectiveness of the Registration Statement.

(ii) There is no contract or other document of a character required to be described in the Registration Statement or the Prospectus or to be filed as an exhibit to the Registration Statement which is not described or filed as required.

(jj) The ICC Parties maintain a system of internal accounting controls sufficient to provide reasonable assurances that (i) transactions are executed in accordance with management's general or specific authorizations, (ii) transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles and to maintain accountability for assets, (iii) access to cash and other liquid assets is permitted only in accordance with management's general or specific authorization, and (iv) the recorded ledger assets are compared with existing assets at reasonable intervals and appropriate action is taken with respect to any differences. The books, records and accounts and systems of internal accounting control of Illinois Casualty and its subsidiaries comply in all material respects with the requirements of Section 13(b)(2) of the Securities Exchange Act of 1934, as amended (the "1934 Act"). Holdings has established and maintains "disclosure controls and procedures" (as defined in Rule 13a-15(e) under the 1934 Act) that are effective in ensuring that the information it will be required to disclose in the reports it files or submits under the 1934 Act is accumulated and communicated to Holdings' management (including Holdings' chief executive officer and chief financial officer) in a timely manner and recorded, processed, summarized and reported within the periods specified in the Commission's rules and forms. To the knowledge of the ICC Parties, BKD LLP and the Audit Committee of the Board of Directors have been advised of: (A) any significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which could adversely affect Holdings' ability to record, process, summarize, and report financial data; and (B) any fraud, whether or not material, that involves management or other employees who have a significant role in the internal accounting controls of Illinois Casualty and its subsidiaries.

(kk) Except as described in the Prospectus, (i) there are no contractual encumbrances or contractual restrictions or regulatory restrictions on the ability of any of the ICC Parties to pay dividends or make any other distributions on its capital stock, and (ii) there are no contractual encumbrances or contractual restrictions on the ability of the ICC Parties (A) to pay any indebtedness owed to any of the ICC Parties or (B) to make any loans or advances to, or investments in, any of the ICC Parties, or (C) to transfer any of its property or assets to any of the ICC Parties.

(ll) None of the ICC Parties is required to be registered as an "investment company" under the Investment Company Act of 1940, as amended, or as an "investment advisor" under the Investment Advisor Act of 1940, as amended.

(mm) The ICC Parties have taken all actions necessary to obtain at the Closing Time a blue sky memorandum from Stevens & Lee, PC.

(nn) The ICC Parties carry, or are covered by, insurance in such amounts and covering such risks as the ICC Parties deem reasonably adequate for the conduct of their respective businesses and the value of their respective properties.

(oo) The ICC Parties have not relied upon the Agent for any legal, tax or accounting advice in connection with the Conversion.

(pp) The statistical and market related data contained in any Permitted Free Writing Prospectus, the Prospectus and the Registration Statement are based on or derived from sources which the ICC Parties believe were reliable and accurate at the time they were filed with the Commission. No forward-looking statement (within the meaning of Section 27A of the 1933 Act and Section 21E of the 1934 Act) contained in the Registration Statement, the Prospectus, or any Permitted Free Writing Prospectus has been made or reaffirmed without a reasonable basis or has been disclosed other than in good faith.

(qq) None of the ICC Parties, or any of their subsidiaries nor, to the knowledge of the ICC Parties, any other person associated with or acting on behalf of and of the ICC Parties or any of their subsidiaries has violated or is in violation of any provision of the Foreign Corrupt Practices Act of 1977, as amended, and the rules and regulations thereunder.

(rr) There are no persons with registration rights or other similar rights to have any securities of Holdings registered for sale under the 1933 Act or otherwise registered for sale or sold by Holdings under the 1933 Act.

(ss) There are no contracts or documents which are required to be described in the Registration Statement, the General Disclosure Package or the Prospectus or to be filed as exhibits to the Registration Statement that have not been so described or filed as required.

(tt) The ICC Parties and their subsidiaries own or possess all material patents, copyrights, trademarks, service marks, inventions, trade names or other intellectual property (collectively, "Intellectual Property"), or have valid licenses to use such Intellectual Property necessary to carry on the business now operated by them, except where the failure to own or have the right to use such Intellectual Property, singularly or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. None of the ICC Parties nor any of their subsidiaries has received any notice or is otherwise aware of any infringement of or conflict with asserted rights of others with respect to any Intellectual Property.

(uu) None of the ICC Parties nor any of their subsidiaries or, to the knowledge of the ICC Parties, any director, officer, or employee of any of them is an individual or entity currently the subject or target of any sanctions administered or enforced by the United States Government, including without limitation the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC").

Any certificates signed by an officer of any of the ICC Parties and delivered to the Agent or its counsel that refer to this Agreement shall be deemed to be a representation and warranty by the ICC Parties to the Agent as to the matters covered thereby with the same effect as if such representation and warranty were set forth herein.

7. Representations and Warranties of the Agent. The Agent represents and warrants to the ICC Parties that:

(a) The Agent is a limited liability company and is validly existing in good standing under the laws of the Commonwealth of Pennsylvania, with full power and authority to provide the services to be furnished to the ICC Parties hereunder.

(b) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly and validly authorized by all necessary action on the part of the Agent, and this Agreement are the legal, valid and binding agreement of the Agent, enforceable in accordance with their terms except as the legality, validity, binding nature and enforceability thereof may be limited by (i) bankruptcy, insolvency, moratorium, conservatorship, receivership or other similar laws relating to or affecting the enforcement of creditors' rights generally; (ii) general equity principles regardless of whether such enforceability is considered in a proceeding in equity or at law; and (iii) the extent, if any, that the provisions of Sections 11 or 12 hereof may be unenforceable as against public policy.

(c) Each of the Agent and its employees, agents and representatives who shall perform any of the services hereunder has, and until the Offering is completed or terminated shall maintain, all licenses, approvals and permits necessary to perform such services.

(d) No action, suit, charge or proceeding before the Commission, FINRA, any state securities commission or any court is pending, or to the knowledge of Agent threatened, against the Agent which, if determined adversely to Agent, would have a material adverse effect upon the ability of the Agent to perform its obligations under this Agreement.

(e) The Agent is registered as a broker/dealer pursuant to Section 15(b) of the 1934 Act and is a member of FINRA.

(f) Any funds received in the Offering by the Agent from prospective purchasers of the Shares shall be delivered by the Agent to Christiana Trust, as escrow agent (the "Escrow Agent") for deposit in the escrow account established under the Escrow Agreement dated _____, 2016, by and among Illinois Casualty, Holdings, the Agent, and the Escrow Agent (the "Escrow Agreement"), by noon of the next business day after receipt by the Agent, together with a written account of each purchaser which sets forth, among other things, the name and address of the purchaser, the number of Shares purchased and the amount paid therefor. Any checks received by the Agent that are made payable to any party other than the Escrow Agent shall be returned to the purchaser who submitted the check and shall not be accepted. The Agent shall require any selected dealers agreements with Assisting Brokers to include provisions requiring such Assisting Brokers to comply with Rule 15c2-4 under the 1934 Act.

8. Covenants of the ICC Parties. The ICC Parties hereby jointly and severally covenant with the Agent as follows:

(a) Holdings will not, at any time after the date the Registration Statement is declared effective, file any amendment or supplement to the Registration Statement without providing the Agent and its counsel an opportunity to review such amendment or supplement or, except as may be required by law, file any amendment or supplement to which the Agent shall reasonably object. Holdings will furnish promptly to the Agent and its counsel copies of all correspondence from the Commission with respect to the Registration Statement and Holdings' responses thereto.

(b) Holdings represents and agrees that, unless it obtains the prior consent of the Agent, and the Agent represents and agrees that, unless it obtains the prior consent of Holdings, it has not made and will not make any offer relating to the offered Shares that would constitute an "issuer free writing prospectus," as defined in Rule 433, or that would constitute a "free writing prospectus," as defined in Rule 405, required to be filed with the Commission. Any such free writing prospectus consented to by Holdings and the Agent is hereinafter referred to as a "Permitted Free Writing Prospectus." Holdings represents that it has treated or agrees that it will treat each Permitted Free Writing Prospectus as an "issuer free writing prospectus," as defined in Rule 433, and has complied and will comply with the requirements of Rule 433 applicable to any Permitted Free Writing Prospectus, including timely Commission filing where required, legending and record keeping. Holdings need not treat any communication as a free writing prospectus if it is exempt from the definition of prospectus pursuant to Clause (a) of Section 2(a)(10) of the 1933 Act without regard to Rule 172 or 173.

(c) The ICC Parties will use commercially reasonable efforts to cause any post-effective amendment to the Registration Statement to be declared effective by the Commission and will immediately upon receipt of any information concerning the events listed below notify the Agent (i) when the Registration Statement, as amended, has become effective; (ii) of any request by the Commission or any other governmental entity for any amendment or supplement to the Registration Statement, or of any request for additional information; (iii) of the issuance by the Commission or any other governmental agency of any order or other action

suspending the Offering or the use of the Registration Statement or the Prospectus or any other filing of the ICC Parties under the 1933 Act, the 1933 Act Regulations, the 1934 Act, and the rules and regulations of the Commission promulgated under the 1934 Act (the "1934 Act Regulations"), the Insurance Code or any other applicable law, or the threat of any such action; or (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the initiation or threat of initiation or threat of any proceedings for that purpose.

(d) For a period of eighteen (18) months after the Closing Time, the ICC Parties will comply in all material respects with any and all terms, conditions, requirements and provisions with respect to the Offering and the transactions contemplated thereby imposed by the Commission or the Department, by applicable state law and regulations (including without limitation the Insurance Code), and by the 1933 Act, the 1933 Act Regulations, the 1934 Act, and 1934 Act Regulations, FINRA, and the NASDAQ Stock Market, to be complied with prior to or subsequent to the Closing Time; and when the Prospectus is required to be delivered, the ICC Parties will comply in all material respects, at their own expense, with all material requirements imposed upon them by the Commission or the Department, by applicable state law and regulations and by the 1933 Act, the 1933 Act Regulations, the 1934 Act, and the 1934 Act Regulations, in each case as from time to time in force, so far as necessary to permit the continuance of sales or dealing in the Shares during such period in accordance with the provisions hereof and the Prospectus. If the most recent updated valuation of the Company prepared by Feldman Financial, Inc. is not within the valuation range set forth in the Prospectus at the time of effectiveness and Holdings decides to resolicit subscriptions, Holdings will promptly prepare and file with the Commission a post-effective amendment to the Registration Statement relating to the results of the updated valuation prior to any resolicitation of subscriptions.

(e) Each of the ICC Parties will inform the Agent of any event or circumstances of which it is or becomes aware as a result of which the Registration Statement and/or Prospectus, as then supplemented or amended, would include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein not misleading. If it is necessary, in the reasonable opinion of counsel for the ICC Parties and in the reasonable opinion of the Agent, to amend or supplement the Registration Statement or the Prospectus in order to correct such untrue statement of a material fact or to make the statements therein not misleading in light of the circumstances existing at the time of their use, the ICC Parties will, at their expense, prepare and file with the Commission, as necessary under applicable federal and state rules and regulations, and furnish to the Agent a reasonable number of copies of an amendment or amendments of, or a supplement or supplements to, the Registration Statement and the Prospectus (in form and substance reasonably satisfactory to the Agent after a reasonable time for review) which will amend or supplement the Registration Statement and/or the Prospectus so that as amended or supplemented it will not contain an untrue statement of a material fact or omit to state a material fact necessary in order to

make the statements therein, in light of the circumstances existing at the time, not misleading. For the purpose of this subsection, each of the ICC Parties will furnish such information with respect to itself as the Agent may from time to time reasonably request.

(f) Pursuant to the terms of the Plan, Holdings will endeavor in good faith, in cooperation with the Agent, to register or to qualify the Shares for offer and sale or to exempt such Shares from registration and to exempt Holdings and its officers, directors and employees from registration as broker-dealers, under the applicable securities laws of the jurisdictions in which the Offering will be conducted; *provided*, *however*, that Holdings shall not be obligated to file any general consent to service of process, to qualify as a foreign corporation to do business in any jurisdiction in which it is not so qualified, or to register its directors or officers as brokers, dealers, salesmen, or agents in any jurisdiction. In each jurisdiction where any of the Shares shall have been registered or qualified as above provided, Holdings will make and file such statements and reports as are or may be required by the laws of such jurisdiction as a result of, or in connection with, such registration or qualification.

(g) Holdings will not sell or issue, contract to sell or otherwise dispose of, for a period of 180 days after the date hereof, without the Agent's prior written consent, which consent shall not be unreasonably withheld, any shares of Common Stock, any option, warrant, contract or other right to purchase shares of Common Stock, or any security convertible into or exercisable or exchangeable for shares of Common Stock, other than in connection with any plan or arrangement described in the Prospectus.

(h) For the period of three years from the date of this Agreement, Holdings will furnish to the Agent upon request (i) a copy of each report of Holdings furnished to or filed with the Commission under the 1934 Act or any national securities exchange or system or the NASDAQ Stock Market on which any class of securities of Holdings is listed or quoted, (ii) a copy of each report of Holdings mailed to holders of Common Stock or non-confidential report filed with the Commission, the Department, or any other supervisory or regulatory authority or any national securities exchange or system or the NASDAQ Stock Market on which any class of the securities of Holdings is listed or quoted, (iii) each press release and material news item and article released by the ICC Parties, and (iv) from time-to-time, such other publicly available information concerning the ICC Parties as the Agent may reasonably request; *provided that*, any information or documents available on the Commission's Electronic Data Gathering, Analysis and Retrieval System shall be considered furnished for purposes of this Section 8(h).

(i) The ICC Parties will use the net proceeds from the sale of the Shares in the manner set forth in the Prospectus under the caption "USE OF PROCEEDS."

(j) Holdings will distribute the Prospectus or other offering materials in connection with the offering and sale of the Common Stock only in accordance with the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations, and the laws of any state in which the shares are qualified for sale.

(k) Prior to the Closing Time, Holdings shall register its Common Stock under Section 12(b) of the 1934 Act, as amended, and will request that such registration statement be effective as of the Closing Time. Holdings will use commercially reasonable efforts to list, subject to notice of issuance, the Shares on the NASDAQ Capital Market.

(l) [Intentionally Omitted].

(m) Holdings will report the use of proceeds of the Offering in accordance with Rule 463 under the 1933 Act.

(n) The ICC Parties will maintain appropriate arrangements for depositing all funds received from persons mailing subscriptions for or orders to purchase Shares on a non-interest bearing basis as described in the Prospectus until the Closing Time and satisfaction of all conditions precedent to the release of Holdings' obligation to refund payments received from persons subscribing for or ordering Shares in the Offering, in accordance with the Plan as described in the Prospectus, or until refunds of such funds have been made to the persons entitled thereto. The ICC Parties will maintain, together with the Agent, such records of all funds received to permit the funds of each subscriber to be separately insured by the FDIC (to the maximum extent allowable) and to enable the ICC Parties to make the appropriate refunds of such funds in the event that such refunds are required to be made in accordance with the Plan and as described in the Prospectus.

(o) Until the Closing Time, the ICC Parties will take such actions and furnish such information as are reasonably requested by the Agent in order for the Agent to ensure compliance with Rule 5130 of FINRA.

(p) The ICC Parties will conduct their businesses in compliance in all material respects with all applicable federal and state laws, rules, regulations, decisions, directives and orders including, all decisions, directives and orders of the Commission and the Department.

(q) The ICC Parties shall comply with any and all terms, conditions, requirements and provisions with respect to the Plan and the transactions contemplated thereby imposed by the Commission, the 1933 Act, the 1933 Act Regulations, the 1934 Act and the 1934 Act Regulations to be complied with subsequent to the Closing Time for so long as such terms, conditions, requirements and provisions are applicable. Holdings will comply with all provisions of all undertakings contained in the Registration Statement until such undertakings are performed in full or are no longer applicable.

(r) The ICC Parties will not amend the Plan without the consent of the Agent, which consent shall not be unreasonably withheld or delayed.

(s) Holdings shall provide the Agent with any information necessary to assist with the allocation of the Shares in the Offering in the event of an oversubscription, and such information shall be accurate and reliable in all material respects.

(t) Holdings will not deliver the Shares until the ICC Parties have satisfied or caused to be satisfied each condition set forth in Section 10 hereof, unless such condition is waived in writing by the Agent.

(u) Immediately upon completion of the sale by Holdings of the Shares contemplated by the Plan and the Prospectus, all of the issued and outstanding shares of capital stock of Illinois Casualty shall be owned by Holdings.

(v) Prior to the Closing Time, the Plan shall have been approved by the voting members of Illinois Casualty in accordance with the provisions of the Insurance Code.

(w) On or before the Closing Time, the ICC Parties will have completed all conditions precedent to the Offering specified in the Plan and the offer and sale of the Shares will have been conducted in all material respects in accordance with the Plan and with all other applicable laws, regulations, decisions and orders, including all terms, conditions, requirements and provisions precedent to the Offering imposed upon any of the ICC Parties by the Department, the Commission or any other regulatory authority and in the manner described in the Prospectus.

(x) Holdings shall notify the Agent when funds shall have been received for the minimum number of Shares.

(y) The ICC Parties shall cause each of the Persons listed on Schedule A attached hereto to execute and deliver to the Agent a lockup agreement substantially in the form of Exhibit B attached hereto.

9. Payment of Expenses. The ICC Parties will pay for all expenses incident to the performance of this Agreement, including without limitation: (a) the preparation, printing, filing, delivery and shipment of the Registration Statement, including the Prospectus, and all amendments and supplements thereto, and all filing fees related thereto; (b) all filing fees and expenses in connection with the qualification or registration of the Shares for offer and sale by Holdings under the securities or "blue sky" laws, including without limitation filing fees, reasonable legal fees and disbursements of counsel in connection therewith, and in connection with the preparation of a blue sky law survey; (c) the filing fees of FINRA related to the Agent's fairness filing under Rule 5110 (or any successor rule of FINRA); (e) fees and expenses related to the preparation of the Appraisal; (f) fees and expenses related to auditing and accounting services; (g) all expenses relating to advertising, postage, temporary personnel, investor meetings and the operation of the stock information center; (h) transfer agent fees and costs of preparation and distribution of written notices under Conversion Act; and (i) fees and expenses of the ICC Parties relating to presentations or meetings undertaken in connection with the marketing of the

Syndicated Offering and sale of the Shares in the Syndicated Offering to prospective investors and the Agent's sales forces, including expenses associated with travel, lodging, and other expenses incurred by the officers of the ICC Parties; *provided*, *however*, that the Agent shall pay the fees and expenses of the Agent and any of its affiliates relating to presentations or meetings undertaken in connection with the marketing and sale of the Shares to prospective investors and the Agent's sales forces, including expenses associated with the production of road show slides and graphics, fees and expenses of any consultants engaged in connection with the road show presentations, travel, lodging and other expenses incurred by the officers of the Agent and any such consultants. In the event that the Agent incurs any expenses on behalf of the ICC Parties, the ICC Parties will pay or reimburse the Agent for such expenses in an amount not to exceed $10,000 (except as approved in writing by Illinois Casualty) regardless of whether the Offering is successfully completed. Not later than two days prior to the Closing Time, the Agent will provide the ICC Parties with a detailed accounting of all reimbursable expenses to be paid at the Closing.

10. Conditions to the Agent's Obligations. The obligations of the Agent hereunder and the occurrence of the Closing are subject to the conditions that (i) all representations and warranties and other statements of the ICC Parties herein contained are, at and as of the commencement of the Offering and at and as of the Closing Time, true and correct in all material respects, and (ii) the ICC Parties shall have performed all of their obligations hereunder to be performed on or before such dates, and to the following further conditions:

(a) The Registration Statement shall have been declared effective by the Commission, and no stop order or other action suspending the effectiveness of the Registration Statement shall have been issued under the 1933 Act or proceedings therefor initiated or, to any of the ICC Parties' knowledge, threatened by the Commission or any state authority and no order or other action suspending the authorization for use of the Prospectus or the consummation of the Conversion shall have been issued or proceedings therefor initiated or, to any of the ICC Parties' knowledge, threatened by the Department, the Commission, or any other governmental body. The Conversion Application shall have been approved by the Department.

(b) At the Closing Time, the Agent shall have received:

(1) An opinion or opinions, dated as of the Closing Time, of Dorsey & Whitney or Stevens & Lee, P.C., as counsel to the ICC Parties, in form and substance satisfactory to counsel for the Agent, to the effect that:

(i) Holdings is a corporation duly incorporated and validly subsisting under the laws of the Commonwealth of Pennsylvania, with corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus, and is duly qualified to transact business and will be in good standing in each jurisdiction in which the conduct of its business requires such qualification and in which the failure to qualify would have a Material Adverse Effect.

(ii) Prior to the Closing Time Illinois Casualty was a mutual insurance company, and, after the Closing Time, Illinois Casualty will be a duly incorporated and validly subsisting Illinois stock insurance company with corporate power and authority to own, lease and operate its properties and to conduct its business as described in the Prospectus and to enter into this Agreement and perform its obligations hereunder, and is duly qualified to transact business and in good standing in each jurisdiction in which the conduct of its business requires such qualification and in which the failure to qualify would have a Material Adverse Effect (as defined in Section 6(m)).

(iii) The authorized capital stock of Holdings consists of 25,000,000 shares of Common Stock, $0.01 par value per share, and 5,000,000 shares of preferred stock, no par value, and Holdings has no shares of capital stock issued and outstanding. Immediately upon consummation of the Offering, (a) the shares of Common Stock of Holdings to be subscribed for or for which orders are placed in the Offering will have been duly and validly authorized for issuance, and when issued and delivered by Holdings pursuant to the Plan against payment of the consideration calculated as set forth in the Plan, will be fully paid and nonassessable; and (b) the issuance of the shares of Common Stock of Holdings will not be subject to preemptive rights under the articles of incorporation or bylaws of Holdings, or arising or outstanding by operation of law or, to the knowledge of such counsel, under any contract, indenture, agreement, instrument or other document, except for the subscription rights under the Plan.

(iv) The execution and delivery of this Agreement and the consummation of the transactions contemplated hereby have been duly authorized by all necessary corporate action on the part of the ICC Parties; and this Agreement constitutes a valid, legal and binding obligation of each of the ICC Parties, enforceable in accordance with its terms, except to the extent that the provisions of Sections 11 and 12 hereof may be unenforceable as against public policy, and except to the extent that such enforceability may be limited by bankruptcy laws, insolvency laws, or other laws affecting the enforcement of creditors' rights generally.

(v) The Plan has been duly adopted by the Board of Directors of Illinois Casualty in the manner required by the Insurance Code.

(vi) Upon consummation of the Offering, to the knowledge of such counsel, (a) the Offering was made in all material respects in accordance with the Plan, (b) all terms, conditions, requirements and provisions with respect to the Conversion and Offering imposed by the Commission or the Department were complied with by the ICC Parties in all material respects or appropriate waivers were obtained, and (c) all notice and waiting periods were satisfied or waived; *provided, however*, that no opinion need be expressed concerning the state securities or blue sky laws or foreign securities laws of various jurisdictions in which the Shares will be offered.

(vii) The Registration Statement has become effective under the 1933 Act and, to such counsel's knowledge after making inquiry of the Commission, and based upon representations made by staff of the Commission, no stop order suspending the effectiveness of the Registration Statement has been issued, and, to such counsel's knowledge, no proceedings for that purpose have been instituted or threatened.

(viii) The description of the shares of Common Stock of Holdings contained in the Registration Statement and the Prospectus, insofar as such statements purport to summarize certain provisions of the certificate of incorporation and bylaws of Holdings, provide a fair summary thereof.

(ix) At the time that the Registration Statement became effective, the Registration Statement, including the Prospectus contained therein, as amended or supplemented (other than the financial statements, notes to financial statements, financial tables or other financial and statistical data included therein and the fairness opinion, the appraisal valuation and the business plan as to which counsel need express no opinion), complied as to form in all material respects with the requirements of the 1933 Act and the 1933 Act Regulations.

(x) To such counsel's knowledge, there are no legal or governmental proceedings pending or threatened (i) asserting the invalidity of this Agreement or (ii) seeking to prevent the offer, sale or issuance of the Shares.

(xi) The information in the Prospectus under the captions "BUSINESS — Regulation," and "DESCRIPTION OF OUR CAPITAL STOCK," to the extent that it constitutes summaries of legal matters, documents or proceedings, or legal conclusions, fairly presents in all material respects the information required to be presented in Form S-1.

(xii) None of the ICC Parties is required to be registered as an investment company under the Investment Company Act of 1940, as amended.

(xiii) To such counsel's knowledge, none of the ICC Parties is in violation of its Organizational Documents as in effect at the Closing Time. In addition, to such counsel's knowledge, the execution and delivery of and performance under this Agreement by the ICC Parties, the incurrence of the obligations set forth herein and the consummation of the transactions contemplated herein will not result in any material violation of the provisions of the Organizational Documents of any of the ICC Parties or any material violation of any applicable law, act, regulation, or to such counsel's knowledge, order or court order, writ, injunction or decree.

In rendering such opinion, such counsel may rely as to matters of fact, without independent investigation, on certificates of responsible officers of the ICC Parties (to the extent relevant) and public officials, provided copies of any such certificates are delivered to Agent together with the opinion to be rendered hereunder. Such opinion may be limited to the laws of the Commonwealth of Pennsylvania and the federal securities laws of the United States of America, and such opinion will not be deemed to be rendering any opinion or any other statements regarding the regulatory laws of any other state.

(2) A letter of Stevens & Lee, PC addressed to the Agent to the effect that during the preparation of the Registration Statement and the Prospectus, representatives of Stevens & Lee, PC participated in conferences with certain officers of and other representatives of the ICC Parties, representatives of the independent public accounting firm for the ICC Parties and representatives of the Agent at which the contents of the Registration Statement and the Prospectus and related matters were discussed, and although (without limiting the opinions provided pursuant to Section 10(b)(1)) Stevens & Lee, PC has not independently verified the accuracy, completeness or fairness of the statements contained in the Registration Statement and Prospectus, on the basis of the information obtained in the course of engagement as counsel, nothing has come to the attention of the representatives of Stevens & Lee, PC providing services to the ICC Parties that caused them to believe that (i) the Registration Statement at the time it was ordered effective by the Commission, (ii) the General Disclosure Package as of the Closing Time, or (iii) the Prospectus, as of its date and as of the Closing Time, contained or contains any untrue statement of a material fact or omitted to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading (it being understood that counsel need not assume any responsibility for the accuracy, completeness or fairness of the statements contained in the Registration Statement, the General Disclosure Package and the Prospectus, and counsel need not express any belief with respect to the financial statements, schedules and other financial and statistical data included, statistical or appraisal or valuation methodology employed, or information concerning internal controls over financial reporting contained in, the Registration Statement, Prospectus or General Disclosure Package).

(3) A blue sky memorandum from Stevens & Lee, PC addressed to the ICC Parties and the Agent relating to the Offering, including the Agent's participation therein. The Blue Sky Memorandum will address the necessity of obtaining or confirming exemptions, qualifications or the registration of the Shares under applicable state securities law.

(c) Concurrently with the execution of this Agreement, the Agent shall receive a letter from BKD LLP, dated the date hereof and addressed to the Agent, in the form set forth in Exhibit A hereto.

(d) At the Closing Time, the Agent shall receive a letter from BKD LLP dated the Closing Time, addressed to the Agent, confirming the statements made by its letter delivered by it pursuant to subsection (c) above, the "specified date" referred to in clause (iii)(C) and (D) thereof to be a date specified in such letter, which shall not be more than six business days prior to the Closing Time.

(e) At the Closing Time, the Agent shall receive a certificate of the Chief Executive Officer and Chief Financial Officer of each of the ICC Parties, dated as of the

Closing Time, in form and substance satisfactory to the Agent to the effect that: (i) they have examined the Prospectus and at the time the Prospectus became authorized for final use, the Prospectus did not contain an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in the light of the circumstances under which they were made, not misleading; (ii) since the date the Prospectus became authorized for final use, no event has occurred which should have been set forth in an amendment or supplement to the Prospectus which has not been so set forth, including specifically, but without limitation, any material adverse change in the condition, financial or otherwise, or in the earnings, capital, properties or business of the ICC Parties; (iii) since the respective dates as of which information is given in the Registration Statement, the General Disclosure Package and the Prospectus, there has been no material adverse change in the condition, financial or otherwise, or in the earnings, capital, properties or business of the ICC Parties independently, or of the ICC Parties considered as one enterprise, whether or not arising in the ordinary course of business; (iv) the representations and warranties contained in Section 6 of this Agreement are true and correct with the same force and effect as though made at and as of the Closing Time; (v) each of the ICC Parties has complied in all material respects with all agreements and satisfied all conditions on its part to be performed or satisfied at or prior to the Closing Time including the conditions contained in this Section 10; (vi) no stop order suspending the effectiveness of the Registration Statement has been issued or, to their knowledge, is threatened, by the Commission or any other governmental body; (vii) no order suspending the Offering, the Conversion or the use of the Prospectus has been issued and, to their knowledge, no proceedings for any such purpose have been initiated or threatened by the Department, the Commission, or any other federal or state authority; and (viii) to their knowledge, no person has sought to obtain review of the final action of the Director with respect to the Conversion Application.

(f) Prior to and at the Closing Time, none of the ICC Parties shall have sustained, since the date of the latest audited financial statements included in the Registration Statement and Prospectus, any material loss or interference with its business from fire, explosion, flood or other calamity, whether or not covered by insurance, or from any labor dispute or court or governmental action, order or decree, otherwise than as set forth in the Registration Statement and the Prospectus, and since the respective dates as of which information is given in the Registration Statement and the Prospectus, there shall not have been any material change, or any development involving a prospective Material Adverse Effect, otherwise than as set forth or contemplated in the Registration Statement and the Prospectus, the effect of which, in any such case described above, is in the Agent’s reasonable judgment sufficiently material and adverse as to make it impracticable or inadvisable to proceed with the Offering or the delivery of the Shares on the terms and in the manner contemplated in the Prospectus.

(g) At or prior to the Closing Time, the Department shall have issued a letter or order to Illinois Casualty, which shall have the force of approving the Conversion and Offering.

(h) Subsequent to the date hereof, there shall not have occurred any of the following: (i) a suspension or limitation in trading in securities generally on the New York Stock Exchange or American Stock Exchange or in the over-the-counter market, or quotations halted generally on the Nasdaq Stock Market, or minimum or maximum prices for trading have been fixed, or maximum ranges for prices for securities have been required by either of such exchanges or FINRA or by order of the Commission or any other governmental authority other than temporary trading halts (A) imposed as a result of intraday changes in the Dow Jones Industrial Average, (B) lasting no longer than until the regularly scheduled commencement of trading on the next succeeding business-day, and (C) which, when combined with all other such halts occurring during the previous five business days, total less than three; (ii) a general moratorium on the operations of federally-insured financial institutions or general moratorium on the withdrawal of deposits from federally-insured financial institutions declared by either federal or state authorities; or (iii) any outbreak of hostilities or escalation thereof or other calamity or crisis, including, without limitation, terrorist activities after the date hereof, the effect of any of (i) through (iii) herein, in the judgment of the Agent, is so material and adverse as to make it impracticable to market the Shares or to enforce contracts, including subscriptions or purchase orders, for the sale of the Shares.

All such opinions, certificates, letters and documents will be in compliance with the provisions hereof only if they are reasonably satisfactory in form and substance to the Agent. Any certificate signed by an officer of any of the ICC Parties and delivered to the Agent shall be deemed a representation and warranty by the ICC Parties to the Agent as to the statements made therein. If any condition to the Agent's obligations hereunder to be fulfilled prior to or at the Closing Time is not fulfilled, the Agent may terminate this Agreement (provided that if this Agreement is so terminated but the sale of Shares is nevertheless consummated, the Agent shall be entitled to the reimbursement of all expenses to the extent contemplated by Section 14 hereof but shall not be entitled to any compensation provided for in Section 4(b) or (c) hereof) or, if the Agent so elects, may waive any such conditions which have not been fulfilled or may extend the time of their fulfillment.

11. Indemnification.

(a) The ICC Parties jointly and severally agree to indemnify and hold harmless the Agent, its officers, directors, agents, and employees and each person, if any, who controls the Agent within the meaning of Section 15 of the 1933 Act or Section 20(a) of the 1934 Act, against any and all loss, liability, claim, damage or expense whatsoever (including but not limited to settlement expenses, subject to the limitation set forth in the last sentence of Paragraph (c) below), joint or several, that the Agent or any of such officers, directors, agents, employees and controlling Persons (collectively, the "Related Persons") may suffer or to which

the Agent or the Related Persons may become subject under all applicable federal and state laws or otherwise, and to promptly reimburse the Agent and any Related Persons upon written demand for any reasonable expenses (including reasonable fees and disbursements of counsel) incurred by the Agent or any Related Persons in connection with investigating, preparing or defending any actions, proceedings or claims (whether commenced or threatened) to the extent such losses, claims, damages, liabilities or actions: (i) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment or supplement thereto), the Prospectus (or any amendment or supplement thereto), the General Disclosure Package, the Conversion Application, any Issuer Free Writing Prospectus or any blue sky application or other instrument or document executed by any of the ICC Parties or based upon written information supplied by any of the ICC Parties filed in any state or jurisdiction to register or qualify any or all of the Shares under the securities laws thereof of to claim an exemption therefrom (collectively, the "Blue Sky Applications"), or any application or other document, advertisement, or communication ("Sales Information") prepared, made or executed by or on behalf of any of the ICC Parties with its consent or based upon written or oral information furnished by or on behalf of any of the ICC Parties, whether or not filed in any jurisdiction in order to qualify or register the Shares under the securities laws thereof or to claim an exemption therefrom, (ii) arise out of or are based upon the omission or alleged omission to state in any of the foregoing documents or information, a material fact required to be stated therein or necessary to make the statements therein, in light of the circumstances under which they were made, not misleading; (iii) arise from any theory of liability whatsoever relating to or arising from or based upon the Registration Statement (or any amendment or supplement thereto), the Prospectus (or any amendment or supplement thereto), any Issuer Free Writing Prospectus, or any Blue Sky Applications or Sales Information or other documentation distributed in connection with the Offering; or (iv) result from any claims made with respect to the accuracy, reliability and completeness of the records of policyholders, including without limitation, Eligible Subscribers, or for any denial or reduction of a subscription or order to purchase Common Stock, whether as a result of a properly calculated allocation pursuant to the Plan or otherwise, based upon such records; *provided*, *however*, that no indemnification is required under this Paragraph (a) to the extent such losses, claims, damages, liabilities or actions arise out of or are based upon any untrue material statements or alleged untrue material statements in, or material omission or alleged material omission from, the Registration Statement (or any amendment or supplement thereto) or the Prospectus (or any amendment or supplement thereto), any Issuer Free Writing Prospectus, the Blue Sky Applications or Sales Information or other documentation distributed in connection with the Offering made in reliance upon and in conformity with written information furnished to the ICC Parties by the Agent or its representatives with respect to the Agent expressly for use in any such document (or any amendment or supplement thereto); *provided*, that it is agreed and understood that the only information furnished in writing to the ICC

Parties, by the Agent regarding the Agent is set forth in the Prospectus in the second sentence of the first three paragraphs under the caption "The Conversion and the Offering—Marketing and Underwriting Arrangements".

(b) The Agent agrees to indemnify and hold harmless the ICC Parties, their directors and officers, agents, and employees and each person, if any, who controls any of the ICC Parties within the meaning of Section 15 of the 1933 Act or Section 20(a) of the 1934 Act against any and all loss, liability, claim, damage or expense whatsoever (including but not limited to settlement expenses, subject to the limitation set forth in the last sentence of Paragraph (c) below), joint or several which they, or any of them, may suffer or to which they, or any of them, may become subject under all applicable federal and state laws or otherwise, and to promptly reimburse the ICC Parties and any such persons upon written demand for any reasonable expenses (including reasonable fees and disbursements of counsel) incurred by them in connection with investigating, preparing or defending any actions, proceedings or claims (whether commenced or threatened) to the extent such losses, claims, damages, liabilities or actions (i) arise out of or are based upon any untrue statement or alleged untrue statement of a material fact contained in the Registration Statement (or any amendment of supplement thereto), the Prospectus (or any amendment of supplement thereto), any Issuer Free Writing Prospectus, or any Blue Sky Applications or Sales Information, or (ii) are based upon the omission or alleged omission to state in any of the foregoing documents a material fact required to be stated therein or necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; *provided, however*, that the Agent's obligations under this Paragraph (b) shall exist only if and only to the extent that such untrue statement or alleged untrue statement was made in, or such material fact or alleged material fact was omitted from, the Registration Statement (or any amendment or supplement thereto), the Prospectus (or any amendment or supplement thereto), the Blue Sky Applications or Sales Information in reliance upon and in conformity with written information furnished to any of the ICC Parties by the Agent or its representatives (including counsel) with respect to the Agent expressly for use therein; *provided*, that it is agreed and understood that the only information furnished in writing to the ICC Parties, by the Agent regarding the Agent is set forth in the Prospectus in the first three paragraphs under the caption "The Conversion and the Offering—Marketing and Underwriting Arrangements".

(c) Each indemnified party shall give prompt written notice to each indemnifying party of any action, proceeding, claim (whether commenced or threatened), or suit instituted against it in respect of which indemnity may be sought hereunder, but failure to so notify an indemnifying party shall not relieve it from any liability which it may have on account of this Section, Section 12 or otherwise, except to the extent that such failure or delay causes actual harm to the indemnifying party with respect to such action, proceeding, claim or suit. An indemnifying party may participate at its own expense in the defense of such action. In addition, if it so elects within a reasonable time after receipt of such notice, an indemnifying party,

jointly with any other indemnifying parties receiving such notice, may assume the defense of such action with counsel chosen by it reasonably acceptable to the indemnified parties that are defendants in such action, unless such indemnified parties reasonably object to such assumption on the ground that there may be legal defenses available to them that are different from or in addition to those available to such indemnifying party. If an indemnifying party assumes the defense of such action, the indemnifying parties shall not be liable for any fees and expenses of counsel for the indemnified parties incurred thereafter in connection with such action, proceeding or claim, other than reasonable costs of investigation unless such indemnified parties reasonably object to such assumption on the ground that there may be legal defenses available to them that are different from or in addition to those available to such indemnifying party. In no event shall the indemnifying parties be liable for the fees and expenses of more than one separate firm of attorneys for all indemnified parties in connection with any one action, proceeding or claim or separate but similar or related actions, proceedings or claims in the same jurisdiction arising out of the same general allegations or circumstances. The indemnifying party shall be liable for any settlement of any claim against the indemnified party (or its directors, officers, employees, affiliates or controlling persons) made with the indemnifying party's consent, which consent shall not be unreasonably withheld. The indemnifying party shall not, without the written consent of indemnified party, settle or compromise any claim against the indemnified party based upon circumstances giving rise to an indemnification claim against the indemnifying party hereunder unless such settlement or compromise provides that indemnified party and the other indemnified parties shall be unconditionally and irrevocably released from all liability in respect of such claim.

12. Contribution. In order to provide for just and equitable contribution in circumstances in which the indemnification provided for in Section 11 is due in accordance with its terms but is found in a final judgment by a court to be unavailable from the ICC Parties or the Agent, the ICC Parties and the Agent shall contribute to the aggregate losses, claims, damages and liabilities of the nature contemplated by such indemnification (including any investigation, legal and other expenses incurred in connection with, and any amount paid in settlement of, any action, suit or proceeding, but after deducting any contribution received by the ICC Parties or the Agent from persons other than the other parties thereto, who may also be liable for contribution) in such proportion so that (i) the Agent is responsible for that portion represented by the percentage that the fees paid to the Agent pursuant to Section 4 of this Agreement (not including expenses) ("Agent's Fees") bear to the total proceeds received by the ICC Parties from the sale of the Shares in the Offering, net of the Agent's Fees, and (ii) the ICC Parties shall be responsible for the balance. If, however, the allocation provided above is not permitted by applicable law, then each indemnifying party shall contribute to such amount paid or payable by such indemnified party in such proportion as is appropriate to reflect not only such relative fault of the ICC Parties on the one hand and the Agent on the other in connection with the statements or omissions which resulted in such losses, claims, damages or liabilities (or actions, proceedings or claims in respect thereof), but also the relative benefits received by the ICC Parties on the one hand and the Agent on the other from the Offering, as well as any other relevant equitable considerations. The relative benefits received by the ICC Parties on the one hand and the Agent on the other hand

shall be deemed to be in the same proportion as the total proceeds from the Offering, net of the Agent's Fees, received by the ICC Parties bear to the Agent's Fees. The relative fault shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact relates to information supplied by the ICC Parties on the one hand or the Agent on the other and the parties relative intent, good faith, knowledge, access to information and opportunity to correct or prevent such statement or omission. The ICC Parties and the Agent agree that it would not be just and equitable if contribution pursuant to this Section 12 were determined by pro-rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to above in this Section 12. The amount paid or payable by an indemnified party as a result of the losses, claims, damages or liabilities (or action, proceedings or claims in respect thereof) referred to above in this Section 12 shall be deemed to include any legal or other expenses reasonably incurred by such indemnified party in connection with investigating or defending any such action, proceeding or claim. It is expressly agreed that the Agent shall not be liable for any loss, liability, claim, damage or expense or be required to contribute any amount which in the aggregate exceeds the amount paid (excluding reimbursable expenses) to the Agent under this Agreement. It is understood and agreed that the above-stated limitation on the Agent's liability is essential to the Agent and that the Agent would not have entered into this Agreement if such limitation had not been agreed to by the parties to this Agreement. No person found guilty of any fraudulent misrepresentation (within the meaning of Section 11(f) of the 1933 Act) shall be entitled to contribution from any person who was not found guilty of such fraudulent misrepresentation. For purposes of this Section 12, each of the Agent's and the ICC Parties' officers and directors and each person, if any, who controls the Agent or any of the ICC Parties within the meaning of the 1933 Act and the 1934 Act shall have the same rights to contribution as the ICC Parties and the Agent. Any party entitled to contribution, promptly after receipt of notice of commencement of any action, suit, claim or proceeding against such party in respect of which a claim for contribution may be made against another party under this Section 12, will notify such party from whom contribution may be sought, but the omission to so notify such party shall not relieve the party from whom contribution may be sought from any other obligation it may have hereunder or otherwise than under this Section 12, except to the extent that such failure or delay causes actual harm to the indemnifying party with respect to such action, proceeding, claim or suit. The obligations of the ICC Parties under this Section 12 and under Section 11 shall be in addition to any liability which the ICC Parties and the Agent may otherwise have.

13. Survival. All representations, warranties and indemnities and other statements contained in this Agreement or contained in certificates of officers of the ICC Parties or the Agent submitted pursuant hereto, shall remain operative and in full force and effect, regardless of any termination or cancellation of this Agreement or any investigation made by or on behalf of the Agent or its controlling persons, or by or on behalf of the ICC Parties and shall survive the issuance of the Shares, and any legal representative, successor or assign of the Agent, any of the ICC Parties, and any indemnified person shall be entitled to the benefit of the respective agreements, indemnities, warranties and representations.

14. Termination.

(a) Agent may terminate this Agreement by giving the notice indicated below in this Section at any time after this Agreement becomes effective as follows:

(i) If any domestic or international event or act or occurrence has materially disrupted the United States securities markets such as to make it, in the Agent's reasonable opinion, impracticable to proceed with the offering of the Shares; or if trading on the NYSE shall have suspended (except that this shall not apply to the imposition of NYSE trading collars imposed on program trading); or if the United States shall have become involved in a war or major hostilities or escalation thereof; or if a general banking moratorium has been declared by a state or federal authority which has a material effect on the ICC Parties on a consolidated basis; or if a moratorium in foreign exchange trading by major international banks or persons has been declared; or if any of the ICC Parties shall have sustained a material or substantial loss by fire, flood, accident, hurricane, earthquake, theft, sabotage or other calamity or malicious act, whether or not such loss shall have been insured; or, if there shall have been a material adverse change in the financial condition, results of operations or business of the ICC Parties taken as a whole.

(ii) In the event that (x) the Plan is abandoned or terminated by Illinois Casualty, (y) Holdings fails to consummate the sale of the minimum number of the Shares by _____, 2016, in accordance with the provisions of the Plan, or (z) the Agent terminates this relationship because there has been a Material Adverse Effect, this Agreement shall terminate and no party to this Agreement shall have any obligation to the other hereunder, except that (1) the ICC Parties shall remain liable for any amounts due pursuant to Sections 3, 4, 9, 11 and 12 hereof, unless the transaction is not consummated due to the breach by the Agent of a warranty, representation or covenant and (2) the Agent shall remain liable for any amount due pursuant to Sections 11 and 12 hereof, unless the transaction is not consummated due to the breach by the ICC Parties of a warranty representation or covenant.

(iii) If any of the conditions specified in Section 10 shall not have been fulfilled when and as required by this Agreement, or by the Closing Time, or waived in writing by the Agent, this Agreement and all of the Agent's obligations hereunder may be canceled by the Agent by notifying the ICC Parties of such cancellation in writing at any time at or prior to the Closing Time, and any such cancellation shall be without liability of any party to any other party except that (x) the ICC Parties shall remain liable for any amounts due pursuant to Sections 3, 4, 9, 11 and 12 hereof, unless the transaction is not consummated due to breach by the Agent of a warrant, representation or covenant, and (y) the Agent shall remain liable for any amount due pursuant to Sections 11 and 12 hereof, unless the transaction is not consummated due to the breach by the ICC Parties of a warranty representation or covenant.

(b) If Agent elects to terminate this Agreement as provided in this Section, the ICC Parties shall be notified by the Agent as provided in Section 15 hereof.

(c) If this Agreement is terminated in accordance with the provisions of this Agreement, the ICC Parties shall pay the Agent the fees earned pursuant to Section 4 and will reimburse the Agent for its reasonable expenses pursuant to Section 9.

(d) Any of the ICC Parties may terminate this Agreement in the event the Agent is in material breach of the representations and warranties or covenants contained in Section 5 and such breach has not been cured within a reasonable time period after the ICC Parties have provided the Agent with notice of such breach.

(e) This Agreement may also be terminated by mutual written consent of the parties hereto.

15. Notices. All notices and other communications hereunder shall be in writing and shall be deemed to have been duly given if mailed by United States certified mail, return receipt requested, or sent by a nationally recognized commercial courier promising next business day delivery (such as Federal Express) or transmitted by any standard form of telecommunication (such as facsimile or email) with confirming copy sent by regular U.S. mail. Notices shall be sent as follows:

If to Agent:
Griffin Financial Group, LLC
620 Freedom Business Center
2nd Floor
King of Prussia, Pennsylvania 10019
Attention: Jeffrey P. Waldron, Managing Director
Facsimile: (610) 371-7974
Email: jpw@griffinfingroup.com

If to the ICC Parties:
Illinois Casualty Company
225 20th Street
Rock Island, Illinois 61201
Attention: Arron K. Sutherland
Facsimile:
Email:

With a copy to:
Stevens & Lee, PC
620 Freedom Business Center
2nd Floor
King of Prussia, Pennsylvania 10019
Attention: Sunjeet S. Gill, Esquire
Facsimile: (610) 371-1228
Email: ssg@stevenslee.com

Any party may change the address or other information for notices set forth above by written notice to the other parties, which notice shall be given in accordance with this Section 15.

16. Parties. This Agreement shall inure to the benefit of and be binding upon the Agent and the ICC Parties and their respective successors. Nothing expressed or mentioned in this

Agreement is intended or shall be construed to give any person, firm or corporation, other than the parties hereto and their respective successors and the controlling persons and officers, directors, agents and employees referred to in Sections 11 and 12 and their heirs and legal representatives, any legal or equitable right, remedy or claim under or in respect of this Agreement or any provisions herein contained.

17. Partial Invalidity. In the event that any term, provision or covenant herein or the application thereof to any circumstances or situation shall be invalid or unenforceable, in whole or in part, the remainder hereof and the application of said term, provision or covenant to any other circumstance or situation shall not be affected thereby, and each term, provision or covenant herein shall be valid and enforceable to the full extent permitted by law.

18. Governing Law and Construction. This Agreement shall be construed in accordance with the laws of the Commonwealth of Pennsylvania applicable to contracts executed and to be wholly performed therein without giving effects to its conflicts of laws principles or rules.

19. Counterparts. This Agreement may be executed in any number of counterparts, all of which taken together shall constitute one and the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Any signature delivered by facsimile or email (including any delivery by PDF) shall bind the parties hereto with the same effect as the delivery of a manually signed signature page.

20. Entire Agreement. This Agreement, including schedules and exhibits hereto, which are integral parts hereof and incorporated as though set forth in full, constitutes the entire agreement between the parties pertaining to the subject matter hereof superseding any and all prior or contemporaneous oral or prior written agreements, proposals, letters of intent and understandings, and cannot be modified, changed, waived or terminated except by a writing which expressly states that it is an amendment, modification or waiver, refers to this Agreement and is signed by the party to be charged. No course of conduct or dealing shall be construed to modify, amend or otherwise affect any of the provisions hereof.

21. Waiver of Trial by Jury. Each of the Agent and the ICC Parties waives all right to trial by jury in any action, proceeding, claim or counterclaim (whether based on contract, tort or otherwise) related to or arising out of this Agreement.

If the foregoing is in accordance with your understanding of our agreement, please sign and return to us a counterpart hereof, whereupon this instrument along with all counterparts will become a binding agreement between you and us in accordance with its terms.

Very truly yours,

ICC HOLDINGS, INC.

By: _____
Arron K. Sutherland, President and
Chief Executive Officer

ILLINOIS CASUALTY COMPANY

By: _____
Arron K. Sutherland, President and
Chief Executive Officer

[COUNTERPART SIGNATURE OF GRIFFIN ON FOLLOWING PAGE]

The foregoing Agency Agreement is hereby confirmed and accepted as of the date first set and above written.

GRIFFIN FINANCIAL GROUP, LLC

By: _____

Jeffrey P. Waldron, Senior Managing Director

Schedule A

Persons Required to Enter into Lock-up Agreements

NONE

Exhibit A

Form of Comfort Letter from BKD LLP

Exhibit B

Form of Lockup Agreement

STEVENS & LEE

LAWYERS & CONSULTANTS

620 Freedom Business Center, Suite 200
King of Prussia, PA 19406
(610) 205-6000 Fax (610) 337-4374
www.stevenslee.com

November 4, 2016

Board of Directors
ICC Holdings, Inc.
225 20th Street
Rock Island, IL 61201

Re: Conversion of Illinois Casualty Company from Mutual Insurance Company to Stock Insurance Company

Ladies and Gentlemen:

We have been requested to provide this opinion concerning matters of U.S. federal income tax law in connection with (1) the proposed conversion of Illinois Casualty Company, an Illinois mutual insurance company ("Illinois Casualty") to a stock insurance company (the "Conversion") pursuant to the Amended and Restated Plan of Conversion of Illinois Casualty Company originally approved by the Board of Directors of Illinois Casualty on February 16, 2016 and amended and restated on June 14, 2016 (the "Plan of Conversion"); and (2) the issuance of all of the capital stock of the converted Illinois Casualty to ICC Holdings, Inc., a Pennsylvania corporation ("ICC Holdings") and the issuance of shares of common stock by ICC Holdings in an initial public offering in accordance with the Form S-1 Registration Statement filed by ICC Holdings on October 12, 2016 (the "S-1 Registration Statement"), and related exhibits thereto. This opinion is being provided solely in connection with the filing of the S-1 Registration Statement with the Securities and Exchange Commission.

For purposes of this opinion letter, capitalized words and phrases that are used but not defined herein shall have the meanings given to such terms in the Plan of Conversion.

For purposes of providing this opinion, we have examined and are relying upon (without any independent verification or review thereof) the truth and accuracy, at all relevant times, of the statements, covenants, representations and warranties contained in the following documents (including all schedules and exhibits thereto):

1. the S-1 Registration Statement;

2. the Officer's Certificate provided to us by Illinois Casualty; and

3. such other instruments and documents related to Illinois Casualty and ICC Holdings and the Plan of Conversion as we have deemed necessary or appropriate.

In addition, in connection with providing this opinion, we have assumed (without any independent investigation thereof) that:

1. original documents (including signatures) are authentic; documents submitted to us as copies conform to the original documents; and there has been (or will be by the Effective Date) due execution and delivery of all documents where due execution and delivery are prerequisites to the effectiveness thereof;

2. any representation or statement referred to above made "to the best of knowledge" or otherwise similarly qualified is correct without such qualification, and all statements and representations, whether or not qualified, are true and will remain true through the Effective Date and thereafter where relevant; and

3. all transactions that are related or incidental to the Conversion will be consummated pursuant to the Plan of Conversion, and will be effective under the laws of the State of Illinois and applicable federal and state insurance laws.

The opinion expressed herein is conditioned on the initial and continuing accuracy of the facts, information, representations and assumptions contained in the aforesaid documents or otherwise referred to above.

Based on the foregoing documents, materials, assumptions and information, and subject to the qualifications and assumptions set forth herein, if the Conversion is consummated in accordance with the provisions of the Plan of Conversion (and without any waiver, breach or amendment of any of the provisions thereof), it is our opinion that, under current law (i) the Conversion will constitute a "reorganization" within the meaning of Code Section 368(a), and (ii) the discussion set forth in the S-1 Registration Statement under the heading "Federal Income Tax Considerations," insofar as they constitute statements of law or legal conclusions, constitutes our opinion as to the material U.S. federal income tax consequences of the Conversation and the purchase of shares of common stock issued by ICC Holdings in the initial public offering.

The opinion set forth above is based on the existing provisions of the Code, Treasury Regulations (including Temporary Treasury Regulations) promulgated under the Code, published Revenue Rulings, Revenue Procedures and other announcements of the Internal Revenue Service (the "Service") and existing court decisions, any of which could be changed at any time. Any such changes might be retroactive with respect to transactions entered into prior to the date of such changes and could significantly modify the opinion set forth above. Nevertheless, we undertake no responsibility to advise you of any subsequent developments in the application, operation or interpretation of the U.S. federal income tax laws.

As you are aware, no ruling has been or will be requested from the Service concerning the U.S. federal income tax consequences of the Conversion or the Offering. In reviewing this letter, you should be aware that the opinion set forth above represents our conclusion regarding the application of existing U.S. federal income tax law to the instant transaction. If the facts vary from those relied upon (or if any representation, covenant, warranty or assumption upon which we have relied is inaccurate, incomplete, breached or ineffective), our opinion contained herein could be inapplicable in whole or in part. You should be aware that an opinion of counsel represents only counsel's best legal judgment, and has no binding effect or official status of any kind, and that no assurance can be given that contrary positions may not be taken by the Service or that a court considering the issues would not hold otherwise.

As stated above, this opinion is being delivered to the Board of Directors of ICC Holdings solely for the purpose of being included as an exhibit to the S-1 Registration Statement. We consent to the filing of this opinion as an exhibit to the S-1 Registration Statement and to the use of our name in the S-1 Registration Statement wherever it appears. In giving this consent, however, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules or regulations promulgated thereunder.

Very truly yours,

STEVENS & LEE

/s/ Stevens & Lee

EMPLOYMENT AGREEMENT

THIS EMPLOYMENT AGREEMENT (this "Agreement") is made the 5th day of October, 2016, effective as of October 1, 2016 (the "Effective Date") among Arron K. Sutherland ("Executive"), ICC Holdings, Inc., a Pennsylvania ICC corporation ("ICC Holdings"), and Illinois Casualty Company, an Illinois insurance company and a wholly-owned subsidiary of ICC Holdings (the "Company"). For purposes of this Agreement, ICC Holdings and the Company may sometimes be collectively referred to as "Employer").

WHEREAS, Company desires to retain the services of Executive and Executive desires to be retained by the Company, in each case on the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and agreements contained herein, and for other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the parties hereto, intending to be legally bound, agree as follows:

1. EMPLOYMENT. The Company hereby employs Executive, and Executive hereby accepts employment with the Company upon the terms of and subject to this Agreement.

2. TERM. The initial term (the "Initial Term") of this Agreement shall commence on the Effective Date of this Agreement and end on December 31, 2018; provided, however, that, commencing on January 1, 2019 and on January 1 of each succeeding year (each an "Annual Renewal Date"), the Initial Term shall be automatically extended for one (1) additional year from the applicable Annual Renewal Date (each, an "Extension"), unless Employer or Employee shall give written notice of nonrenewal to the other party at least sixty (60) days prior to an Annual Renewal Date, in which event this Agreement shall terminate at the end of the then existing Term. References in this Agreement to the "Term" shall refer to the Initial Term and the terms of any Extensions as may become effective. Notwithstanding the foregoing, in the event of a Change in Control, the Term shall be no shorter than one (1) year after the date of the Change in Control.

3. POSITION AND DUTIES; PLACE OF PERFORMANCE.

(a) During the Term, Executive shall serve as President and Chief Executive Officer ("President and CEO") of the Company. Executive shall report to the Company's Board of Directors (the "Board"). During the Term, Executive shall have those powers and duties consistent with Executive's positions and duties listed in Section 3(b) below and those assigned by the Board. Executive agrees to devote substantially all of Executive's working time to the performance of Executive's duties for the Company. During the Term, Executive shall not, directly or indirectly, alone or as a member of a partnership, or as an officer, director, employee or agent of any other person, firm or business organization engage in any other business activities or pursuits requiring Executive's personal service that materially conflict with Executive's duties hereunder or the diligent performance of such duties. Notwithstanding the

foregoing sentence, it shall not be a violation of this Agreement for Executive to serve on corporate, civic or charitable boards or committees provided, however, that Executive's service on these boards does not materially conflict with Executive's duties at the Company.

(b) RESPONSIBILITIES. As President and CEO of the Company, Executive shall report to the Board and support the overall work of the Company's principles focusing on the establishment and optimization of day-to-day operations of the Company while driving corporate profitability. All internal department heads and/or team leaders responsible for delivering services shall report Executive, as the President and CEO of the Company.

4. COMPENSATION AND RELATED MATTERS.

(a) BASE SALARY. During the Term, Executive shall be paid a salary of $320,000.00 per year, payable in installments at the same time and in the same manner as other salaried employees of the Company, which shall be subject to federal, state and other tax withholdings (the base salary, at the rate in effect from time to time, is hereinafter referred to as the "Base Salary"). The Base Salary shall be reviewed at least annually by the Board or any Committee designated by the Board to review Executive's compensation. The Base Salary shall be payable in accordance with the Company's normal payroll practice and may be increased from time to time in the sole and absolute discretion of the Board. Notwithstanding the foregoing, each January, Executive shall receive a cost of living increase to the Base Salary based on the CPI-u index published by the Bureau of Labor Statistics of the United States Department of Labor for the prior twelve (12) months. Any adjustments to Executive's Base Salary shall not cause Executive's Base Salary to be less than the Base Salary Executive received in the prior calendar year, plus any applicable cost of living increases, except as mutually agreed by Executive and the Company.

(b) DISCRETIONARY BONUS. In addition to the Base Salary, Executive may receive a performance-based bonus from time to time at the sole discretion of the Board (a "Discretionary Bonus").

(c) PERSONAL TIME OFF. Executive shall be entitled to a paid annual personal time off ("PTO") in accordance with benefits that the Company offers to other employees of the Company. Executive shall continue to receive the Base Salary during the time of Executive's PTO. Executive may be entitled to additional leave without pay upon advance notice and written agreement by the Company.

(d) PARTICIPATION IN EMPLOYEE RETIREMENT PLANS. During the Term, Executive shall be entitled to participate in all retirement plans or agreements, if any, that the Company may offer to other employees of the Company from time to time.

(e) EXPENSE REIMBURSEMENT. Executive shall, upon submission of appropriate supporting documentation, be entitled to reimbursement of reasonable out-of-pocket expenses incurred in the performance of Executive's duties hereunder in accordance with policies established by the Company. Such expenses shall include, without limitation, reasonable entertainment expenses, gasoline and toll expenses and cellular phone use charges, to the extent such charges are directly related to the business of the Company.

(f) INSURANCE. During the Term, Executive shall be entitled to participate in all health, life, disability and other insurance programs, if any, that the Company may offer to other employees of the Company from time to time. In addition, the Company shall provide Executive with Company-funded disability income that, when coordinated with the Company's group disability plans, will provide Executive with seventy-five percent (75%) of Executive's Base Salary for the first one hundred eighty (180) days of Executive's disability.

(g) COUNTRY CLUB MEMBERSHIP. During the Term, the Company will, at the Company's expense, provide a country club membership for Executive at a country club selected by the Company for the purpose of conducting business with the Company's agents, employees, vendors and other parties. The fees and costs paid for the country club membership by the Company shall not be considered additional compensation paid by the Company to Executive. The equity portion of the country club membership shall be considered owned by the Company during and after the Term.

(h) EQUITY COMPENSATION. During the Term, Executive shall be entitled to participate in the pool of common shares of ICC Holding's Inc. designated for distribution to the Company's management team in accordance with the terms of that certain written "ICC Holdings, Inc. Equity Incentive Plan."

5. TERMINATION. Executive's employment may be terminated as provided below. In the event Executive's employment is terminated, the effective date on which Executive's employment is terminated shall be considered as the "Date of Termination".

(a) DEATH. Executive's employment shall terminate upon Executive's death, in which event the date of Executive's death shall be the Date of Termination.

(b) PERMANENT DISABILITY. Executive's permanent disability, verifiable by a physician's statement of such permanent disability, whereby Executive is unable to perform the essential functions of Executive's position, in which event the date of Executive's permanent disability shall be the Date of Termination. With respect to the foregoing, the Company shall have the right to select the physician who will examine Executive for purposes of determining whether Executive is permanently disabled; and furthermore, Executive agrees to submit to such examination so long as the Company's request for such examination is reasonable in the circumstances.

(c) CAUSE. The Company may terminate Executive's employment hereunder for Cause, in which event the date of termination of Executive's employment shall be the Date of Termination. For purposes of this Agreement, "Cause" shall mean (i) Executive's material breach of this Agreement, (ii) Executive's gross negligence in the performance or non-performance of any of Executive's material duties or responsibilities hereunder, (iii) the refusal of Executive to implement or adhere to policies or directives of the Board, (iv) Executive's dishonesty, fraud or willful misconduct with respect to, or disparagement of, the business or affairs of the Company, (v) conduct of a criminal nature or involving Moral Turpitude (as defined below) under the provisions of any federal, state or local laws or ordinance or transgression which may have an adverse impact on the Company's reputation and standing in

the community (as determined by the Company in good faith and fair dealing), and/or (vi) Executive's absence from work for five (5) consecutive days for any reason other than vacation, approved leave of absence (such approval not to be unreasonably withheld) or disability or illness pursuant to Company policy or law. For purposes of this Agreement, "Moral Turpitude" shall include the following: (i) that element of personal misconduct in the private and social duties which a person owes to his fellow human beings or to society in general, which characterizes the act done as an act of baseness, vileness or depravity, and contrary to the accepted and customary rule of right and duty between two human beings; (ii) conduct done knowingly contrary to justice, honesty or good morals; or (iii) intentional, knowing or reckless conduct causing bodily injury to another or intentional, knowing or reckless conduct which, by physical menace, puts another in fear of imminent serious bodily injury. No act or failure to act by Executive shall be considered for Cause unless the Company has given detailed written notice thereof to Executive and, where remedial action is feasible, Executive has failed to remedy the act or omission within sixty (60) days following written notice.

(d) GOOD REASON. Executive may terminate Executive's employment hereunder for Good Reason, in which event the date on which Executive terminates Executive's employment shall be the Date of Termination. For purposes of this Agreement, "Good Reason" shall mean the Company materially breaches the provisions of this Agreement and Executive provides at least twenty (20) days prior written notice to the Company of the existence of such breach and Executive's intent to terminate this Agreement; however, no such termination shall be effective if such breach is cured during such period.

(e) OTHER TERMINATIONS. The Company may terminate Executive's employment hereunder other than for Cause, and Executive may terminate Executive's employment other than for Good Reason, in which event the date on which Executive's employment is terminated shall be the Date of Termination.

(f) NOTICE OF TERMINATION. Any termination of Executive's employment hereunder by the Company or by Executive (other than termination pursuant to Section 5(a), Section 5(c) and Section 5(d) hereof) shall be communicated by a written 90-day Notice of Termination to the other party hereto. For purposes of this Agreement, a "Notice of Termination" shall mean a notice which shall indicate the specific termination provision in this Agreement relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination of Executive's employment under the provision so indicated, and the Date of Termination.

6. TERMINATION FOLLOWING CHANGE IN CONTROL.

(a) CHANGE IN CONTROL GOOD REASON. If a Change in Control (as defined in Section 6(b) of this Agreement) shall occur at any time during the term of the Agreement, and if within six (6) months prior to or one (1) year after such Change in Control, the Company terminates the employment of Executive (other than for Cause), or within one year after such Change in Control any of the following occur, if taken without Executive's express written consent:

(i) a material diminution in Executive's authority, duties or other terms or conditions of employment as the same exist on the date of the Change in Control;

(ii) any reassignment of Executive to a location greater than one hundred seventy-five (175) miles from the location of Executive's office on the date of the Change in Control, unless such new location is closer to Executive's primary residence than the location of the Change in Control;

(iii) any material diminution in Executive's Base Salary;

(iv) any failure to provide Executive with any benefits enjoyed by Executive under any of ICC Holdings' or Company's retirement, health, life, disability, or other material employee plans in which Executive participated at the time of the Change in Control, or the taking of any action that would materially reduce any of such benefits in effect at the time of the Change of Control except for any reductions in benefits or other actions resulting from changes to or reductions in benefits applicable to employee's generally; or

(iv) any other material breach of this Agreement;

then, at the option of Executive, exercisable by Executive during the ninety (90) day period after the occurrence of each and every of the foregoing events (a "Change in Control Good Reason"). Executive may give notice of intent to terminate employment under this Agreement (or, if involuntarily terminated, give notice of intention to collect benefits under this Agreement) by delivering a notice in writing (the "Notice of Termination") to Company. If Company fails to cure such situation within thirty (30) days after said notice, which shall be considered to be the Date of Termination, Executive will become entitled to the payments and benefits as provided in Section 7(d) below; however, in which case, Executive shall be precluded from terminating Executive's employment under Section 5(d) above.

(b) CHANGE IN CONTROL DEFINED. As used in this Agreement, "Change in Control" shall mean the occurrence of any of the following: (i) a merger, consolidation, or division involving Company and/or ICC Holdings, (ii) a sale, exchange, transfer, or other disposition of substantially all of the assets of Company and/or ICC Holdings; (iii) a "person" or "group" (within the meaning of section 13(d) of the Securities Exchange Act of 1934) becomes the "beneficial owner" of 50% or more of the outstanding shares of common stock of Company and/or ICC Holdings; or (iv) any other change in control similar in effect to any of the foregoing and specifically designated in writing as a Change in Control by the Board of Directors of Company and/or ICC Holdings.

7. COMPENSATION UPON TERMINATION.

(a) DEATH. If Executive's employment hereunder is terminated as a result of death then the Company shall pay Executive (or Executive's estate or designated beneficiary, as applicable) as soon as practicable after the Date of Termination: (i) any Base Salary and reimbursable expenses, in each case accrued and owing Executive hereunder as of the Date of Termination and (ii) all benefits due and owing to or in respect of Executive under all Benefit Plans, in accordance with the terms of such Benefit Plans.

(b) TERMINATION FOR CAUSE OR TERMINATION WITHOUT GOOD REASON. If Executive's employment hereunder is terminated by the Company for Cause, or if Executive's employment hereunder is terminated by Executive other than for Good Reason, then:

(i) Accrued Obligations. Executive shall receive all Base Salary and reimbursable expenses accrued and owing Executive as of the Date of Termination. Any and all other rights granted to Executive under this Agreement shall terminate as of the Date of Termination.

(ii) Benefit Plans. Executive shall receive all benefits due and owing to or in respect of Executive under all Benefit Plans to the Date of Termination, in accordance with the terms of such Benefit Plans.

(iii) COBRA Coverage. The Company shall make available to Executive and Executive's qualified dependents continued coverage under the Company's insurance plans, as required by the Consolidated Omnibus Budget Reconciliation Act (COBRA), so long as Executive or Executive's dependents are eligible for COBRA coverage. Executive will be required to pay for COBRA coverage, should Executive continue with COBRA benefits past the Date of Termination.

(iv) Covenant Not to Compete Provisions Shall Survive Termination of Executive's Employment. Notwithstanding anything to the contrary in this Agreement, if Executive's employment hereunder is terminated for any reason by the Company or Executive, the covenant not to compete provisions contained in Section 11 below shall continue and shall survive the termination of Executive's employment.

(c) TERMINATION UPON PERMANENT DISABILITY; TERMINATION WITHOUT CAUSE; OR TERMINATION FOR GOOD REASON. If Executive's employment hereunder is terminated (A) due to Executive's permanent disability; (B) by the Company other than for Cause, other than as a consequence of Executive's death or normal retirement under the Company's retirement plans and practices, or (C) by Executive for Good Reason, then:

(i) Accrued Obligations. Executive shall receive all Base Salary and reimbursable expenses accrued and owing to Executive as of the Date of Termination. Any and all other rights granted to Executive under this Agreement shall terminate as of the Date of Termination.

(ii) Benefit Plans. Executive shall receive all benefits due and owing to or in respect of Executive under all Benefit Plans to the Date of Termination, in accordance with the terms of such Benefit Plans.

(iii) COBRA Coverage. The Company shall make available to Executive and Executive's qualified dependents continued coverage under the Company's insurance plans, as required by the Consolidated Omnibus Budget Reconciliation Act (COBRA), so long as

Executive or Executive's dependents are eligible for COBRA coverage. Executive will be required to pay for COBRA coverage, should Executive continue with COBRA benefits past the Date of Termination.

(iv) Severance Payment. Executive shall be entitled to receive a severance payment of up to twenty-four (24) months' of the Base Salary as severance pay. Within thirty (30) days of the Date of Termination, the Company shall pay the Executive a lump sum payment equal to twelve (12) months of the Base Salary (the "Lump Sum Payment"). Beginning in the thirteenth (13th) month following the Date of Termination, and continuing through the twenty-fourth (24th) month following the Date of Termination, the Company shall pay the Executive monthly payments equal to the Base Salary (the "Contingent Monthly Payments"); subject however, that the amount of the Contingent Monthly Payments shall be offset dollar-for-dollar by any earnings by the Executive from any sources of employment, consulting or similar-type sources. Notwithstanding the foregoing, the Company's obligation to pay the Executive the Lump Sum Payment and the Contingent Monthly Payments are subject to the Executive executing a general release in favor of the Company.

(v) Covenant Not to Compete Provisions Shall Survive Termination of Executive's Employment. Notwithstanding anything to the contrary in this Agreement, if Executive's employment hereunder is terminated for any reason by the Company or Executive, the covenant not to compete provisions contained in Section 11 below shall continue and shall survive the termination of Executive's employment.

(d) TERMINATION FOR CHANGE IN CONTROL GOOD REASON. If Executive's employment hereunder is terminated by Executive for Change in Control Good Reason, then:

(i) Accrued Obligations. Executive shall receive all Base Salary and reimbursable expenses accrued and owing Executive as of the Date of Termination. Any and all other rights granted to Executive under this Agreement shall terminate as of the Date of Termination.

(ii) Benefit Plans. Executive shall receive all benefits due and owing to or in respect of Executive under all Benefit Plans to the Date of Termination, in accordance with the terms of such Benefit Plans.

(iii) COBRA Coverage. The Company shall make available to Executive and Executive's qualified dependents continued coverage under the Company's insurance plans, as required by the Consolidated Omnibus Budget Reconciliation Act (COBRA), so long as Executive or Executive's dependents are eligible for COBRA coverage. Executive will be required to pay for COBRA coverage, should Executive continue with COBRA benefits past the Date of Termination.

(iv) Severance Payment Resulting from Change in Control. In the event the Company or ICC Holdings is sold to or merged with another entity during the Term hereof and as a result of that sale or merger Executive's employment is terminated, Executive shall receive a severance payment equal to twenty-four (24) months of the Base Salary. The severance payment shall be paid in a lump sum by the Company to Executive within thirty (30) days of the Date of Termination.

(v) Covenant Not to Compete Provisions Shall Survive Termination of Executive's Employment. Notwithstanding anything to the contrary in this Agreement, if Executive's employment hereunder is terminated for any reason by the Company or Executive, the covenant not to compete provisions contained in Section 11 below shall continue and shall survive the termination of Executive's employment.

8. MITIGATION. Executive shall not be required to mitigate amounts payable pursuant to Section 7 hereof by seeking other employment or otherwise, nor shall such payments be reduced, except as provided in Section 6(c)(v) with respect to the Contingent Monthly Payments, on account of any remuneration earned by Executive attributable to employment by another employer.

9. INDEMNIFICATION. Subject to the following, to the fullest extent permitted by law, the Company shall indemnify Executive (including the advancement of expenses) for any judgments, fines, amounts paid in settlement and reasonable expenses, including attorneys' fees (individually, an "Indemnity Claim", and collectively, the "Indemnity Claims"), incurred by Executive in connection with the defense of any lawsuit or other claim to which he is made a party by reason of being an officer, director or employee of the Company or any of its subsidiaries. Notwithstanding the foregoing, if an Indemnity Claim arises in connection with actions taken by Executive, the Executive shall be required to have acted in good faith while taking such actions. During the Term and for at least three (3) years thereafter, the Company shall use its reasonable best efforts to maintain customary director and officer liability insurance covering Executive for acts and omissions (in which Executive acted in good faith) during the Term.

10. TRADE SECRETS AND CONFIDENTIAL INFORMATION.

(a) For purposes of this Section, "Confidential Information" shall mean all confidential and proprietary information and trade secrets of the Company and its subsidiaries whether or not Executive had managerial responsibility. Such Confidential Information includes, but is not limited to, (i) all historical and pro forma projections of loss ratios incurred by the Company, (ii) all historical and pro forma actuarial data relating to the Company, (iii) all historical and pro forma financial results, revenue statements, and projections for the Company, (iv) all information relating to the Company's systems and software (other than the portion thereof provided by the vendor to purchases of such systems and software, (v) all information relating to the Company's underwriting strategy, (vi), all information relating to the Company's litigation strategy, (vii) all information relating to plans for acquisitions, new state entry, or books of business by the Company, (viii) non-public business plans of the Company or its subsidiaries, and (iv) nonpublic information and lists relating to the Company's business relationships with policy holders, insurance agents, insurance agencies, brokers, managing general agents, or other individuals or entities necessary to the sale or marketing of the Company's policies, products, or services; and (x) all other information relating to the financial, business or other affairs of the Company. "Trade Secret" means information including, but not limited to, any technical or nontechnical

data, formula, pattern, compilation program, device, method, technique, drawing, process, financial data, financial plan, product plan, list of actual or potential customers or suppliers or other information similar to any of the foregoing, which (i) derives economic value, actual or potential, from not being generally known to, and not being readily ascertainable by proper means by, other persons who can derive economic value from its disclosure or use and (ii) is the subject of efforts that are reasonable under the circumstances to maintain its secrecy.

(b) Executive acknowledges Executive is employed by the Company in a confidential relationship wherein Executive, in the course of Executive's employment with the Company, has received or will receive and has had or will have access to Confidential Information and Trade Secrets of the Company, including but not limited to confidential and secret business and marketing plans, strategies and studies, detailed client/customer lists and information relating to the operations and business requirements of those clients/customers and accordingly, Executive is willing to enter into the covenants contained in Sections 10 and 11 of this Agreement in order to provide the Company with what Executive considers to be reasonable protection for Executive's interest.

(c) Executive hereby agrees that during the Term and thereafter, Executive will hold in confidence all Confidential Information of the Company and its direct or indirect subsidiaries that came into Executive's knowledge during Executive's employment by the Company and shall not disclose, publish or make use of such Confidential Information without the prior written consent of the Company.

(d) Executive shall hold in confidence all Trade Secrets of the Company and its direct or indirect subsidiaries that came into Executive's knowledge during Executive's employment by the Company and shall not disclose, publish or make use of at any time after the date hereof such Trade Secrets without the prior written consent of the Company for as long as the information remains a Trade Secret.

(e) Notwithstanding the foregoing, the provisions of this Section 10 will not apply to (i) information required to be disclosed by Executive in the ordinary course of Executive's duties hereunder or (ii) Confidential Information that otherwise becomes generally known in the industry or to the public through no act of Executive or any person or entity acting by or on Executive's behalf, or which is required to be disclosed by court order or applicable law.

(f) The parties agree that the restrictions stated in this Section 9 are in addition to and not in lieu of protections afforded to trade secrets and confidential information under applicable state law. Nothing in this Agreement is intended to or shall be interpreted as diminishing or otherwise limiting the Company's right under applicable state law to protect its trade secrets and confidential information.

11. INVENTIONS. Executive agrees to promptly report and disclose to the Company all developments, discoveries, methods, processes, designs, inventions, ideas, or improvements (hereinafter collectively called "Work Product"), conceived, made, implemented, or reduced to practice by Executive, whether alone or acting with others, during the Term. Executive acknowledges and agrees that all Work Product is the sole and exclusive property of the Company. Executive agrees to assign, and hereby automatically assigns, without further consideration, to the Company any and all rights, title, and interest in and to all Work Product.

12. COVENANT NOT TO COMPETE. Executive acknowledges and accepts that as the President and CEO of the Company, Executive will have access to Confidential Information and Trade Secrets, and that Executive possesses special, unique and extraordinary skills and knowledge in the business activities of the Company and ICC Holdings. The success or failure of the Company and ICC Holdings hinges, in part, upon the President and CEO's discharge of Executive's duties and obligations hereunder. Accordingly, Executive agrees that for any reason (whether voluntary or involuntary), Executive shall not, directly or indirectly, for himself or for any other person, firm, ICC Holdings, partnership, association or other entity:

(a) During the Term and for a period of two (2) years after the Date of Termination, regardless of how Executive's employment was terminated, own, operate, manage, consult with, advise, control, solicit, participate in the management or control of, be employed by, maintain or continue any interest whatsoever in any business which competes directly with the Company including, but not limited to; Society Insurance, Badger Mutual Insurance Company, Allied Insurance, Argo Group International Holdings, Ltd., Farmers Insurance Group, Founders Insurance Company, Hanover Insurance Group, Inc., Midwest Family Mutual Insurance Company, Specialty Risk of America, US Insurance Company, or any start-up company which provides liquor liability insurance in one or more of the same markets, any time during the last two (2) years of Executive's employment in the insurance industry as carried on by the Company in any state in which the Company is licensed to transact business;

(b) During the Term and for a period of two (2) years after the Date of Termination, regardless of how Executive's employment was terminated, solicit any of the actual or targeted prospective customers of the Company or its affiliates, subsidiaries or successors in interest with respect to any matters related to or competitive with the business of the Company; or

(c) During the Term and for a period of two (2) years after the Date of Termination, regardless of how Executive's employment was terminated, attempt to induce, advise, request, solicit, employ, or enter into any consulting or contractual arrangement with any Key Employee (as defined below) of the Company, its affiliates, subsidiaries or successors in interest, unless such employee or former employee has not been employed by the Company, its affiliates, subsidiaries or successors in interest during the twelve (12) months prior to Executive's attempt to employ him; and he will not enter into a contract or engage in discussions or negotiations with potential investors in preparation to do any of the activities prohibited in subsections 12(a) through (c). For purposes of this Agreement, a "Key Employee" shall mean a person or employee: (i) an employee of the Company who is important to the Company and/or ICC Holdings because of the Company's or ICC Holdings' actions, such as investment of money and time; (ii) an employee of the Company who has gained a high level of influence, credibility, notoriety, etc.; and (iii) an employee of the Company who has the ability to harm or threaten the Company's or ICC Holdings' legitimate business interest.

(d) Executive specifically agrees that the two (2) year period referred to herein shall be extended by the number of days included in any period of time during which Executive is or was engaged in the above-referenced activities.

(e) By signing this Agreement, Executive acknowledges that Executive has had ample time and opportunity to have this covenant not to compete reviewed by Executive's independent legal counsel, expressly agrees with every term and condition contained herein, and that the covenant: (i) is reasonable as to time and geographical area; (ii) does not place any unreasonable burden upon Executive; and (iii) will not harm the general public. Executive further acknowledges, understands and agrees that the covenant not to compete described herein is necessary for the Company's protection because of the nature and scope of the Company's business and Executive's position with and services for the Company. Further, Executive acknowledges and agrees that, in the event of Executive's breach of this covenant not to compete, monetary damages will not sufficiently compensate the Company for its injury caused thereby, and Executive accordingly agrees that in addition to such monetary damages, Executive may be restrained and enjoined from any continuing breach of this covenant not to compete without any bond or other security being required by any court. Executive acknowledges and agrees that any breach of this covenant not to compete by Executive will result in irreparable damage to the Company.

(f) Notwithstanding any of the foregoing, in the event that any of the provisions in this Section 12 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included therein. In the event that any provision set forth in this Section 12 relating to the time period or the area of restriction or related aspects shall be declared by a court of competent jurisdiction to exceed the maximum restrictions such court deems reasonable and enforceable, the time period or areas of restriction or related aspects deemed reasonable and enforceable by the court shall become and thereafter be the maximum restriction in such regard, and the restriction shall remain enforceable to the fullest extent deemed reasonable by such court.

(g) The parties further agrees that if Executive breaches any of the covenants or promises made in this Section 12, the Company will be entitled to enforce its rights by injunction proceedings restraining Executive from such breaches or threatened breaches without bond. Neither the institution of an injunction proceeding nor the granting of any injunctive relief therein shall in any way limit the right of the Company to other relief available at law or in equity. The parties further agree that the prevailing party shall be entitled to recover its attorney's fees and all litigation expenses incurred in the enforcement of any provision contained in this Section 12(g).

13. RETURN OF COMPANY PROPERTY. All records, designs, patents, business plans, financial statements, manuals, memoranda, customer lists, customer database and other property delivered to or compiled by Executive by or on behalf of the Company (including the respective subsidiaries thereof) or its representatives, vendors or customers which pertain to the business of the Company (including the respective subsidiaries thereof) shall be and remain the property of the Company, and be subject at all times to its discretion and control. Upon the request of the Company and, in any event, on or before the Date of Termination, Executive shall deliver all such materials to the Company. Likewise, all correspondence, reports, records, charts, advertising materials and other similar data pertaining to the business, activities or future plans of the Company which are collected by Executive shall be delivered promptly to the Company without request by it on or before the Date of Termination.

14. EQUITABLE REMEDY. Because of the difficulty of measuring economic losses to the Company as a result of a breach of the covenants set forth in Sections 9, 10, 11 and 12 of this Agreement, and because of the immediate and irreparable damage that would be caused to the Company for which monetary damages would not be a sufficient remedy, it is hereby agreed that in addition to all other remedies that may be available to the Company at law or equity, the Company shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for any breach or threatened breach of Executive's covenants.

15. SUCCESSORS; BINDING AGREEMENT.

(a) COMPANY'S SUCCESSORS. No rights or obligations of the Company under this Agreement may be assigned or transferred by the Company except that such rights or obligations that are assigned or transferred pursuant to a merger or consolidation in which the Company is not the continuing entity, or the sale or liquidation of all or substantially all of the business and/or assets of the Company, provided that the assignee or transferee is the successor to all or substantially all of the business and/or assets of the Company and such assignee or transferee assumes the liabilities, obligations and duties of the Company, as contained in this Agreement, either contractually or as a matter of law. Prior to any such succession, the Company will require any such successor expressly to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform if no such succession had taken place. As used in this Agreement, "Company" shall mean the Company as hereinbefore defined and shall include any successor to its business and/or assets as aforesaid which executes and delivers the agreement provided for in this Section 15 or which otherwise becomes bound by all the terms and provisions of this Agreement.

(b) EXECUTIVE'S SUCCESSORS. This Agreement shall not be assignable by Executive. This Agreement and all rights of Executive hereunder shall inure to the benefit of and be enforceable by Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees. Upon Executive's death, all amounts to which Executive is entitled hereunder, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to Executive's devisee, legatee, or other designee or, if there be no such designee, to Executive's estate.

16. MISCELLANEOUS. No provisions of this Agreement may be modified unless such modification is agreed to in writing signed by Executive and an authorized officer of the Company. Any waiver or discharge must be in writing and signed by Executive or such an authorized officer of the Company, as the case may be. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of Illinois without regard to its conflicts of law principles.

17. WITHHOLDING. Any payments provided for in this Agreement shall be paid net of any applicable withholding of taxes required by the Company under federal, state or local law.

18. SECTION 409A.

(a) It is intended that this Agreement and the payments hereunder will not be considered to constitute in whole or in part a nonqualified deferred compensation plan within the meaning of

Code Section 409A and the Treasury Regulations and guidance promulgated thereunder (collectively, "Section 409A") and so will be exempt from the requirements of Section 409A, and the Agreement shall be interpreted to that end to the fullest extent possible. However, in the event that any payment or benefit (or portion thereof) provided pursuant to this Agreement is nonetheless determined to be paid from a nonqualified deferred compensation plan subject to Section 409A, the applicable terms of this Agreement shall be interpreted in a manner that complies with Section 409A to the fullest extent possible.

(b) Any payment due under the Agreement of nonqualified deferred compensation within the meaning of Section 409A that is payable on termination of employment (or similar term) shall be delayed until the Employee also has "separation from service" within the meaning of Section 409A.

(c) For purposes of Section 409A, the Employee's right to receive any installment payments pursuant to this Agreement (including payments under Section 4.2.b. hereof) shall be treated as a right to receive a series of separate and distinct payments. Further, if an amount to be paid to the Employee under the Agreement on account of his "separation from service" while the Employee is a "specified employee" is an amount payable under a "nonqualified deferred compensation plan" (as those terms are defined under Section 409A), any such payments that would otherwise be paid within 6 months after such separation from service shall not be paid until the first business day after the end of such six-month period, or, if earlier, within 15 days after the appointment of the personal representative or executor of the Employee's estate following his death, at which time such delayed payments shall be paid in a single payment without interest.

(d) With regard to any provision herein that provides for reimbursement of costs and expenses or in-kind benefits that are not excluded from the Employee's taxable income, then except as permitted by Section 409A (i) the right to reimbursement or in-kind benefits shall not be subject to liquidation or exchange for another benefit; (ii) the amount of expenses eligible for reimbursement, or in-kind benefits, provided during any taxable year shall not affect the expenses eligible for reimbursement, or in-kind benefits to be provided, in any other taxable year, provided, that the foregoing clause (ii) shall not be violated with regard to expenses reimbursed under any arrangement covered by Section 105(b) of the Code solely because such expenses are subject to a limit related to the period the arrangement is in effect; and (iii) such payments shall be made on or before the last day of the Employee's taxable year following the taxable year in which the expense was incurred.

18. ARBITRATION; LEGAL FEES. Except as otherwise provided herein, including the right of a party to seek injunctive relief herein, all controversies, claims or disputes arising out of or related to this Agreement shall be settled in Rock Island, Illinois, under the rules of the American Arbitration Association then in effect, and judgment upon such award rendered by the arbitrator(s) may be entered in any court of competent jurisdiction.

19. VALIDITY. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

20. COUNTERPARTS. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

21. ENTIRE AGREEMENT. This Agreement sets forth the entire agreement of the parties hereto in respect of the subject matter contained herein and supersedes all prior agreements, promises, covenants, arrangements, communications, representations or warranties, whether oral or written, by the parties hereto in respect of the subject matter contained herein; and any prior agreement of the parties hereto in respect of the subject matter contained herein is hereby terminated and cancelled.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

ICC HOLDINGS, INC.

By: _____

Attest: _____

ILLINOIS CASUALTY COMPANY

By: _____

Attest: _____

EXECUTIVE

_____

Arron K. Sutherland

Witness:

_____

Exhibit 10.2

APPROVED FORM (October 5, 2016)

CHANGE IN CONTROL AGREEMENT

THIS CHANGE IN CONTROL AGREEMENT (this "Agreement") is made the __ day of _____ 2016, among ICC HOLDINGS, INC., a Pennsylvania corporation ("ICC Holdings"), ILLINOIS CASUALTY COMPANY, an Illinois insurance company and wholly-owned subsidiary of ICC Holdings ("Company" or "Employer"), and _____, an adult individual ("Employee").

WHEREAS, Employee is currently employed as the _____ of Employer; and

WHEREAS, Employer desires to induce Employee to remain in its employ on an impartial and objective basis in the event of a transaction pursuant to which a Change in Control (as defined in Section 2(b) of this Agreement) of Employer occurs, and is willing to provide Employee the additional benefits provided herein in consideration of Employee's continued employment and the additional non-competition, non-disclosure and non-solicitation covenants provided herein.

NOW, THEREFORE, the parties hereto, intending to be legally bound hereby, agree as follows:

1. TERM OF AGREEMENT.

(a) GENERAL. This Agreement shall be for a period commencing on the date of this Agreement and ending on December 31, 2017 (the "Initial Term"); provided, however, that, commencing on January 1, 2018 and on January 1 of each succeeding year (each an "Annual Renewal Date"), the Initial Term shall be automatically extended for one (1) additional year from the applicable Annual Renewal Date (each, an "Extension"), unless Employer or Employee shall give written notice of nonrenewal to the other party at least sixty (60) days prior to an Annual Renewal Date, in which event this Agreement shall terminate at the end of the then existing Term. References in this Agreement to the "Term" shall refer to the Initial Term and the terms of any Extensions as may become effective. Notwithstanding the foregoing, in the event of a Change in Control, the Term shall be no shorter than one (1) year after the date of the Change in Control.

(b) TERMINATION FOR CAUSE. Notwithstanding the provisions of Section l (a) of this Agreement, this Agreement shall terminate automatically upon termination by Employer of Employee's employment for Cause. As used in this Agreement, "Cause" shall mean the following:

(i) Employee's material breach of this Agreement or any other agreement with Employer to which Employee is a party;

(ii) Employee's material failure to adhere to any written policy of Employer generally applicable to employees of Employer if Employee has been given thirty (30) days written notice of the failure to adhere and a reasonable opportunity to comply with such policy or cure Employee's failure to comply;

(iii) Employee's appropriation or attempted appropriation of a business opportunity of Employer, including attempting to secure or securing any business or personal profit in connection with any transaction entered into on behalf of Employer;

(iv) Employee's misappropriation or attempted misappropriation of any of Employer's funds or property (including any intellectual property of Employer);

(v) Employee's conviction of, or the entering of a guilty plea or plea of no contest with respect to, a felony or the equivalent thereof involving dishonesty or breach of trust and the penalty for such offense could be imprisonment for more than one year; or

(vi) Employee's conviction of an offense involving Moral Turpitude (as defined below) under the provisions of any federal, state or local laws or ordinances, or Employee's use of alcohol, narcotics or illegal drugs to such an extent that will cause a material detrimental effect on Employer. For purposes of this Agreement, "Moral Turpitude" shall include the following: (A) that element of personal misconduct in the private and social duties which a person owes to his fellow human beings or to society in general, which characterizes the act done as an act of baseness, vileness or depravity, and contrary to the accepted and customary rule of right and duty between two human beings; (B) conduct done knowingly contrary to justice, honesty or good morals; or (C) intentional, knowing or reckless conduct causing bodily injury to another or intentional, knowing or reckless conduct which, by physical menace, puts another in fear of imminent serious bodily injury.

If Employee's employment is terminated for Cause, Employee's rights under this Agreement shall cease as of the effective date of such termination.

(c) VOLUNTARY TERMINATION, RETIREMENT, OR DEATH. Notwithstanding the provisions of Section 1 (a) of this Agreement, this Agreement shall terminate automatically upon termination of Employee's employment as a result of voluntary termination by Employee (other than in accordance with Section 2 of this Agreement), retirement at Employee's election, or Employee's death. In any such event, Employee's rights under this Agreement shall cease as of the date of such event; provided, however, that if Employee dies after a Notice of Termination (as defined in Section 2(a) of this Agreement) is delivered by Employee, the payments and benefits described in Section 3 will nonetheless be made to the person or persons determined pursuant to Section 11(b) of this Agreement.

(d) PERMANENT DISABILITY. Notwithstanding the provisions of Section 1(a) of this Agreement, this Agreement shall terminate automatically upon termination of Employee's employment as a result of Employee's Disability (as defined below) and Employee's rights under this Agreement shall cease as of the date of such termination; provided, however, that, if Employee becomes disabled after a Notice of Termination (as defined in Section 2(a) of this Agreement) is delivered by Employee, Employee shall nevertheless be entitled to receive all of the payments and benefits provided for in, and for the term set forth in, Section 3 of this Agreement. As used in this Agreement, the term "Disability" means

Employee's permanent disability, verifiable by a physician's statement of such permanent disability whereby Employee is unable to perform the essential functions of Employee's position. With respect to the foregoing, Employer shall have the right to select the physician who will examine Employee for purposes of determining whether Employee is permanently disabled; and furthermore, Employee agrees to submit to such examination so long as Employer's request for such examination is reasonable in the circumstances.

2. TERMINATION FOLLOWING CHANGE IN CONTROL.

(a) GOOD REASON. If a Change in Control (as defined in Section 2(b) of this Agreement) shall occur at any time during the term of this Agreement, and if (i) within six (6) months prior to or one year after such Change in Control, Employer terminates the employment of Employee (other than for Cause), or (ii) any other material breach of this Agreement, then, at the option of Employee, exercisable by Employee during the ninety (90) day period after the occurrence of each and every of the foregoing events ("Good Reason"), Employee may give notice of intent to terminate employment under this Agreement (or, if involuntarily terminated, give notice of intention to collect benefits under this Agreement) by delivering a notice in writing (the "Notice of Termination") to Employer. If Employer fails to cure such situation within thirty (30) days after said notice, Employee will become entitled to the payments and benefits described in Section 3 of this Agreement. After the expiration of the ninety (90) day period described above, Employee cannot exercise such right with respect to that Good Reason event.

(b) CHANGE IN CONTROL DEFINED. As used in this Agreement, "Change in Control" shall mean the occurrence of any of the following: (i) a merger, consolidation, or division involving Company and/or ICC Holdings, (ii) a sale, exchange, transfer, or other disposition of substantially all of the assets of Company and/or ICC Holdings; (iii) a "person" or "group" (within the meaning of section 13(d) of the Securities Exchange Act of 1934) becomes the "beneficial owner" of 50% or more of the outstanding shares of common stock of Company and/or ICC Holdings; or (iv) any other change in control similar in effect to any of the foregoing and specifically designated in writing as a Change in Control by the Board of Directors of Company and/or ICC Holdings.

3. RIGHTS IN EVENT OF TERMINATION FOLLOWING CHANGE IN CONTROL. In the event that Employee validly and timely delivers a Notice of Termination to Employer, Employee shall be entitled to receive the following benefits:

(a) Employer shall pay, within thirty (30) days from the later of the date of termination of employment or the delivery of a Notice of Termination, notwithstanding any termination of this Agreement during such period, a lump sum cash payment equal to (i) one (1) times Employee's base salary in effect as of the date the Notice of Termination is delivered, plus (ii) one (1) times Employee's average cash bonus paid within the current calendar year and two (2) calendar years preceding the year in which the Notice of Termination is delivered.

(b) In addition, during the period commencing from date of termination of employment until the end of twelfth (12^{th}) month after such date, Employee shall be permitted to continue participation in, and Employer shall maintain the same level of contribution for, Employee's participation in Employer's medical/health insurance in effect with respect to Employee during the one (1) year period prior to Employee's termination of employment, or, if Employer is not permitted to provide such benefits because Employee is no longer an employee or as a result of any applicable legal requirement, Employee shall receive a dollar amount, on or within thirty (30) days following the date of termination, equal to the cost to Employee of obtaining such benefits (or substantially similar benefits).

4. NONCOMPETITION AND NONSOLICITATION.

(a) Employee hereby acknowledges and recognizes the highly competitive nature of the business of ICC Holdings and Company and accordingly agrees that, during and for the applicable period set forth in Section 4(c), Employee shall not be engaged (other than by ICC Holdings or Company), directly or indirectly, as consultant, employee, partner, officer, director, proprietor, investor (except as an investor owning less than five percent (5%) of the stock of a publicly owned company) or otherwise of any person, firm, corporation or enterprise which competes directly with Company including, but not limited to Society Insurance, Badger Mutual Insurance Company, Allied Insurance, Argo Group International Holdings, Ltd. , Farmers Insurance Group, Founders Insurance Company, Hanover Insurance Group, Inc., Midwest Family Mutual Insurance Company, Specialty Risk of America, US Insurance Company, or any start-up company which provides liquor liability insurance in one or more of the same markets, any time during the last two (2) years of the Employee's employment in the insurance industry as carried on by Company in any state in which Company is licensed to transact business;

(b) During the Term and for a period of one (1) year after the date of termination, regardless of how Employee's employment was terminated, Employee shall not solicit any of the actual or targeted prospective customers of Company or its affiliates, subsidiaries or successors in interest with respect to any matters related to or competitive with the business of Company; or

(c) During the Term and for a period of one (1) year after the date of termination, regardless of how Employee's employment was terminated, attempt to induce, advise, request, solicit, employ, or enter into any consulting or contractual arrangement with any key employee or former employee of Company, its affiliates, subsidiaries or successors in interest, unless such employee or former employee has not been employed by Company, its affiliates, subsidiaries or successors in interest during the twelve (12) months prior to Employee's attempt to employ Employee; and Employee will not enter into a contract or engage in discussions or negotiations with potential investors in preparation to do any of the activities prohibited in subsections 4(a) through (c).

(d) Employee specifically agrees that the one (1) year period referred to herein shall be extended by the number of days included in any period of time during which Employee is or was engaged in the above-referenced activities.

(e) By signing this Agreement, Employee acknowledges that Employee has had ample time and opportunity to have this covenant not to compete reviewed by Employee's independent legal counsel, expressly agrees with every term and condition contained herein, and that the covenant: (i) is reasonable as to time and geographical area; (ii) does not place any unreasonable burden upon Employee; and (iii) will not harm the general public. Employee

further acknowledges, understands and agrees that the covenant not to compete described herein is necessary for the Company's protection because of the nature and scope of the Company's business and Employee's position with and services for the Company. Further, Employee acknowledges and agrees that, in the event of Employee's breach of this covenant not to compete, monetary damages will not sufficiently compensate the Company for its injury caused thereby, and Employee accordingly agrees that in addition to such monetary damages, Employee may be restrained and enjoined from any continuing breach of this covenant not to compete without any bond or other security being required by any court. Employee acknowledges and agrees that any breach of this covenant not to compete by Employee will result in irreparable damage to the Company.

(f) Notwithstanding any of the foregoing, in the event that any of the provisions in this Section 12 shall be held to be invalid or unenforceable, the remaining provisions thereof shall nevertheless continue to be valid and enforceable as though the invalid or unenforceable parts had not been included therein. In the event that any provision set forth in this Section 12 relating to the time period or the area of restriction or related aspects shall be declared by a court of competent jurisdiction to exceed the maximum restrictions such court deems reasonable and enforceable, the time period or areas of restriction or related aspects deemed reasonable and enforceable by the court shall become and thereafter be the maximum restriction in such regard, and the restriction shall remain enforceable to the fullest extent deemed reasonable by such court.

(g) The parties further agrees that if Employee breaches any of the covenants or promises made in this Section 12, the Company will be entitled to enforce its rights by injunction proceedings restraining Employee from such breaches or threatened breaches without bond. Neither the institution of an injunction proceeding nor the granting of any injunctive relief therein shall in any way limit the right of the Company to other relief available at law or in equity. The parties further agree that the prevailing party shall be entitled to recover its attorney's fees and all litigation expenses incurred in the enforcement of any provision contained in this Section 12(g)

(h) Notwithstanding any of the foregoing, Employee shall not be prohibited from making personal investments, loans or real estate transactions comparable to such transactions which would have been permitted during Employee's employment with ICC Holdings or Company.

5. UNAUTHORIZED DISCLOSURE. During the Term of this Agreement and at any time thereafter, Employee shall not, without the written consent of the Boards of Directors of ICC Holdings and Company, or a person authorized thereby, knowingly disclose to any person, other than an employee of ICC Holdings or Company, or a person to whom disclosure is reasonably necessary or appropriate in connection with the performance by Employee of Employee's duties hereunder, any material confidential information obtained by Employee while in the employ of Employer with respect to Company's, ICC Holdings' or any of their respective subsidiaries, including but not limited to: (i) all historical and pro forma projections of loss ratios incurred by Company, (ii) all historical and pro forma actuarial data relating to Company, (iii) all historical and pro forma financial results, revenue statements, and projections for Company, (iv) all information relating to Company's systems and software (other than the portion thereof

provided by the vendor to purchases of such systems and software, (v) all information relating to Company's underwriting strategy, (vi), all information relating to Company's litigation strategy, (vii) all information relating to plans for acquisitions, new state entry, or books of business by Company, (viii) non-public business plans of Company or its subsidiaries, (iv) all nonpublic information and lists relating to Company's business relationships with policy holders, insurance agents, insurance agencies, brokers, managing general agents, or other individuals or entities necessary to the sale or marketing of Company's policies, products, or services; and (x) all other information relating to the financial, business or other affairs of Company; provided, however, that confidential information shall not include any information known generally to the public (other than as a result of unauthorized disclosure by Employee or any person with the assistance, consent, or direction of Employee), or any information that must be disclosed as required by law.

6. REMEDIES. Employee acknowledges and agrees that the remedy at law of Employer for a breach or threatened breach of any of the provisions of Section 4 or Section 5 would be inadequate and, in recognition of this fact, in the event of a breach or threatened breach by Employee of any of the provisions of Section 4 or Section 5, it is agreed that in addition to all other remedies that may be available to Company or ICC Holdings at law or equity, Company and ICC Holdings shall be entitled to specific performance and any injunctive or other equitable relief as a remedy for any breach or threatened breach of the Employee's covenants.

7. NOTICES. Except as otherwise provided in this Agreement, any notice required or permitted to be given under this Agreement shall be deemed properly given if in writing and if mailed by registered or certified mail, postage prepaid with return receipt requested, to Employee's residence in the case of notices to Employee; and to the principal office of Employer in the case of notices to Employer.

8. WAIVER. No provision of this Agreement may be modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing and signed by Employee, an executive officer specifically designated by the Board of Directors of Employer, and an executive officer specifically designated by the Board of Directors of ICC Holdings. No waiver by either party hereto at any time of any breach by the other party hereto of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time.

9. ASSIGNMENT. This Agreement shall not be assignable by any party, except by Employer to any successor in interest to Employer's business.

10. ENTIRE AGREEMENT. This Agreement contains the entire agreement of the parties relating to the subject matter of this Agreement, and in accordance with the provisions of Section 20, supersedes any prior understanding of the parties.

11. SUCCESSORS; BINDING AGREEMENT.

(a) EMPLOYER. Employer will require any successor (whether direct or indirect, by purchase, merger, consolidation, or otherwise) to all, or substantially all of the business and/or assets, of Employer, to expressly assume and agree to perform this Agreement in

the same manner and to the same extent that Employer would be required to perform it if no such succession had taken place. Failure by Employer to obtain such assumption and agreement prior to the effectiveness of any such succession shall constitute a breach of this Agreement. As used in this Agreement, "Employer" shall mean Employer as defined previously and any successor to its business and/or assets as aforesaid which assumes and agrees to perform this Agreement by operation of law or otherwise.

(b) EMPLOYEE. This Agreement shall inure to the benefit of and be enforceable by Employee's personal or legal representatives, executors, administrators, heirs, distributees, devisees, and legatees. If Employee should die after a Notice of Termination is delivered by Employee and any amounts would be payable to Employee under this Agreement if Employee had continued to live, all such amounts shall be paid in accordance with the terms of this Agreement to Employee's devisee, legatee, or other designee, or, if there is no such designee, to Employee's estate.

12. CONTINUATION OF CERTAIN PROVISIONS. Any (i) termination of Employee's employment as provided in this Agreement, or (ii) termination of this Agreement after a Change in Control, will not affect the payment and benefit provisions of Section 3, which will, if relevant, survive any such termination and remain in full force and effect in accordance with its terms.

13. OTHER RIGHTS; SEVERANCE. Except as provided in Section 24 or Section 25, nothing herein will be construed as limiting, restricting or eliminating any rights Employee may have under any plan, contract or arrangement to which Employee is a party or in which Employee is a vested participant; provided, however, that any termination payments required hereunder will be in lieu of any severance benefits to which Employee may be entitled under a severance plan or arrangement of Employer; and provided further, that if the benefits under any such plan or arrangement may not legally be eliminated, then the payments hereunder will be reduced (but not below zero) by the amount payable under such plan or arrangement.

14. NO EMPLOYMENT AGREEMENT; AT-WILL EMPLOYMENT. This Agreement does not constitute an employment agreement or an agreement to maintain employment for any period of time. Employee's employment with Employer constitutes "at-will" employment and either Employee or Employer may terminate Employee's employment at any time, subject to the procedures and consequences in the event of a termination of employment after a Change in Control set forth in this Agreement.

15. VALIDITY. The invalidity or unenforceability of any provision of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

16. APPLICABLE LAW. This Agreement shall be governed by and construed in accordance with the domestic laws (but not the law of conflicts of law) of Illinois.

17. HEADINGS. The headings of the Sections of this Agreement are for convenience only and shall not control or affect the meaning or construction or limit the scope or intent of any of the provisions of this Agreement.

18. NUMBER. Words used herein in the singular will be construed as being used in the plural, as the context requires, and vice versa.

19. REFERENCES TO EMPLOYER. All references to Employer shall be deemed to include references to companies affiliated with Employer, as appropriate in the relevant context.

20. EFFECTIVE DATE; TERMINATION OF PRIOR UNDERSTANDINGS. This Agreement will become effective immediately upon the execution and delivery of this Agreement by the parties hereto. Upon the execution and delivery of this Agreement, any prior understanding relating to the subject matter hereof will be deemed automatically terminated and be of no further force or effect.

21. WITHHOLDING FOR TAXES. All amounts and benefits paid or provided hereunder will be subject to withholding for taxes as required by law.

22. INDIVIDUAL AGREEMENT. This Agreement is an agreement solely between and among the parties hereto. It is intended to constitute a nonqualified unfunded arrangement for the benefit of a key management employee and will be construed and interpreted in a manner consistent with such intention.

23. APPLICATION OF CODE SECTION 409A.

(a) Notwithstanding anything in this Agreement to the contrary, the receipt of any benefits under this Agreement as a result of a termination of employment shall be subject to satisfaction of the condition precedent that Employee undergo a "separation from service" within the meaning of Treas. Reg. § 1.409A-1(h) or any successor thereto. In addition, if Employee is deemed to be a "specified employee" within the meaning of that term under Code Section 409A(a)(2)(B), then with regard to any payment or the provisions of any benefit that is required to be delayed pursuant to Code Section 409A(a)(2)(B), such payment or benefit shall not be made or provided prior to the earlier of (i) the expiration of the six (6) month period measured from the date of Employee's "separation from service" (as such term is defined in Treas. Reg. § 1.409A-1(h)), or (ii) the date of Employee's death (the "Delay Period"). Within ten (10) days following the expiration of the Delay Period, all payments and benefits delayed pursuant to this section (whether they would have otherwise been payable in a single sum or in installments in the absence of such delay) shall be paid or reimbursed to Employee in a lump sum, and any remaining payments and benefits due under this Agreement shall be paid or provided in accordance with the normal payment dates specified for them herein. To the extent that the foregoing applies to the provision of any ongoing welfare benefits to Employee that would not be required to be delayed if the premiums therefore were paid by Employee, Employee shall pay the full costs of premiums for such welfare benefits during the Delay Period and ICC Holdings or Company shall pay Employee an amount equal to the amount of such premiums paid by Employee during the Delay Period within ten (10) days after the conclusion of such Delay Period.

(b) Except as otherwise expressly provided herein, to the extent any expense reimbursement or other in-kind benefit is determined to be subject to Code Section 409A, the amount of any such expenses eligible for reimbursement or in-kind benefits in one calendar year

shall not affect the expenses eligible for reimbursement or in-kind benefits in any other taxable year (except under any lifetime limit applicable to expenses for medical care), in no event shall any expenses be reimbursed or in-kind benefits be provided after the last day of the calendar year following the calendar year in which Employee incurred such expenses or received such benefits, and in no event shall any right to reimbursement or in-kind benefits be subject to liquidation or exchange for another benefit.

(c) Any payments made pursuant to Section 3, to the extent of payments made from the date of termination through March 15th of the calendar year following such date, are intended to constitute separate payments for purposes of Treas. Reg. §1.409A-2(b)(2) and thus payable pursuant to the "short-term deferral" rule set forth in Treas. Reg. §1.409A-1(b)(4); to the extent such payments are made following said March 15th, they are intended to constitute separate payments for purposes of Treas. Reg. §1.409A-2(b)(2) made upon an involuntary termination from service and payable pursuant to Treas. Reg. §1.409A-1(b)(9)(iii), to the maximum extent permitted by said provision. Notwithstanding the foregoing, if Employer determines that any other payments hereunder fail to satisfy the distribution requirement of Section 409A (a) (2) (A) of the Internal Revenue Code of 1986, as amended (the "Code"), the payment of such benefit shall be delayed to the minimum extent necessary so that such payments are not subject to the provisions of Code Section 409A (a) (1).

24. LIMITATION ON BENEFITS. Anything contained in this Agreement to the contrary notwithstanding, if any of the payments or benefits received or to be received by Employee pursuant to this Agreement (which the parties agree will not include any portion of payments allocated to the non-solicitation and non-compete provisions of Section 5 which are classified as payments of reasonable compensation for purposes of Code Section 280G), when taken together with payments and benefits provided to Employee under any other plans, contracts, or arrangements with Employer (all such payments and benefits being hereinafter referred to as the "Total Payments"), will be subject to any excise tax imposed under Code Section 4999 (together with any interest or penalties, the "Excise Tax"), then such Total Payments shall be reduced to the extent necessary so that no portion thereof shall be subject to the Excise Tax. To effectuate the reduction described above, if applicable, Employer shall first reduce or eliminate the payments and benefits provided under this Agreement. All calculations required to be made under this Section 24, including the portion of the payments hereunder to be allocated to the restrictive covenants set forth in Section 5, will be made by Employer's independent public accountants, subject to the right of Employee's representative to review the same. The parties recognize that the actual implementation of the provisions of this Section 24 are complex and agree to deal with each other in good faith to resolve any questions or disagreements arising hereunder.

25. LIMITATION ON PAYMENTS. All payments made to Employee pursuant to this Agreement, or otherwise, are subject to and conditioned upon their compliance with applicable laws and any regulations promulgated thereunder.

[Signatures follow on next page.]

IN WITNESS WHEREOF, the parties have executed this Agreement as of the date first above written.

ICC HOLDINGS, INC.

By: _____

Attest: _____

ILLINOIS CASUALTY COMPANY

By: _____

Attest: _____

EMPLOYEE

_____

Witness:

_____

Exhibit 10.3

ICC HOLDINGS, INC.

EMPLOYEE STOCK OWNERSHIP PLAN

(Effective [INSERT DATE])

Table of Contents

ARTICLE I
INTRODUCTION

The ICC Holdings, Inc. Employee Stock Ownership Plan (the "Plan") was established by ICC Holdings, Inc. (the "Company") in order for its employees to participate in the ownership of the Company. The Plan, which was effective as of [INSERT DATE], is intended to be an employee stock ownership plan within the meaning of Section 4975(e)(7) of the Internal Revenue Code of 1986, as amended, and is designed to invest primarily in Company Stock, which at all times shall meet the requirements for qualifying employer securities under Code Section 409(l). The purchase of Company Stock for the Plan was made with the proceeds of an exempt loan that met the requirements of Section 54.4975-7(b) of the Treasury Regulations (including any amendments thereto) and Section 2550.408(b)-3 of the Department of Labor Regulations (including any amendments thereto), employer contributions, dividends on qualified employer securities or a combination thereof.

ARTICLE II
DEFINITIONS

The following initially capitalized words and phrases when used in the Plan shall have the following meanings, unless the context clearly requires otherwise.

2.1 Account means the bookkeeping account established for each Participant which reflects the value of the Participant's interest in the Plan. This Account shall include a Company Stock Account, which reflects the number of shares of Company Stock allocated to the Participant and an Investment Account which reflects other investments allocated to the Participant.

2.2 Administrative Committee and Committee, used interchangeably, means the named fiduciary of the Plan, which is appointed by the Board of Directors, as is more fully described in Article XII. In the event the Board of Directors does not appoint an Administrative Committee, Administrative Committee means the Board of Directors.

2.3 Affiliate means the Company and any corporation which is a member of a controlled group of corporations (as defined in Code Section 414(b)) which includes the Company; any trade or business (whether or not incorporated) which is under common control (as defined in Code Section 414(c)) with the Company; any organization (whether or not incorporated) which is a member of an affiliated service group (as defined in Code Section 414(m)) which includes the Company; and any other entity required to be aggregated with the Company pursuant to regulations under Code Section 414(o).

2.4 Beneficiary means the individual(s) or entities entitled to receive the Participant's benefits under the Plan in the event of the Participant's death prior to receiving all benefits payable under the Plan.

2.5 Board of Directors means the Board of Directors of the Company as constituted from time to time.

2.6 Break in Service means a Plan Year during which an Employee (a) has terminated employment or is no longer employed with the Company or an Affiliate, and (b) fails to complete more than five hundred (500) Hours of Service.

2.7 Change in Control means the occurrence of any of the following:

(a) (i) a merger, consolidation, or division involving the Company, (ii) a sale, exchange, transfer, or other disposition of substantially all of the assets of the Company, or (iii) a purchase by the Company of substantially all of the assets of another entity, unless (x) such merger, consolidation, division, sale, exchange, transfer, purchase or disposition is approved in advance by at least a majority of the members of the Board of Directors who are not interested in the transaction and (y) a majority of the members of the board of directors of the legal entity resulting from or existing after any such transaction and of the board of directors of such entity's parent corporation, if any, are former members of the Board of Directors;

(b) a “person” or “group” (within the meaning of Section 13(d) of the Securities Exchange Act of 1934) becomes the “beneficial owner” (within the meaning of Section 13(d) of the Securities Exchange Act of 1934) of 50% or more of the outstanding shares of common stock of the Company except that a Change in Control shall not result from any transfer of ownership to the Plan; or

(c) at any time during any period of two consecutive years, individuals who at the beginning of such period constitute the Board of Directors cease to constitute a majority of such Board of Directors (unless the election or nomination of each new director was approved by a vote of at least 51% of the directors who were directors at the beginning of such period).

2.8 Code means the Internal Revenue Code of 1986, as amended, and the regulations promulgated thereunder.

2.9 Company means ICC Holdings, Inc., a Pennsylvania Corporation, and any Affiliate which adopts this Plan with the approval of the Board of Directors of the Company and any successor to the business of the Company that agrees to assume the Company’s obligations under the Plan.

2.10 Company Stock means shares of common stock issued by the Company that are Readily Tradable; provided, however, if the Company’s common stock is not Readily Tradable, “Company Stock” means common stock issued by the Company having a combination of voting power and dividend rates equal to or in excess of: (a) that class of common stock of the Company having the greatest voting power and (b) that class of common stock of the Company having the greatest dividend rights. Non-callable preferred stock shall be treated as Company Stock for purposes of the Plan if such stock is convertible at any time into stock that is readily tradable on an established securities market (or, if applicable, that meets the requirements of (a) and (b) next above) and if such conversion is at a conversion price that, as of the date of the acquisition by the Plan, is reasonable. For purposes of the immediately preceding sentence, preferred stock shall be treated as non-callable if, after the call, there will be a reasonable opportunity for a conversion that meets the requirements of the immediately preceding sentence. Company Stock shall be held under the Trust only if such stock satisfies the requirements of Section 407(d)(5) of ERISA. For purposes of this definition “Company” includes any corporation that is a member of a controlled group of corporations with the Company (within the meaning of Section 409(l)(4) of the Code).

2.11 Compensation means wages within the meaning of Code Section 3401(a) for the purposes of income tax withholding at the source. Compensation must be determined without regard to any rules under Code Section 3401(a) that limit the remuneration included in wages based on the nature or location of the employment or the services performed. Compensation also includes any salary reduction contributions elected by a Participant which is not includible in the gross income of the Participant pursuant to any plan maintained by the Company in accordance with Code Sections 401(k), 125(a), 132(f)(4), 402(e)(3), 402(h)(1), 402(k), or 457(b).

Payments made within 2 ½ months after severance from employment (within the meaning of Code Section 401(k)(2)(B)(i)(I)) will be Compensation if they are payments that, absent a severance from employment, would have been paid to the Participant while the Participant continued in employment with the Employer and are regular compensation for services during the Participant's regular working hours, compensation for services outside the Participant's regular working hours (such as overtime or shift differential), commissions, bonuses, or other similar compensation, and payments for accrued bona fide sick, vacation or other leave, but only if the Participant would have been able to use the leave if employment had continued. Any payments not described above are not considered Compensation if paid after severance from employment, even if they are paid within 2 ½ months following severance from employment, except for payments to an individual who does not currently perform services for the Employer by reason of qualified military service (within the meaning of Code Section 414(u)(1)) to the extent these payments do not exceed the amounts the individual would have received if the individual had continued to perform services for the Employer rather than entering qualified military service.

Notwithstanding the foregoing, Compensation shall not include any amounts earned prior to becoming a Participant in the Plan, except that Compensation in 2016 for any Employee who became a Participant on the Plan's initial effective date shall include Compensation for the entire calendar year.

The annual compensation for each Participant taken into account under the Plan shall not exceed $265,000, as adjusted by the Internal Revenue Service at the same time and in the same manner as under Code Section 415(d).

2.12 Disability means a medically determinable physical or mental impairment which is of such permanence and degree that it can be expected to result in death or that a Participant is unable, because of such impairment, to perform, for a continuous period of not less than twelve months, any substantial gainful activity for which the Participant is suited by virtue of such Participant's experience, training or education and which would entitle the Participant to benefits under the Employer's long-term disability plan, if any, or to Social Security disability benefits as evidenced by a disability award letter.

2.13 Disqualified Person means a person defined in Code Section 4975(e), including but not limited to (i) a fiduciary of the Plan; (ii) a person providing services to the Plan; (iii) an owner of 50 percent or more of the combined voting power or value of all classes of stock of the Company entitled to vote or the total value of shares of all classes of stock of the Company and certain members of such owner's family; or (iv) an officer, director, 10 or greater shareholder or highly compensated employee (who earns 10 percent or more of the yearly wages) of the Company.

2.14 Effective Date means [INSERT DATE] which is the date on which the provisions of this Plan became effective.

2.15 Eligibility Computation Period means the twelve-consecutive month period beginning on the first day that the Employee is entitled to be credited with an Hour of Service and subsequent twelve-month periods beginning on the first day of the Plan Year occurring during the Employee's initial Eligibility Computation Period.

2.16 Employee means an individual who is employed as a common law employee by the Company or an Affiliate on a salaried or hourly basis and with respect to whom the Company or the Affiliate is required to withhold taxes from remuneration paid to such Employee by the Company or Affiliate for personal services rendered to the Company, including any officer or director who shall so qualify. If an individual is not considered to be an Employee in accordance with the preceding sentence for a Plan Year, a subsequent determination by the Company, any governmental agency or court that the individual is a common law employee of the Company, even if such determination is applicable to prior years, will not have a retroactive effect for purposes of eligibility to participate in the Plan.

2.17 Employer means the Company.

2.18 Entry Date means the first day of each calendar month.

2.19 ERISA means the Employee Retirement Income Security Act of 1974, as amended from time to time, including any regulations promulgated thereunder.

2.20 Exempt Loan means the issuance of notes, a series of notes or other installment obligations incurred by the Trustee, in accordance with the Trust, the terms of which shall satisfy the requirements of Treasury Regulations Section 54.4975-7(b), including the requirements: (a) that the loan be primarily for the benefit of Participants and beneficiaries; (b) that the loan bear a reasonable rate of interest, be for a definite period (rather than payable on demand), and be without recourse against the Plan, (c) that the only assets of the Plan that may be given as collateral are shares of Common Stock purchased with the proceeds of that loan or with the proceeds of a prior Exempt Loan; and (d) that the proceeds of the Exempt Loan may be used only to repay such loan or a prior loan, or to acquire Company Stock.

2.21 Highly Compensated Employee

(a) Highly Compensated Employee means an Employee who performs service during the determination year and is described in one or more of the following groups:

(i) An Employee who is a five percent owner, as defined in Code Section 416(i)(1)(A)(iii), at any time during the determination year or the look-back year.

(ii) An Employee who receives Compensation in excess of $120,000 (indexed in accordance with Code Section 415(d)) during the look-back year and is a member of the top-paid group for the look-back year.

(b) For purposes of the definition of Highly Compensated Employee, the following definitions and rules shall apply:

(i) The determination year is the Plan Year for which the determination of who is highly compensated is being made.

(ii) The look-back year is the 12 month period immediately preceding the determination year, or if the Employer elects, the calendar year ending with or within the determination year.

(iii) The top-paid group consists of the top 20 percent of employees ranked on the basis of Compensation received during the year. For purposes of determining the number of employees in the top-paid group, employees described in Code Section 414(q)(8) and Treasury Regulations Section 1.414(q)-1T Q&A 9(b) are excluded.

(c) Compensation for purposes of this Section 2.21 is Compensation as defined in Section 2.11 of the Plan plus any Compensation paid by an Affiliate.

2.22 Hours of Service means:

(a) Performance of Duties. The actual hours for which an Employee is paid or entitled to be paid by the Company for the performance of duties;

(b) Nonworking Paid Time. Each hour for which an Employee is paid or entitled to be paid by the Company on account of a period of time during which no duties are performed (irrespective of whether the employment relationship has terminated) due to vacation, holiday, illness, incapacity, disability (to the extent not already included in Compensation), layoff, jury duty, military duty or leave of absence; provided, however, no more than 501 Hours of Service shall be credited to an Employee under this subsection for any single continuous period (whether or not such period occurs in a single computation period); and provided further that no credit shall be given for payments made or due under a plan maintained solely for the purpose of complying with applicable worker's or unemployment compensation or disability insurance laws or for payments which solely reimburse an Employee for medical or medically related expenses incurred by the Employee; and

(c) Maternity, Paternity and FMLA Leave. Solely for purposes of determining whether a one year Break in Service has occurred for purposes of determining eligibility to participate and vesting, each hour for which an Employee is absent from employment by reason of (i) pregnancy of the Employee, (ii) birth of a child of the Employee, (iii) placement of a child in connection with the adoption of the child by an individual, or (iv) caring for the child during the period immediately following the birth or placement for adoption. Hours of Service shall also, for these limited purposes, include each hour for which an Employee who has worked for the Company or an Affiliate for at least 12 months and for at least 1,250 Hours of Service during the year preceding the start of the leave, is absent from employment on an unpaid family leave for up to 12 weeks, as provided for in the Family and Medical Leave Act of 1993 (the "FMLA Leave"), by reason of (A) the birth or adoption of a child, (B) the care of a Spouse, child or parent with a serious health condition, or (C) the Employee's own serious health condition, provided that such an Employee provides the Company with a 30-day advance notice if the leave is foreseeable, and/or medical certification satisfactory to support the Employee's request for leave because of a serious health condition. For purposes of determining whether an Employee's leave qualifies as a "FMLA Leave" in order to be credited with Hours of Service under this Plan, the Family and Medical Leave Act of 1993 ("FMLA") and the regulations promulgated thereunder shall apply. During the period of

absence, the Employee shall be credited with the number of hours that would be generally credited but for such absence or if the general number of work hours is unknown, eight Hours of Service for each normal workday during the leave (whether or not approved). These hours shall be credited to the computation period in which the leave of absence commences if crediting of such hours is required to prevent the occurrence of a one year Break in Service in such computation period, and in other cases, in the immediately following computation period. The computation period shall be the same as the relevant period for determining eligibility computation periods and vesting computation periods. Unless otherwise required under the FMLA and the regulations promulgated thereunder, no more than 501 Hours of Service shall be credited under this paragraph for any single continuous period (whether or not such period occurs in a single computation period).

(d) Back Pay. Each hour for which back pay, irrespective of mitigation of damages, is either awarded or agreed to by the Company; provided, however, Hours of Service credited under paragraphs (a), (b) and (c) above shall not be recredited by operation of this paragraph.

(e) Equivalencies. The Administrative Committee shall have the authority to adopt any of the following equivalency methods for counting Hours of Service that are permissible under regulations issued by the Department of Labor: (i) Working Time; (ii) Periods of Employment; (iii) Earnings; or (iv) Elapsed Time. The adoption of any equivalency method for counting Hours of Service shall be evidenced by a certified resolution of the Committee, which shall be attached to and made part of the Plan. Such resolution shall indicate the date from which such equivalency shall be effective.

(f) Miscellaneous. Unless the Administrative Committee directs otherwise, the methods of determining Hours of Service when payments are made for other than the performance of duties and of crediting such Hours of Service to Plan Years set forth in Department of Labor Regulations Sections 2530.200b-2(b) and (c), shall be used hereunder and are incorporated by reference into the Plan.

Participants on military leaves of absence who are not directly or indirectly compensated or entitled to be compensated by the Company while on such leave shall be credited with Hours of Service as required by the Uniformed Services Employment and Reemployment Rights Act.

Notwithstanding any other provision of this Plan to the contrary, an Employee shall not be credited with Hours of Service more than once with respect to the same period of time.

An Employee’s Hours of Service shall not include Hours of Service attained prior to the January 1 of the calendar year which contains the Plan’s original Effective Date.

2.23 Investment Manager means an investment advisor, bank or insurance company, meeting the requirements of ERISA Section 3(38), appointed by the Company to manage the Plan’s assets in accordance with the Trust Agreement.

2.24 Leased Employee means any person who performs services for an Employer or an Affiliate (the "recipient") (other than an employee of the "recipient") pursuant to an agreement between the "recipient" and any other person (the "leasing organization") on a substantially full-time basis for a period of at least one year, provided that such services are performed under primary direction of or control by the "recipient".

2.25 Normal Retirement Date means the date on which a Participant attains age 65.

2.26 Participant means an Employee participating in the Plan in accordance with Article III.

2.27 Plan means the ICC Holdings, Inc. Employee Stock Ownership Plan, as set forth in this document and in the Trust Agreement pursuant to which the Trust is maintained, in each case as amended from time to time.

2.28 Plan Year means the calendar year; provided, however, that the Plan's initial Plan Year shall be for the period beginning [INSERT DATE] and ending on December 31, 2016.

2.29 Readily Tradable means Company Stock traded on a national securities exchange that is registered under Section 6 of the Securities Exchange Act of 1934 or is traded on a foreign national securities exchange that is officially recognized, sanctioned, or supervised by a governmental authority and where the security is deemed by the Securities and Exchange Commission as having a ready market under SEC Rule 15c3-1.

2.30 Spouse means the individual to whom a Participant is married, provided that the Participant's and individual's marriage is entered into under the laws of a domestic or foreign jurisdiction having the legal authority to sanction marriages and the marriage is valid and authorized under the laws of such jurisdiction.

2.31 Suspense Account means the account established and maintained to hold Company Stock acquired with the proceeds of an Exempt Loan and held in the Trust, which Company Stock has not been allocated to the Accounts of Participants with respect to the year of such acquisition.

2.32 Trust or Trust Fund means all property held by the Trustee pursuant to the terms of the Trust Agreement and this Plan. Such property shall be held for the exclusive benefit of Participants and Beneficiaries.

2.33 Trust Agreement means the agreement of Trust established by the Company and the Trustee for purposes of holding title to the assets of the Plan.

2.34 Trustee means the trustee as named in the Trust Agreement, or a successor thereto or substitute therefor, in any case as appointed by the Board of Directors of the Company in accordance with Article XII to hold legal title to the assets of the Trust and that expressly agrees to be bound by the terms and conditions of the Trust Agreement.

2.35 Valuation Date means December 31 unless Company Stock is Readily Tradable, in which case Valuation Date shall mean each day when NASDAQ is open and such other dates as the Administrative Committee may from time to time establish.

2.36 Year of Service means a calendar year during which a Participant is credited with at least 1,000 Hours of Service.

THE MASCULINE GENDER, WHERE APPEARING IN THE PLAN, SHALL BE DEEMED TO INCLUDE THE FEMININE GENDER, UNLESS THE CONTEXT CLEARLY INDICATES TO THE CONTRARY.

ARTICLE III
ELIGIBILITY

3.1 Eligibility Generally. An Employee is eligible to become a Participant in the Plan when the Employee has attained age 21 and completed a ninety day period of service. For purposes of determining whether an Employee has completed a ninety day period of service, an Employee will receive credit for the aggregate of all time period(s) commencing with the Employee's first day the Employee completes an Hour of Service and ending on the date a break in service begins. For purposes of this Section 3.1 only, a break in service is a continuous period of time of at least 12 consecutive months during which the individual is not employed by the Company or an Affiliate.

Notwithstanding the foregoing, the following individuals shall not be eligible to participate in the Plan:

(a) Leased Employees;

(b) Individuals whose employment with the Company or an Affiliate is governed by a collective bargaining agreement between the Company and representatives of the employee bargaining unit if evidence exists that retirement benefits were a subject of good faith bargaining between the parties, and provided such bargaining agreement does not provide for participation in this Plan; and

(c) Non-resident aliens who do not receive earned income from sources within the United States.

3.2 Commencement of Participation. Each Employee who has satisfied the requirements of Section 3.1 of the Plan shall commence participation in the Plan on the later of the Plan's original Effective Date or the Entry Date concurrent with or next following the date on which such requirements are satisfied.

3.3 Cessation of Participation. An Employee shall cease to be a Participant upon the earliest of (a) the date on which the Employee retires under the Plan; (b) the date on which the Employee's employment with the Company terminates for any reason, including death or Disability; (c) the date on which the Employee's employment with the Company is governed by a collective bargaining agreement that does not provide for participation in this Plan; or (d) the date on which the Employee becomes a Leased Employee.

3.4 Participation upon Reemployment. Subject to the exclusions contained in Section 3.1, upon the reemployment of any person after the Effective Date who had previously been employed by the Company on or after the Effective Date, the following rules shall apply in determining the Employee's participation in the Plan:

(a) No Prior Participation. If the reemployed Employee was not a Participant in the Plan during the prior period of employment and the reemployed Employee incurred a Break in Service, only Hours of Service with the Company after reemployment will count for purposes of satisfying the requirements of Section 3.1 of the Plan. If the reemployed Employee was not a Participant in the Plan during the prior period of employment and the

reemployed Employee did not incur a Break in Service, all Hours of Service with the Company (both before and after the Break in Service) will be aggregated for purposes of satisfying the requirements of Section 3.1 of the Plan.

(b) Prior Participation. If the reemployed Employee was a Participant in the Plan during the prior period of employment, the reemployed Employee shall be entitled to resume participation in the Plan on the date of the Employee's reemployment.

3.5 Change in Control. Notwithstanding the provisions of this Article III or any other provisions of the Plan to the contrary, upon a Change in Control, no additional Employee nor reemployed Employee (who was not already a Participant at the time of his reemployment by virtue of having an Account under the Plan attributable to his previous period of employment) shall be eligible to become a Participant in the Plan.

ARTICLE IV
VESTING

4.1 In General. Each Participant shall have a vested interest in the Participant's Account, if any, in accordance with the following vesting schedule:

Years of Service	Vested Percentage
0-1 Years of Service	0%
1 Year of Service	25%
2 Years of Service	50%
3 Years of Service	75%
4 Years of Service	100%

4.2 Normal Retirement Date. Notwithstanding the provisions of Section 4.1 of the Plan, a Participant whose employment terminates on or after such Participant's Normal Retirement Date shall be 100 percent vested.

4.3 Death or Disability. Notwithstanding the provisions of Section 4.1 of the Plan, a Participant whose employment is terminated on account of death or Disability shall be 100 percent vested.

4.4 Vesting upon Reemployment. Upon the reemployment of any person after the Effective Date who had previously been employed by the Company on or after the Effective Date, the following rules shall apply in determining the reemployed Employee's vesting in the Plan:

(a) Five Consecutive Breaks in Service. If a Participant has five consecutive Breaks in Service, all Years of Service after such Breaks in Service will be disregarded for the purpose of vesting the Participant's Account balance that accrued before such Breaks in Service. Both pre-Break and post-Break service, however, will count for the purposes of vesting the Participant's Account balance that accrues after such Breaks in Service. The Participant's pre-Break and post-Break Account balances will both share in the earnings and losses of the Trust Fund.

(b) Less than Five Consecutive Breaks in Service. If a Participant does not have five consecutive Breaks in Service, both the pre-Break and post-Break service will count in vesting all Account balances.

4.5 Forfeiture of Account.

(a) Forfeiture of Nonvested Account Balance. If, prior to being 100 percent vested, a Participant terminates employment for a reason other than death, Disability or attainment of Normal Retirement Date, then the nonvested portion of the Participant's Account will be forfeited and allocated as of the end of the Plan Year in which the Participant incurs a five-year Break in Service or, if earlier, the end of the Plan Year in which the Participant

receives a distribution, including a deemed distribution under Section 9.3(b) of the Plan, of the vested portion of the Participant's Account. Assets in the Participant's Account other than Company Stock acquired with the proceeds of an Exempt Loan will be forfeited before Company Stock acquired with the proceeds of an Exempt Loan are forfeited. If the nonvested portion of a Participant's Account includes more than one class of Company Stock, then forfeitures of Company Stock will be proportionately made from each such class of stock.

(b) Use and Allocation of Forfeitures. Forfeitures shall be allocated to the Accounts of Participants who were employed by the Company on the last day of the Plan Year (the day that the Plan terminates in the event of a Plan termination) or, in the Company's discretion, used to pay Plan administrative expenses. Forfeitures allocated to Participants shall be allocated in the same manner that Employer contributions are allocated under Section 5.5 of the Plan.

(c) Restoration. If any former Participant's Account has been distributed in accordance with Article IX and the nonvested portion of the Participant's Account has been forfeited in accordance with this Section 4.5, the Participant's nonvested portion of his Account shall be restored if (i) he is reemployed by the Employer before incurring five (5) consecutive Breaks in Service, and (ii) he repays to the Plan within five (5) years of his reemployment, a cash lump sum payment equal to the full amount distributed to him from the Plan on account of his severance from employment. In the event of a deemed distribution for a Participant with a vested Account balance of zero, the undistributed portion of the Participant's account must be restored in full, unadjusted by any gains or losses occurring subsequent to the Valuation Date coinciding with or next following the Participant's termination of employment. The source for reinstatements shall be any forfeitures occurring during the Plan Year. If such source is insufficient, then the Employer shall contribute an amount which is sufficient to restore any such forfeited account; provided, however, that if a discretionary contribution is made for such Plan Year pursuant to Section 5.1, such contribution shall first be applied to restoring such accounts and the remainder shall be allocated in accordance with Section 5.5.

4.6 Change in Control. Notwithstanding the provisions of Section 4.1 of the Plan, a Participant shall be 100 percent vested upon a Change in Control.

ARTICLE V
CONTRIBUTIONS AND ALLOCATIONS

5.1 Company Contributions. For each Plan Year, the Company may contribute cash or shares of Company Stock, or both, to the Plan in such amounts as may be determined by the Board of Directors.

In the event shares of Company Stock are sold to the Trustee for a Plan Year, the fair market value of such Company Stock shall be determined in accordance with the provisions of Article VIII.

5.2 Time and Manner of Contributions. All Company contributions shall be paid directly to the Trustee, and a contribution for any Plan Year shall be made not later than the date prescribed by law for filing the Company's Federal income tax return (including extensions, if any) for the Company's taxable year that ends within or with that Plan Year.

5.3 Employee Contributions. Participants are neither permitted nor required to make contributions to the Plan.

5.4 Recovery of Contributions. The Company may recover contributions to the Plan, only as set forth in this Section 5.4.

(a) Contributions made to the Plan shall be conditioned upon the initial and continuing qualification of the Plan. If the Plan is determined to be disqualified, contributions made in respect of any period subsequent to the effective date of such disqualification shall be returned to the Company. With respect to the initial qualification of the Plan, the Company may recover contributions only if (i) the Plan receives an adverse determination letter with respect to its initial qualification and (ii) the application for determination letter is filed within the applicable remedial amendment period that applies to new plans (determined in accordance with the concepts of Rev. Proc. 2007-44).

(b) Contributions made to the Plan shall be conditioned upon their deductibility under the Code. To the extent that a deduction is disallowed for any contribution, such amount shall be returned to the Company within one year after the disallowance of the deduction.

(c) If a contribution, or any part thereof, is made on account of a mistake of fact, the amount of the contribution attributable to such mistake shall be returned to the Company within one year after it is made.

5.5 Allocation of Employer Contributions. Subject to the limitations set forth in Article VI and Section 17.3(b), Employer contributions made to the Trust for a Plan Year shall be allocated to the Accounts of Participants who completed 1,000 Hours of Service during the Plan Year and are actively employed on the last day of the Plan Year; provided, however, that if the Plan terminates due to a Change in Control prior to the last day of the Plan Year, Employer contributions made to the Trust for the period from January 1 of such Plan Year, through the date of the Change in Control shall be allocated to the Accounts of Participants who are actively employed on the date of the Change in Control without regard to their respective Hours of

Service during such period. Company contributions made pursuant to Section 5.1 shall be allocated to an eligible Participant's Account in the ratio that such Participant's Compensation for the Plan Year bears to the total Compensation of all eligible Participants for the Plan Year.

5.6 Income on Investments. The income, gains, and losses attributable to investments under the Plan shall be allocated as of each Valuation Date or at such other times as the Administrative Committee may determine to the Accounts of Participants and Beneficiaries who have undistributed balances in their Accounts on the Valuation Date, in proportion to the amounts in the Accounts immediately after the preceding Valuation Date, but after first reducing each Account by any distributions, withdrawals or transfers from the Trust during the interim period and increasing each Account by any transfers to the Trust and by contributions made to the Trust during the interim period.

Distributions from the Plan shall include income, gains, and losses accrued as of the coincident or immediately preceding Valuation Date, and shall not be adjusted proportionately to reflect any income, gains, or losses accrued after that Valuation Date. All valuations shall be based on the fair market value of the assets in the Trust on the Valuation Date.

5.7 Certain Stock Transactions. Shares of Company Stock received by the Trustee as a result of a stock split, dividend, conversion, or as a result of a reorganization or other recapitalization of the Company shall be allocated as of the day on which such shares are received by the Trustee in the same manner as the shares of Company Stock to which they are attributable are then allocated.

5.8 Valuation of Trust Fund. As of each Valuation Date, the Trustee shall determine the fair market value of the Trust, after deducting withdrawals, distributions, and any expenses of Plan administration paid out of the Trust, and including any contributions allocated to Participants' Accounts, for the valuation period ending on the Valuation Date. In determining value, the Trustee may use such generally accepted methods as the Trustee, in its discretion, deems advisable, which, in the case of Company Stock shall be in accordance with the provisions of Article VIII.

ARTICLE VI
LIMITATIONS

6.1 Code Section 415 Limitations

(a) Participation Solely in This Plan. If the Participant does not participate in, and has never participated in another plan qualified under Code Section 401(a) that is maintained by the Employer, or a welfare benefit fund (as defined in Code Section 419(e)) maintained by the Employer, or an individual medical account (as defined in Code Section 415(l)(2)) maintained by the Employer, which provides an Annual Addition, the amount of Annual Additions which may be credited to the Participant's Account for any Limitation Year shall not exceed the lesser of the Maximum Permissible Amount or any other limitation contained in the Plan. If, prior to making the contribution, it is determined that the Company's contribution that would otherwise be contributed or allocated to the Participant's Account would cause the Annual Additions for the Limitation Year to exceed the Maximum Permissible Amount, the amount contributed will be reduced so that the Annual Additions for the Limitation Year will equal the Maximum Permissible Amount.

(b) Participation in Another Defined Contribution Plan. This Section 6.1(b) applies if a Participant is also covered under another defined contribution plan or a welfare benefit fund (as defined in Code Section 419(e)), an individual medical account (as defined in Code Section 415(l)(2) or a simplified employee pension (as defined in Code Section 408(k)) maintained by the Employer which provides an Annual Addition during any Limitation Year. If the Participant participates in one or more such plans, all reductions in Annual Additions shall be made under such plans and not under this Plan. In the event that, notwithstanding the preceding sentence, the Annual Additions to be credited under this Plan should exceed the Maximum Permissible Amount after the Annual Additions which would otherwise be credited to the Participant's Account under any other such plan are reduced, reductions in this plan shall be reduced in the manner set forth in Section 6.1(a) of the Plan.

(c) Definitions. The following definitions apply solely for purposes of this Section 6.1.

(i) Annual Additions means the sum of the following amounts credited to a Participant's Account for the Limitation Year:

(A) employer contributions

(B) employee contributions

(C) forfeitures

(D) amounts allocated to an individual medical account (as defined in Code Section 415(l)(2)) which is part of a pension or annuity plan maintained by the Employer which are treated as Annual Additions to a defined contribution plan, and

(E) amounts derived from contributions paid or accrued, which are attributable to post-retirement medical benefits, allocated to the separate account of a key employee, as defined in Code Section 419A(d)(3), under a welfare benefit fund maintained by the Employer which are treated as Annual Additions to a defined contribution plan.

For purposes of this Section 6.1(c)(i), the amount of employer contributions credited to a Participant as an Annual Addition for a Limitation Year in which a payment is made with respect to the principal and interest for an Exempt Loan shall include the Participant's proportionate share of the lesser of (i) the amount of Company contributions credited to the Participant's Account for the Limitation Year, or (ii) the fair market value of the shares of Company Stock credited to the Participant's Account resulting from the release of shares on account of such payment.

(ii) Employer means the Company and all members of a controlled group of corporations (as defined in Code Section 414(b) and modified by Code Section 415(h)) all commonly controlled trades or businesses (as defined in Code Section 414(c) as modified by Code Section 415(h)), any affiliated service group (as defined in Code Section 414(m)) of which the Company is a part, and any other entity required to be aggregated with the Employer pursuant to regulations under Code Section 414(o).

(iii) Excess Amount means the excess of the Participant's Annual Additions for the Limitation Year over the Maximum Permissible Amount.

(iv) Limitation Year means the calendar year.

(v) Maximum Permissible Amount means the Maximum Annual Additions that may be contributed or allocated to a Participant's Account for any Limitation Year. Such amount shall not exceed the lesser of:

(A) $53,000 (as adjusted for increases in the cost-of-living under Code Section 415(d)), or

(B) 100 percent of the Participant's Compensation for the Limitation Year.

The Maximum Permissible Amount shall be pro-rated in the case of any Limitation Year of less than 12 months created by the changing of the Limitation Year.

If no more than one-third of Company contributions to the Plan for a Plan Year which are deductible under Code Section 404(a)(9) are allocated to the Accounts of Participants who are Highly Compensated Employees, there shall be excluded in determining the Maximum Permissible Amount of each Participant for such Plan Year (A) the contributions applied to the payment of interest on an Exempt Loan; and (B) any forfeitures of Company contributions if the forfeited contributions were Company Stock acquired with the proceeds of an Exempt Loan.

6.2 Code Section 409(n) Provisions.

(a) No portion of the assets of the Plan attributable to (or allocable in lieu of) Company Stock acquired by the Plan in a sale to which Code Section 1042 applies may be

allocated to the Account of (i) any Qualifying Selling Shareholder during the Nonallocation Period, or (ii) any other person who owns more than 25 percent of (A) any class of outstanding stock of the Company or any of its Affiliates, or (B) the total value of any class of outstanding stock of the Company or any of its Affiliates.

(b) For purposes of this Section 6.2, the following initially capitalized words shall have the following meanings:

(i) “Affiliate” means Affiliate as defined in Section 2.3 of the Plan modified in accordance with Code Section 409(l)(4).

(ii) “Qualifying Selling Shareholder” means any shareholder of Company Stock who makes an election under Code Section 1042(a) with respect to Company Stock, or any individual who is related to (within the meaning of Code Section 267(b)) the shareholder of Company Stock as defined above. The term shall not include any lineal descendant of such shareholder or if the aggregate amount allocated to the benefit of all such lineal descendants during the Nonallocation Period does not exceed more than 5 percent of Company Stock (or amounts allocated in lieu thereof) held by the Plan which are attributable to a sale to the Plan by any person related to such descendants (within the meaning of Code Section 267(c)(4)) in a transaction to which Code Section 1042 applied.

(iii) “Nonallocation Period” means the period beginning on the date of the sale of Company Stock and ending on the later of the date which is 10 years after the date of the sale, or the date of the Plan allocation attributable to the final payment of acquisition indebtedness incurred in connection with such sale.

ARTICLE VII
INVESTMENT OF TRUST ASSETS

All assets of the Plan shall be held in the Trust. The Trustee shall use the proceeds of the Exempt Loan and all Company contributions, other than cash needed to satisfy the Plan's ongoing liquidity needs, to purchase Company Stock in open market transactions or from other stockholders, or to buy newly issued Company Stock from the Company. If the purchase is from the Company or a Disqualified Person, such purchase shall be for adequate consideration and no commission is to be charged with respect to the purchase. If no Company Stock is available for purchase or the Trustee determines that cash is needed to meet the Plan's liquidity needs, then the Trustee shall invest in other securities or property, real or personal, consistent with the requirements of Title I of ERISA. These other securities, property and cash shall be held by the Trustee in the Trust's investment fund. The investment fund income shall be allocated as of each Valuation Date to Participants' Accounts in accordance with Section 5.6 of the Plan.

ARTICLE VIII
COMPANY STOCK VALUE

The fair market value of Company Stock shall be determined, on any relevant day, as follows: (a) if such stock is Readily Tradable, then fair market value shall be equal to the closing sale price for the most recent date (including such relevant date) during which a trade in such stock has occurred or (b) if such stock is not Readily Tradable, then fair market value shall be determined by the Trustee based upon a valuation of Company Stock by an independent appraiser who satisfies requirements similar to those contained in regulations issued under Code Section 170(a)(1).

ARTICLE IX
DISTRIBUTIONS

9.1 Termination of Employment. In the event of the Participant's termination of employment for any reason (including attainment of Normal Retirement Date or on account of death), a Participant shall be entitled to a distribution of all amounts determined under Article IV that are credited to the Participant's Account at the times set forth in this Article IX.

9.2 Death. Upon the death of a Participant, all amounts credited to the Participant's Account shall be distributed to the Participant's Beneficiary, determined in accordance with this Section 9.2.

(a) The Administrative Committee may require such proof of death and such other evidence of the right of any person to receive payment of the Account of a deceased Participant as the Administrative Committee deems necessary. The Administrative Committee's determination of death and of the right of any person to receive payment shall be conclusive and binding on all parties.

(b) The Beneficiary upon the death of a Participant shall be the Participant's Spouse; provided, however, that the Participant may designate, on a form provided by the Administrative Committee for such purpose, a Beneficiary other than the Participant's Spouse, if:

(i) the Spouse has waived the right to be the Participant's Beneficiary in the manner set forth in subsection (c) of this Section 9.2; or

(ii) the Participant has established to the satisfaction of the Administrative Committee that the Participant has no Spouse or that the Spouse cannot be located.

(c) Any consent by a Participant's Spouse to waive a death benefit must be filed with the Administrative Committee in writing, in a manner, and on a form provided by the Committee for such purpose. The Spouse's consent must acknowledge the effect of the consent and must be witnessed by a notary public or a Plan representative. The designation of a Beneficiary other than the Spouse made by a married Participant must be consented to by the Participant's Spouse and may be revoked by the Participant in writing without the consent of the Spouse. Any new beneficiary designation must comply with the requirements of this subsection (c). A former Spouse's waiver shall not be binding on a new Spouse.

(d) In the event the Participant fails to designate a Beneficiary, the designated Beneficiary fails to survive the Participant, or if such designation shall be ineffective for any reason, the Participant's Account shall be paid in the following order of priority: first to the Participant's surviving Spouse, if any; second, if there is no surviving Spouse, to the Participant's surviving descendants, if any, per stirpes; third, if there is neither a surviving Spouse nor any surviving descendants, to the estate of the Participant.

9.3 Time of Payment.

(a) General Rule. Unless a Participant elects otherwise or Company Stock is not Readily Tradable, the distribution of a Participant's Account shall begin as soon as administratively feasible following an event giving rise to a distribution in accordance with the provisions of this Article IX.

(b) Small Distributions. Notwithstanding the foregoing provisions of this Section 9.3, in the event a Participant does not have a vested balance in his or her Account on the date the Participant terminates employment, the Participant's account shall be deemed to have been distributed as a zero dollar deemed distribution as of the date the Participant terminated employment. In the event a Participant has a vested Account balance that exceeds zero but does not exceed $1,000 at any time after the Participant terminates employment, the entire vested Account of the Participant shall be distributed as soon as administratively feasible.

(c) Distributions to Alternate Payees. A payment to an alternate payee under a qualified domestic relations order, as such term is defined in Code Section 414(p), shall be made as soon as administratively feasible following the determination that such domestic relations order is qualified even if such distribution is prior to the Participant's earliest retirement age (as defined in Code Section 414(p)(4)(B)).

(d) Not Readily Tradable. In the event that Company Stock is not Readily Tradable and the Participant terminates employment on or after attaining his or her Normal Retirement Date or due to death or Disability, the distribution of the Participant's Account shall begin as soon as administratively feasible, but not later than 180 days after the end of the Plan Year in which the Participant's termination of employment occurred. In the event that Company Stock is not Readily Tradable and the Participant terminates employment prior to attaining his or her Normal Retirement Date and prior to death or Disability, the distribution of the Participant's Account shall begin not later than 180 days after the end of the Plan Year that contains the earlier of (i) the fifth anniversary of the Participant's termination of employment (unless the Participant is reemployed by the Company before distributions begin) and (ii) the Plan Year in which the Participant attains his or her Normal Retirement Date.

9.4 Manner of Making Payments. A Participant's Account will be distributed in one lump sum unless Company Stock is not Readily Tradable, in which case distributions will be made by payment in a series of substantially equal annual installments over a period not to exceed 5 years.

9.5 Form of Payment. Distribution of a Participant's Account balance shall be made in whole shares of Company Stock and cash to the extent that his Account balance includes any cash or fractional shares at the time of distribution; provided, however, that a Participant may elect to have his entire Account balance distributed in cash. In the event the Participant's Account includes securities acquired with the proceeds of the Exempt Loan and such proceeds consist of more than one class of securities, the amount distributed shall include substantially the same proportion of each class of securities acquired with the proceeds of the Exempt Loan.

The value of shares of Company Stock that are distributed in cash shall be equal to the fair market value of each share multiplied by the number of shares credited to the Participant's Account, with appropriate adjustments to reflect intervening stock dividends, stock splits, stock redemptions, or similar changes to the number of outstanding shares. The fair market value of a share shall be determined as of the Valuation Date coinciding with or immediately preceding the date of the distribution.

9.6 Direct Rollover.

(a) Notwithstanding any provision of the Plan to the contrary that would otherwise limit a distributee's election under this Article IX, a distributee may elect, at the time and in the manner prescribed by the Administrative Committee, to have any portion of an eligible rollover distribution paid directly to an eligible retirement plan specified by the distributee in a direct rollover.

For purposes of this Section 9.6, the following definitions apply:

"Eligible rollover distribution". An eligible rollover distribution is any distribution of all or any portion of the balance to the credit of the distributee, except that an eligible rollover distribution does not include: any distribution that is one of a series of substantially equal periodic payments (not less frequently than annually) made for the life (or life expectancy) of the distributee or the joint lives (or joint life expectancies) of the distributee and the distributee's designated Beneficiary, or for a specified period of ten years or more; any distribution to the extent such distribution is required under Code Section 401(a)(9); a distribution on account of hardship; or the portion of any distribution that is not includable in gross income (determined without regard to the exclusion for net unrealized appreciation with respect to employer securities).

"Eligible retirement plan". An eligible retirement plan is an eligible plan under Code Section 457(b) which is maintained by a state, political subdivision of a state, or any agency or instrumentality of a state, or political subdivision of a state and which agrees to separately account for amounts transferred into such plan from this Plan, an individual retirement account described in Code Section 408(a), an individual retirement annuity described in Code Section 408(b), an annuity plan described in Code Section 403(a), an annuity contract described in Code Section 403(b), a qualified plan described in Code Section 401(a), or a Roth IRA described in Code Section 408A, that accepts the distributee's eligible rollover distribution. The definition of eligible retirement plan shall also apply in the case of a distribution to a surviving Spouse, or to a Spouse or former Spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p).

"Distributee". A distributee includes an employee or former employee. In addition, the employee's or former employee's surviving Spouse and the employee's or former employee's Spouse or former Spouse who is the alternate payee under a qualified domestic relations order, as defined in Code Section 414(p), are distributees with respect to the interest of the Spouse or former Spouse. A distributee also includes the Participant's non-spouse designated Beneficiary, in which case, the direct rollover may be made only to an individual retirement account or annuity described in Code Sections 408(a) or 408(b) that is established on

behalf of the designated Beneficiary and that will be treated as an inherited IRA pursuant to the provisions of Code Section 402(c)(11); provided, however, that the determination of any required minimum distribution that is ineligible for rollover shall be made in accordance with Notice 2007-7, Q&A 17 and 18.

"Direct rollover". A direct rollover is a payment by the plan to the eligible retirement plan specified by the distributee.

9.7 Diversification Election. Notwithstanding any provision of this Article to the contrary, a Participant who has attained age 55 and completed at least ten years of participation in this Plan may elect in writing, on a form provided by the Administrative Committee for such purpose, within ninety days after the close of each Plan Year during the Qualified Election Period, to direct the investment of a portion of the Participant's interest in the Company Stock Account not in excess of 25 percent of such interest, less amounts subject to all prior elections under this Section 9.7 as a transfer to the applicable ICC Holdings, Inc. or Affiliate 401(k) Plan which permits Participants to make investment elections. Upon a Participant's election to diversify a portion of the Participant's interest in the Company Stock Account, Company Stock in an amount equal to the portion so elected, valued as of the Valuation Date concurrent with or immediately preceding the date of such election will be transferred to the applicable ICC Holdings, Inc. or Affiliate 401(k) Plan which permits Participants to make investment elections. A participant may then make investment elections among the several funds. Starting from the sixth Plan Year during the Qualified Election Period of a Participant, 50 percent shall be substituted for 25 percent in the preceding sentence.

For purposes of this Section 9.7, "Qualified Election Period" means, with respect to a Participant, the period beginning with the later of (a) the Plan Year in which the Participant attains age 55 or (b) the Plan Year in which the Participant completes at least ten years of participation in the Plan and ending with the year in which the Participant terminates employment for any reason.

9.8 Election to Retain Interests in Plan. No distribution shall be made to a Participant before such Participant's Normal Retirement Date unless (a) the Participant's prior written consent to the distribution has been obtained by the Administrative Committee, (b) the value of the Participant's vested Account does not exceed $1,000 as of the date of the event giving rise to the distribution, or (c) the Plan receives a determination from the Internal Revenue Service that the Plan is qualified upon termination.

9.9 Mandatory Distributions.

(a) Subject to the provisions of Section 9.3 of the Plan, unless a Participant otherwise elects in writing, payment of benefits under this Plan shall commence not later than one hundred eighty days after the close of the Plan Year in which the latest of the following dates occur:

(i) the date on which the Participant attains age 65;

(ii) the 10th anniversary of the date on which the Participant commenced participation in the Plan; or

(iii) the date the Participant terminates employment with the Company.

(b) notwithstanding any provision of this Plan to the contrary, all amounts credited to a Participant's Account shall commence to be distributed not later than the later of (i) April 1 of the calendar year following the calendar year in which the Participant attains age 70 ½ or (ii) the date the Participant terminates employment with the Company; except that distributions to a five percent owner (as defined in Code Section 416) must commence by the April 1 of the calendar year following the calendar year in which such Participant attains age 70 ½. Unless paid quicker pursuant to another provision in the Plan, any and all subsequent distributions shall be made in accordance with the rules set forth in Code Section 401(a)(9) and Treas. Reg. Sections 1.401(a)(9)-2 through 1.401(a)-9, including the minimum distribution incidental death benefit requirements of Code Section 401(a)(9)(G).

(i) In the event the Participant dies before distributions under this Article IX have commenced, then, unless the Beneficiary of the Participant is the Participant's Spouse, the entire balance in the Account of the Participant shall be distributed on or before the December 31 of the calendar year in which occurs the fifth anniversary of the death of such Participant.

(ii) Any amount payable to a child pursuant to the death of a Participant or former Participant shall be treated as if it were payable to the Participant's or former Participant's surviving Spouse if such amount would become payable to the surviving Spouse upon such child reaching majority (or other designated event permitted by regulations).

9.10 Dividends.

(a) Suspense Account. Any cash dividends on Company Stock acquired with the proceeds of an Exempt Loan and held in the Suspense Account shall be applied first to repay the principal and, at the Administrative Committee's discretion, the interest, on the Exempt Loan. After the payment of the principal and the interest of the Exempt Loan, any remaining cash dividends on Company Stock acquired with the proceeds of an Exempt Loan and held in the Suspense Account may, as the Administrative Committee may determine, be used to purchase Company Stock or allocated to Accounts of Participants in accordance with subsection (b) below.

(b) Participant Accounts. At the Administrative Committee's discretion, any cash dividends on shares of Company Stock acquired with the proceeds of the Exempt Loan and allocated to Participant's Accounts may be used to (i) pay the principal and/or the interest of the Exempt Loan subject to the provisions of Section 17.3(b) of the Plan, (ii) be paid currently to Participants (or within ninety days after the end of the Plan Year in which the dividends are paid to the Trust) as cash, (iii) be paid directly to Participant Accounts, or (iv) be distributed or reinvested in Company Stock pursuant to a Participant or Beneficiary election, as described below.

If the Administrative Committee chooses the election method described in (iv) above, then such dividends and any reinvestment thereof shall be fully vested at all times and a Participant or Beneficiary, as applicable, shall be offered an election between (A) the allocation of cash dividends to such Participant's or Beneficiary's Account and distribution to the Participant or Beneficiary of such dividends not later than ninety (90) days after the close of the Plan Year in which the dividends are paid or (B) the allocation of dividends to the Participant's or Beneficiary's Account and reinvestment in Company Stock. A Participant's or Beneficiary's election to receive cash payment of dividends on shares of Company Stock shall be made in the manner and time directed by the Administrative Committee. In the absence of a dividend election made in the manner directed by the Administrative Committee, the Participant or Beneficiary shall be deemed to have elected to have such cash dividends allocated to the Participant's Account and reinvested in Company Stock. A distribution of dividends pursuant to this Section 9.10(b) shall not include any earnings or gains on the dividend amount from the time such dividends are paid to the Plan to the time such dividends are distributed to Participants and Beneficiaries. A distribution of dividends pursuant to this Section 9.10(b) shall be reduced by any investment losses on the dividend amount from the time such dividends are paid to the Plan to the time such dividends are distributed to Participants and Beneficiaries.

9.11 Change in Control. Notwithstanding the provisions of this Article IX or any other provisions of the Plan to the contrary, but subject to the minimum distribution requirements of Plan Section 9.9(b), distributions shall not be made from the Plan upon its termination pursuant to a Change in Control until such time as the Plan has received a determination from the Internal Revenue Service that the Plan is qualified upon termination.

ARTICLE X
RIGHT AND RESTRICTIONS ON COMPANY STOCK

10.1 Right of First Refusal. In the event that Company Stock is not Readily Tradable at the time of distribution and in the event a Participant, former Participant, or Beneficiary desires to sell to a third person Company Stock received as a distribution from the Plan, such person must first offer the Plan, then the Company, the right to purchase such Company Stock at a price and on such terms not less favorable to the Participant than the greater of (a) the price established by a bona fide offer or (b) the fair market value of the Company Stock using the value determined as of the concurrent or immediately preceding Valuation Date. The right of the Plan and the Company to purchase such stock shall lapse on the 14th day after such written notice is given to the Plan or the Company of the fact that an offer has been received from a third party to purchase the Company Stock and of the price and other terms of such offer.

10.2 Put Requirements.

(a) In the event Company Stock is distributed and is not Readily Tradable at the time of distribution, the Participant, former Participant, or Beneficiary may have an option (the "Put") to require the Company to purchase all of the shares actually distributed to such individual. The Put may be exercised at any time during the Option Period (as defined in subsection (f) below) by giving the Administrative Committee and the Company written notice of the election to exercise the Put. The Put may be exercised by a former Participant or a Beneficiary only during the Option Period with respect to which the former Participant or Beneficiary receives a distribution of Company Stock.

(b) (i) The price paid for Company Stock sold to the Plan or the Company pursuant to the Put shall be the fair market value of each share multiplied by the number of shares to be sold under the Put, with appropriate adjustments to reflect intervening stock dividends, stock splits, stock redemptions, or similar changes to the number of outstanding shares. The fair market value of a share shall be determined (A) as of the Valuation Date concurrent with or immediately preceding the date the Put is exercised, or (B) in the case of a transaction between the Plan and a Disqualified Person, determined as of the date of the transaction.

(ii) If the distribution of Company Stock to a former Participant or Beneficiary constituted a distribution within one taxable year of the balance of the Participant's Account, the Company reserves the right to establish guidelines to be exercised in a uniform and nondiscriminatory manner, to make payment for the shares subject to the Put on an installment basis in substantially equal annual, quarterly or monthly payments over a period not to exceed five years, such period beginning no later than thirty days after exercise of the Put. The Company shall pay reasonable interest at least annually on the unpaid balance of the price and shall provide to the former Participant or Beneficiary adequate security with respect to the unpaid balance. If the distribution was part of an installment distribution, the Company shall pay the Participant in cash within thirty days after exercise of the Put.

(c) The Put shall not be assignable, except that the Participant's or former Participant's legal representative (in the event of a Participant's incapacity) or, the Participant's Beneficiary (in the event of a Participant's or former Participant's death) shall be entitled to exercise the Put during the Option Period for which it is applicable.

(d) The Trustee (on behalf of the Plan) in its discretion, may assume the Company's obligations under this Section at the time a Participant, former Participant, or Beneficiary exercises the Put, with the Company's consent. If the Trustee assumes the Company's obligations, the provisions of this Section that apply to the Company shall also apply to the Trustee.

(e) The Administrative Committee shall notify each Participant, former Participant, and Beneficiary who is eligible to exercise the Put of the fair market value of each share of Company Stock as soon as practicable following its determination. The Administrative Committee shall send all notices required under this Section to the last known address of a Participant, former Participant, or Beneficiary, and it shall be the duty of those persons to inform the Administrative Committee of any changes in address.

(f) For purposes of this Section, the "Option Period" is the period of sixty days following the day on which a Participant, former Participant, or Beneficiary receives a distribution. If such person does not exercise the Put during that sixty-day period, the Option Period shall also be the sixty-day period beginning on the first anniversary of the day on which such person received a distribution. Notwithstanding the preceding sentences, when Company Stock is acquired with the proceeds of an Exempt Loan, the "Option Period" shall be the fifteen (15) month period beginning on the date such Company Stock is distributed to a Participant (or the Participant's Beneficiary). Such 15-month period shall be extended by a period equal to the number of days, if any, during which the Company is precluded from honoring the put option by reason of applicable federal or state law.

10.3 Prohibition on Purchase Arrangements. Except as provided in this Article X, no Company Stock acquired with the proceeds of an Exempt Loan shall be subject to a put, call, or other option, or buy-sell or similar arrangement while held by and when distributed from the Trust, whether or not at the time of distribution the Plan is an employee stock ownership plan.

10.4 Nonterminable Rights. The rights and restrictions of this Article X shall not be terminable.

ARTICLE XI
VOTING AND TENDER OF COMPANY STOCK

11.1 Voting.

(a) All shares of Company Stock held in the Trust shall be voted by the Trustee.

(b) Each Participant and Beneficiary shall be entitled, in a confidential manner, to direct the Trustee as to the manner in which Company Stock allocated to the Participant's Account is to be voted on any and all matters which may be presented to the shareholders of Company Stock.

(c) With respect to (i) allocated Company Stock as to which no direction is received and (ii) unallocated shares of Company Stock in the Suspense Account, the Trustee shall vote such shares in the same proportion as shares for which direction is received. In voting such shares, the Trustee shall comply with the fiduciary requirements of ERISA.

11.2 Tender.

(a) The Trustee shall not sell, alienate, encumber, pledge, transfer or otherwise dispose of any Company Stock; except (i) as specifically provided for in the Plan or a Trust Agreement, or (ii) in the case of a "tender or exchange offer", as set forth in subsection (b) of this Section 11.2.

For purposes of this Article XI, the term "tender or exchange offer" shall mean: (A) any offer for, or request for or invitation for tenders or exchanges of, or offers to purchase or acquire any shares of Company Stock that is directed generally to shareholders of the Company, or (B) any transaction involving Company Stock which may be defined as a "tender offer" under proposed or final rules or regulations promulgated by the Securities and Exchange Commission.

(b) (i) In the event of a tender or exchange offer, each Participant or, if the Participant is not alive, the Participant's Beneficiary, shall have the right to determine, in a confidential manner, whether to tender or exchange any whole and fractional shares of Company Stock allocated to the Participant's Account and shall be entitled to instruct the Trustee as to the tender of such shares. Upon receipt of such instructions, the Trustee shall act with respect to such Company Stock as instructed. With respect to Company Stock as to which no instruction is received and shares of Company Stock in the Suspense Account, the Trustee shall tender such shares in the same proportion as shares for which direction is received. In exercising such tender, the Trustee shall comply with the fiduciary requirements of ERISA.

(ii) All shares of Company Stock held in the Trust Fund and not tendered pursuant to subsection (b)(i) of this Section 11.2, including allocated shares for which no instructions are received, shall continue to be held by the Trustee.

(iii) Any shares of Company Stock not tendered by a Participant or Beneficiary pursuant to subsection (b)(i) of this Section 11.2 shall continue to be held by the Trustee in such Participant's or Beneficiary's Account. The Account of each Participant or Beneficiary tendering shares of Company Stock pursuant to subsection (b)(i) of this Section 11.2 shall be credited with the cash received by the Trustee in exchange for the shares tendered from such Participant's or Beneficiary's Account.

11.3 Fiduciary Responsibilities.

Each Participant shall be a "named fiduciary," within the meaning of ERISA Section 402(a), with respect to the voting and tender of Company Stock pursuant to Sections 11.1 and 11.2 of the Plan .

11.4 Procedures for Voting and Tender.

(a) The Administrative Committee shall establish and maintain procedures by which Participants and Beneficiaries shall be (i) timely notified of their right to direct the voting and tender of Company Stock allocated to their Accounts and the manner in which any such directions are to be conveyed to the Trustee, and (ii) given information relevant to making such decisions. No directions shall be honored by the Trustee unless timely and properly conveyed in accordance with such procedures.

(b) Voting instructions received from Participants and Beneficiaries shall be held in confidence by the Trustee or its delegate for this purpose and shall not be divulged to the Company or to any officer or employee of the Company or to any other person.

ARTICLE XII
ADMINISTRATION

12.1 Fiduciary Responsibilities. A fiduciary shall have only those specific powers, duties, responsibilities and obligations as are specifically given to such person under the Plan or the Trust. The Company shall have sole responsibility to make the contributions provided for under the Plan and, by action of the Board of Directors, to amend or terminate, in whole or in part, the Plan or the Trust. The Board of Directors shall have sole responsibility to appoint and remove members of the Administrative Committee and the Trustees of the Plan. The Administrative Committee shall have sole responsibility for the general administration of this Plan and for the investment policies of the Plan, for the selection of the Plan's investment funds pursuant to the Plan, and for the appointment and removal of any Investment Manager. Subject to the provisions of the Plan and the Trust Agreement, the Trustee shall have sole responsibility for the administration of the Trust and the management of the assets held in the Trust, as set forth in the Plan and the Trust. It is intended that each fiduciary shall be responsible for the proper exercise of such fiduciary's own powers, duties, responsibilities, and obligations and, except as otherwise provided by law, shall not be responsible for any act or failure to act by another fiduciary. A fiduciary may serve in more than one fiduciary capacity with respect to the Plan. A fiduciary of the Plan who is also an Employee shall not be compensated in such individual's capacity as fiduciary.

12.2 The Administrative Committee. Any member of the Administrative Committee may resign with sixty (60) days advance written notice to the Board of Directors. The Administrative Committee shall select a Chairman and a Secretary to keep records or to assist it in the discharge of its responsibilities. The Administrative Committee shall have such duties and powers as are necessary to discharge its responsibilities under the Plan, including, but not limited to, the following:

(a) To require any person to furnish such information as it requests for the purpose of the proper administration of the Plan;

(b) To make and enforce such rules and regulations and prescribe the use of such forms as it deems necessary for the efficient administration of the Plan;

(c) To construe and interpret the Plan, including the right to determine eligibility for participation, eligibility for payment, the amount of benefits payable, the timing of distributions and all other issues arising under the Plan as well as the right to remedy possible ambiguities, inconsistencies or omissions; provided, however, that all such interpretations and decisions shall be applied in a uniform manner to all similarly situated Participants and Beneficiaries;

(d) To employ and rely upon such advisors (including attorneys, independent public accountants, investment advisors and enrolled actuaries) as it deems appropriate or helpful in connection with the operation and administration of the Plan;

(e) To maintain complete records of the administration of the Plan;

(f) To prepare and file with the appropriate governmental agencies such reports as required from time to time with respect to the Plan under ERISA, the Code, or other laws and regulations governing the administration of the Plan;

(g) To furnish or disclose to Participants, Employees who may become Participants, and Beneficiaries information about the Plan and statements of accrued benefits under the Plan, in accordance with ERISA, the Code, or other laws and regulations governing the administration of the Plan;

(h) To delegate to one or more members of the Administrative Committee, or to persons other than Administrative Committee members, any authority, duty or responsibility pertaining to the administration or operation of the Plan; provided, however, that each such delegation shall be made by a written instrument authorized by the Administrative Committee and maintained with the records of the Plan. If any person other than an Employee is so designated, such person must acknowledge, in writing, acceptance of the duties and responsibilities delegated. All such instruments and acknowledgments shall be considered a part of the Plan;

(i) To determine, pursuant to procedures adopted by it, whether a state domestic relations order served upon the Plan is a "qualified domestic relations order" (as defined in Code Section 414(p)); to place in escrow any benefits payable in the period during which the Administrative Committee determines the status of an order; and to take any necessary action to administer distributions under the terms of a "qualified domestic relations order";

(j) To discharge any responsibilities which are allocated to the Administrative Committee elsewhere in this Plan.

All decisions and interpretations of the Administrative Committee shall be binding and shall be entitled to the maximum deference permitted under the law.

12.3 Plan Expenses. All expenses authorized and incurred by the Administrative Committee shall be paid from the assets of the Plan, except to the extent such expenses are paid by the Company.

12.4 Meetings and Voting. The Administrative Committee shall act by a majority vote of its respective members at a meeting or, by written consent of a majority of its members, without a meeting. The Administrative Committee shall hold meetings, as deemed necessary by them, although any member may call a special meeting of the committee by giving reasonable notice to the other members. The Secretary of the Administrative Committee shall have authority to give certified notice in writing of any action taken by the committee.

12.5 Compensation. The members of the Administrative Committee, if Employees, shall serve without compensation.

12.6 Claims Procedures.

(a) Any Participant or Beneficiary ("Claimant") may file a written claim for a benefit under the Plan with the Administrative Committee or with a person named by the Administrative Committee to receive such claims;

(b) In the event of a denial or limitation of any benefit or payment due or requested by any Claimant, such Claimant shall be given a written notification containing specific reasons for the denial or limitation of the benefit. The written notification shall contain specific reference to the pertinent Plan provisions on which the denial or limitation is based. In addition, it shall contain a description of any additional material or information necessary for the Claimant to perfect a claim and an explanation of why such material or information is necessary. Further, the notification shall provide appropriate information as to the steps to be taken if the Claimant wishes to submit such claim for review. This written notification shall be given to a Claimant within ninety days after receipt of the claim by the Administrative Committee (or its delegatee to receive such claims), unless special circumstances require an extension of time for processing the claim. If such an extension of time is required, written notice of the extension shall be furnished to the Claimant prior to the termination of the ninety-day period and such notice shall indicate the special circumstances which make the postponement appropriate;

(c) In the event of a denial or limitation of benefits, the Claimant or the Claimant's duly authorized representative shall be permitted to review pertinent documents and to submit issues and comments in writing to the Administrative Committee. In addition, the Claimant or the Claimant's duly authorized representative may make a written request for a full and fair review of the claim and its denial by the Administrative Committee; provided, however, that such written request must be received by the Administrative Committee (or its delegatee to receive such requests) within sixty days after receipt by the Claimant of written notification of the denial or limitation. The sixty-day requirement may be waived by the Administrative Committee in appropriate cases; and

(d) (i) A decision shall be rendered by the Administrative Committee within sixty days after the receipt of the request for review; provided, however, that where special circumstances require an extension of time for processing the decision, it may be postponed, on written notice to the Claimant (prior to the expiration of the initial sixty-day period) for an additional sixty days, but in no event shall the decision be rendered more than one hundred and twenty days after the receipt of such request for review.

(ii) Notwithstanding subsection (d)(i) of this Section 12.6, if the Administrative Committee holds regularly scheduled meetings at least quarterly to review such appeals, a Claimant's request for review shall be acted upon at the meeting immediately following the receipt of the Claimant's request unless such request is filed within thirty days preceding such meeting. In such instance, the decision shall be made no later than the date of the second meeting following the receipt of such request by the Administrative Committee (or its delegatee to receive such requests). If special circumstances require a further extension of time for processing a request, a decision shall be rendered not later than the third meeting of the Administrative Committee following the receipt of such request for review, and written notice of the extension shall be furnished to the Claimant prior to the commencement of the extension.

(iii) Any decision by the Administrative Committee shall be furnished to the Claimant in writing and in a manner calculated to be understood by the Claimant and shall set forth the specific reason(s) for the decision and the specific Plan provision(s) on which the decision is based.

(e) If a Claimant files a claim for benefits that the Administrative Committee denies, in whole or in part, then the Claimant may file suit in federal court with respect to the Claimant's claim for benefits after the Claimant has exhausted the Plan's administrative procedures of this Section 12.6. The Claimant must file such suit within three years after the date on which the Administrative Committee issues written notice denying, in whole or in part, the Claimant's initial claim for benefits under Section 12.6(b).

12.7 Liabilities. The Administrative Committee, each member or former member of such Committee, and each person to whom duties and responsibilities have been delegated under the Plan shall be indemnified and held harmless by the Company, to the fullest extent permitted by ERISA, other applicable laws, and the charter and By-laws of the Company.

ARTICLE XIII
AMENDMENTS

13.1 Right to Amend. Except as otherwise set forth in this Article XIII or as may be required by law, the Board of Directors reserves the right to amend the Plan at any time and in any manner, without prior notification, consultation, or bargaining with any Employee or representative of Employees by written resolution of the Board of Directors adopted at a duly convened meeting of the Board of Directors in accordance with the By-Laws of the Company and the laws of the Commonwealth of Pennsylvania. To the extent required by the Code or ERISA, no amendment to the Plan shall decrease a Participant's benefit or eliminate an optional form of distribution. No amendment shall make it possible for any assets of the Plan to be used for or diverted to any purposes other than for the exclusive benefit of Participants and Beneficiaries.

13.2 Amendment by Administrative Committee. The Administrative Committee may adopt any ministerial and nonsubstantive amendment it deems necessary or appropriate to (a) facilitate the administration, management and interpretation of the Plan, (b) conform the Plan to current practice, or (c) cause the Plan and its related Trust to qualify under Code Sections 401(a)(1), 501(a) and 4975(e)(7) or to comply with ERISA or any other applicable laws; provided that such amendment does not have any material effect on the estimated cost to the Company of maintaining the Plan.

13.3 Plan Merger and Asset Transfers. No assets of the Trust shall be merged or consolidated with, nor shall any assets or liabilities be transferred to any other plan, unless the benefits payable to each Participant or Beneficiary, if this Plan were terminated immediately after such action, would be equal to or greater than the benefits such individuals would have been entitled to receive if this Plan had been terminated immediately before such action.

13.4 Amendment of Vesting Schedule. Notwithstanding anything to the contrary, no amendment to the Plan shall have the effect of decreasing a Participant's nonforfeitable percentage determined without regard to such amendment as of the later of the date such amendment is adopted or the date it becomes effective. If the Plan's vesting schedule is amended, or the Plan is amended in any way that directly or indirectly affects the computation of a Participant's nonforfeitable percentage, each Participant with at least 3 Years of Service may elect, within a reasonable period after the adoption of the amendment, to have the nonforfeitable percentage computed under the Plan without regard to such amendment. The Participant's election may be made at any time during the period ending on the latest of:

(a) 60 days after the amendment is adopted;

(b) 60 days after the amendment becomes effective; or

(c) 60 days after the Participant is issued written notice of the amendment by the Company or the Administrative Committee.

ARTICLE XIV
TERMINATION

14.1 Right to Terminate. While the Company intends the Plan to be permanent, the Board of Directors reserves the right to terminate the Plan at any time, without prior notification, consultation, or bargaining with any Employee or representative of Employees by written resolution of the Board of Directors adopted at a duly convened meeting of the Board of Directors in accordance with the By-laws of the Company and the laws of the Commonwealth of Pennsylvania.

14.2 Effect of Termination. If the Plan is terminated, contributions shall cease, and the assets remaining in the Trust, after payment of any expenses, including expenses of administration or liquidation, shall be retained in the Trust for distribution in accordance with the terms of the Plan. Upon termination (including a partial termination), or upon the complete discontinuance of contributions by the Company, all Participants shall be 100 percent vested in their Accounts. Subject to the minimum distribution requirements of Section 9.9(b), distributions shall not be made from the Plan upon its termination until such time as the Plan has received a determination from the Internal Revenue Service that the Plan is qualified upon termination.

14.3 Change in Control. Notwithstanding the provisions of this Article XIV or any other provisions of the Plan to the contrary, the Plan will terminate, upon a Change in Control.

ARTICLE XV
MISCELLANEOUS

15.1 Non-alienation of Benefits. Except as provided in Code Section 401(a)(13) (relating to qualified domestic relations orders), Code Section 401(a)(13)(C) and (D) (relating to offsets ordered or required under a criminal conviction involving the Plan, a civil judgment in connection with a violation or alleged violation of fiduciary responsibilities under ERISA, or a settlement agreement between the Participant and the Department of Labor in connection with a violation or alleged violation of fiduciary responsibilities under ERISA), Section 1.401(a)-13(b)(2) of Treasury regulations (relating to Federal tax levies and judgments), or as otherwise required by law, no benefit under the Plan at any time shall be subject in any manner to anticipation, alienation, assignment (either at law or in equity), encumbrance, garnishment, levy, execution, or other legal or equitable process; and no person shall have power in any manner to anticipate, transfer, assign (either at law or in equity), alienate or subject to attachment, garnishment, levy, execution, or other legal or equitable process, or in any way encumber the Participant's benefits under the Plan, or any part thereof, and any attempt to do so shall be void.

15.2 Appointment of Guardian. Where it is established to the satisfaction of the Administrative Committee that a guardian has been duly appointed on behalf of a person entitled to a distribution under the Plan, the Administrative Committee may cause payment to be made to the guardian for the benefit of the entitled person. The Administrative Committee shall have no responsibility with respect to the application of amounts so paid.

15.3 Satisfaction of Benefit Claims. The assets of the Trust shall be the sole source of benefits under this Plan, and each Participant or any other person who shall claim the right to any payment or benefit under this Plan shall be entitled to look only to the Trust for such payment or benefit, and shall not have any right, claim or demand against the Company or any officer or director of the Company. Such Participant or person shall not have a right to or interest in any assets of the Trust, except as provided from time to time under this Plan.

15.4 Controlling Law. The provisions of the Plan shall be construed, administered and enforced under the laws of the United States and the Commonwealth of Pennsylvania.

15.5 Non-guarantee of Employment. Nothing contained in this Plan shall be construed as a contract of employment between the Company and any Employee, or as a right of any Employee to be continued in the employment of the Company or as a limitation of the right of the Company to discharge any of its Employees, with or without cause.

15.6 Severability and Construction of the Plan.

(a) If any provision of the Plan or the application of it to any circumstance(s) or person(s) is invalid, the remainder of the Plan and the application of such provision to other circumstances or persons shall not be affected thereby.

(b) Unless the context otherwise indicates, the masculine wherever used shall include the feminine and neuter; the singular shall include the plural; and words such as "herein", "hereof," "hereby," "hereunder" and words of similar import shall refer to the Plan as a whole and not any particular part of it.

15.7 No Requirement of Profits. Contributions may be made to the Plan without regard to current or accumulated profits of the Company.

15.8 All Risk on Participants and Beneficiaries. Each Participant and Beneficiary shall assume all risk in connection with any decrease in the value of the assets of the Trust and the Participants' and Beneficiaries' Accounts.

15.9 Recoupment of Overpayments. The Plan shall be entitled to recoup overpaid or erroneously paid benefits from the Plan, in any reasonable manner, including, but not limited to, (i) repayment by a Participant or Beneficiary, in a lump sum, installments, or other method approved by the Administrative Committee, or (ii) reduction of future benefit payments until all overpaid or erroneously paid amounts are fully recovered. The Plan may impose interest on previously overpaid or erroneously paid amount in determining the amount to be repaid or the amount by which future benefit payments are to be reduced. The provisions of this Section 15.9 shall be applied in a nondiscriminatory and consistent manner without regard to a Participant's employment status with the Company.

15.10 Military Service. Notwithstanding any other provision of the Plan to the contrary, contributions, benefits, and service credit with respect to qualified military service shall be provided in accordance with Code Sections 414(u) and 401(a)(37), including, but not limited to, the following:

(a) If a Participant dies while performing qualified military service, the Participant's Beneficiary shall be entitled to additional benefits (other than contributions relating to the period of qualified military service), if any, that would be provided under the Plan had the Participant resumed employment with the Company the day before death and then terminated such employment on account of death.

(b) Differential wage payments, as defined in Code Section 414(u)(12), if any, shall be included in a Participant's Compensation.

ARTICLE XVI
TOP-HEAVY PROVISIONS

16.1 Determination of Top-Heavy Status.

(a) Any provision of this Plan to the contrary notwithstanding, for any Plan Year in which the Plan is a Top-Heavy Plan, the provisions of this Article shall apply. The provisions of this Article shall have effect only to the extent required under Code Section 416. This Plan shall be deemed a Top-Heavy Plan only with respect to any Plan Year in which, as of the Determination Date, the Top-Heavy Ratio exceeds 60 percent.

(b) If the Plan is not included in a Required Aggregation Group with other plans, then it shall be Top-Heavy only if (i) when considered by itself it is a Top-Heavy Plan and (ii) it is not included in a Permissive Aggregation Group that is not a Top-Heavy Group.

(c) If the Plan is included in a Required Aggregation Group with other plans, it shall be Top-Heavy only if the Required Aggregation Group, including any permissively aggregated plans, is Top-Heavy.

16.2 Top-Heavy Definitions. Solely for purposes of this Article, the following words and phrases shall have the following meaning;

(a) “Aggregation Group or Top Heavy Group” means either a Required Aggregation Group or a Permissive Aggregation Group.

(b) “Determination Date” means, with respect to any Plan Year, the last day of the preceding Plan Year or in the case of the first Plan Year of any plan, the last day of such Plan Year or such other date as permitted under rules issued by the U.S. Department of the Treasury.

(c) “The Company” means the Company and all members of a controlled group of corporations (as defined in Code Section 414(b) as modified by Code Section 415(h)), all commonly controlled trades or businesses (as defined in Code Section 414(c) as modified by Code Section 415(h)), or affiliated service groups (as defined in Code Section 414(m)) of which the Company is a part.

(d) “Key Employee” means any employee or former employee (including any deceased employee) who at any time during the Plan Year that includes the Determination Date was an officer of the Company having annual Compensation greater than $130,000 (as adjusted under Code Section 416(i)(1)), a five percent owner of the Company, or a one percent owner of the Company having annual Compensation of more than $170,000, as adjusted by the Internal Revenue Service at the same time and in the same manner as under Code Section 415(d). The determination of who is a Key Employee will be made in accordance with Code Section 416(i)(1) and the applicable regulations and other guidance of general applicability issued thereunder. Compensation for purposes of this Section 16.2 is Compensation as defined in Section 2.11 of the Plan plus any Compensation paid by an Affiliate.

(e) “Non-Key Employee” means any Employee who is not a Key Employee.

(f) “Permissive Aggregation Group” means a Required Aggregation Group plus any other plans maintained and selected by the Company; provided that all such plans when considered together satisfy the requirements of Code Sections 401(a)(4) and 410.

(g) “Required Aggregation Group” means each qualified plan of the Company in which at least one Key Employee participates or which enables any plan in which a Key Employee participates to meet the requirements of Code Sections 401(a)(4) or 410.

(h) “Top-Heavy Ratio” means:

(i) If the Company maintains one or more defined contribution plans (including any Simplified Employee Pension Plan) and the Company has not maintained any defined benefit plan which during the 5-year period ending on the Determination Date(s) has or has had accrued benefits, the Top-Heavy Ratio is a fraction, the numerator of which is the sum of the Account balances of all Key Employees as of the Determination Date(s) (including any part of any Account balance distributed in the 1-year period (5-year period in the case of a distribution made for a reason other than severance from employment, death or Disability) ending on the Determination Date(s)), and the denominator of which is the sum of all Account balances (including any part of any Account balance distributed in the 1-year period (5-year period in the case of a distribution made for a reason other than severance from employment, death or Disability) ending on the Determination Date(s)), both computed in accordance with Code Section 416 and the regulations thereunder. Both the numerator and denominator of the Top-Heavy Ratio are increased to reflect any contribution not actually made as of the Determination Date, but which is required to be taken into account on that date under Code Section 416 and the regulations thereunder.

(ii) If the Company maintains or has maintained one or more defined benefit plans which during the 5-year period ending on the Determination Date(s) has or has had any accrued benefits, the Top-Heavy Ratio for any required or permissive aggregation group as appropriate is a fraction, the numerator of which is the sum of Account Balances under the aggregated defined contribution plan or plans for all Key Employees, determined in accordance with (i) above, and the present value of accrued benefits under the aggregated defined benefit plan or plans for all Key Employees as of the Determination Date(s), and the denominator of which is the sum of the Account balances under the aggregated defined contribution plan or plans for all Participants, determined in accordance with (i) above, and the present value of accrued benefits under the defined benefit plan or plans for all Participants as of the Determination Date(s), all determined in accordance with Code Section 416 and the regulations thereunder. The accrued benefits under a defined benefit plan in both the numerator and denominator of the Top-Heavy Ratio are increased for any distribution of an accrued benefit made in the 1-year period (5-year period in the case of a distribution made for a reason other than severance from employment, death or disability) ending on the Determination Date.

(iii) For purposes of (i) and (ii) above the value of Account balances and the present value of accrued benefits will be determined as of the most recent Valuation Date

that falls within or ends with the 12-month period ending on the Determination Date, except as provided in Code Section 416 and the regulations thereunder for the first and second plan years of a defined benefit plan. The Account balances and accrued benefits of a Participant (1) who is not a Key Employee but who was a Key Employee in a prior year, or (2) who has not been credited with at least one hour of service with any Employer maintaining the plan at any time during the 1-year period ending on the Determination Date will be disregarded. The calculation of the Top-Heavy Ratio, and the extent to which distributions, rollovers, and transfers are taken into account will be made in accordance with Code Section 416 and the regulations thereunder. Deductible employee contributions will not be taken into account for purposes of computing the Top-Heavy Ratio. When aggregating plans the value of Account balances and accrued benefits will be calculated with reference to the Determination Dates that fall within the same calendar year.

The accrued benefit of a Participant other than a Key Employee shall be determined under (1) the method, if any, that uniformly applies for accrual purposes under all defined benefit plans maintained by the Company, or (2) if there is no such method, as if such benefit accrued not more rapidly than the slowest accrual rate permitted under the fractional rule of Code Section 411(b)(1)(C).

(i) "Valuation Date" means, for purposes of determining if the Plan is Top-Heavy, the most recent Valuation Date in the period of twelve months ending on the Determination Date.

16.3 Top-Heavy Rules. For any year in which a Plan is determined to be a Top-Heavy Plan the following rules shall apply:

(a) For each Plan Year in which the Plan is Top-Heavy, minimum contributions for a Participant who is a Non-Key Employee shall be required to be made on behalf of each Participant who is employed by the Company on the last day of the Plan Year. The amount of the minimum contribution shall be the lesser of the following percentage of compensation:

(i) three percent, or

(ii) the highest percentage at which Contributions are made under the Plan for the Plan Year on behalf of any Key Employee.

(A) For purposes of this paragraph (ii), all defined contribution plans included in a Required Aggregation Group shall be treated as one plan.

(B) This paragraph (ii) shall not apply if the Plan is included in a Required Aggregation Group and the Plan enables a defined benefit plan included in the Required Aggregation Group to meet the requirements of Code Sections 401(a)(4) or 410.

(C) If the highest percentage at which Contributions are made under the Plan for a top-heavy Plan Year on behalf of Key Employees is less than three percent, the amounts contributed as a result of a salary reduction agreement must be included in determining Contributions made on behalf of Key Employees.

Any contributions that must be made under this subsection (a) shall be made under the applicable ICC Holdings, Inc. or Affiliate 401(k) Plan.

(b) The vesting schedule when the Plan is Top-Heavy is as follows:

Years of Service	Vested Percentage
0-1 Years of Service	0%
1 Year of Service	25%
2 Years of Service	50%
3 Years of Service	75%
4 Years of Service	100%

ARTICLE XVII
EXEMPT LOANS

17.1 General. The Trustee shall have the authority and discretion to borrow money from a Disqualified Person, or another source which is guaranteed by a Disqualified Person for the purpose of (a) purchasing Company Stock, or (b) repaying a prior Exempt Loan. Any Exempt Loan shall satisfy all of the requirements of this Article XVII.

17.2 Terms of Exempt Loan Agreements. All Exempt Loans shall satisfy the following requirements:

(a) The loan shall be primarily for the benefit of Participants and their Beneficiaries;

(b) The loan shall be for a specified term and shall bear no more than a reasonable rate of interest.

(c) The proceeds of the loan shall be used only to repay such loan or a prior loan, or to acquire Company Stock.

(d) The collateral pledged by the Trustee shall consist only of the Company Stock purchased with the borrowed funds, or Company Stock that was pledged as collateral in connection with a prior Exempt Loan that was repaid with the proceeds of the current Exempt Loan.

(e) Under the terms of the agreement, the lender shall have no recourse against the Trust, or any of its assets, except with respect to the collateral and contributions (other than contributions of Company Stock) by the Company that are made to satisfy its obligations under the loan agreement and earnings attributable to such collateral and such contributions.

(f) The payments made on the loan during a Plan Year shall not exceed an amount equal to the sum of such contributions and the earnings received during or prior to the year less such payments on the exempt loan in prior years.

(g) In the event of default, the value of the assets transferred in satisfaction of the loan shall not exceed the amount of default; moreover, if the lender is a Disqualified Person, the loan agreement shall provide for a transfer of assets upon default only upon and to the extent of the failure of the Plan to meet the payment schedule of the loan.

17.3 Suspense Account.

(a) Company contributions made to the Trust in the form of Company Stock purchased with the proceeds of an Exempt Loan shall be held in the Suspense Account as the collateral for that Exempt Loan. Such stock shall be released from the Suspense Account on a pro-rata basis according to the amount of the payment on the Exempt Loan for the Plan Year, determined under one of the following two alternative formulas in the discretion of the Administrative Committee:

(i) for each Plan Year during the duration of the Exempt Loan, the number of shares of Company Stock released shall equal the number of such shares held in the Suspense Account immediately before release for the current Plan Year multiplied by a fraction, the numerator of which is the amount of principal and interest paid for the year and the denominator of which is the sum of the numerator plus the remaining principal and interest to be paid for all future years. The number of future years under the Exempt Loan must be definitely ascertainable and must be determined without taking into account any possible extensions or renewal periods. If the interest rate under the loan is variable, the interest to be paid in future years must be computed by using the interest rate applicable as of the end of the Plan Year. If the collateral includes more than one class of Company Stock, the number of shares of each class to be released for a Plan Year must be determined by applying the same fraction to each class; or

(ii) for each Plan Year during the duration of the Exempt Loan, the number of shares of Company Stock released is determined solely with reference to the principal payment of the Exempt Loan. If Company Stock in the Suspense Account is released in accordance with this subsection (ii), (A) the Exempt Loan must provide for annual payments of principal and interest at a cumulative rate that is not less rapid at any time than level annual payments of such amounts for 10 years; and (B) interest included in any payment is disregarded only to the extent that it would be determined to be interest under standard loan amortization tables.

This subsection (ii) will not be applicable if by reason of a renewal, extension, or refinancing, the sum of the expired duration of the Exempt Loan, the renewal period, the extension period, and the duration of a new Exempt Loan exceeds 10 years.

(b) Shares of Company Stock released in accordance with Section 17.3(a) of the Plan shall first be allocated to the Accounts of Participants in an amount equal in value to any dividends paid on shares previously allocated to Participant's Accounts that are used to repay the Exempt Loan. The remaining shares of Company Stock shall then be allocated to the Accounts of Participants in the same manner as described in Section 5.5.

IN WITNESS WHEREOF, ICC Holdings, Inc. has caused this Plan to be duly executed under seal this __ day of _____, 2016.

ICC HOLDINGS, INC.

By: _____
Name:
Title:

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

PROPERTY FIRST AND SECOND PER RISK EXCESS OF LOSS
REINSURANCE CONTRACT

Illinois Casualty Company
11396N16 (Eff: 1-1-16)
Property 1st and 2nd Per Risk XOL 12-4-15

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PROPERTY FIRST AND SECOND PER RISK EXCESS OF LOSS
REINSURANCE CONTRACT
(the "Contract")

between

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
including any and/or all of the subsidiary or affiliate companies that are now or may hereafter come under the ownership, management and/or control of the Company
(the "Company")

and

THE SUBSCRIBING REINSURER(S) EXECUTING THE INTERESTS AND LIABILITIES AGREEMENT(S) ATTACHED HERETO
(the "Reinsurer")

ARTICLE I

BUSINESS COVERED

By this Contract the Reinsurer agrees to reinsure the Company's liability under its Policies in force at the effective time and date hereof or issued or renewed at or after that time and date, and classified by the Company as Property business, including but not limited to Section I of Businessowners Policies (including Garagekeepers Valet Parking), Equipment Breakdown, and Fine Arts business, subject to the terms, conditions, and limitations hereafter set forth.

ARTICLE II

COVERAGE

A. As respects each excess layer hereunder, the Reinsurer shall be liable for the Ultimate Net Loss in excess of the "Company's Retention" for the excess layer, as stated in Exhibit A attached hereto, as respects each Risk, each loss, subject to a limit of liability to the Reinsurer equal to the "Reinsurer's Limit, Each Risk, Each Loss" for the excess layer, as stated in Exhibit A attached hereto. The Reinsurer's liability in respect of any one Loss Occurrence shall not exceed the "Reinsurer's Limit, Each Loss Occurrence" for the excess layer, as stated in Exhibit A attached hereto nor shall it exceed the "Reinsurer's Limit, All Risks, All Losses" for the excess layer, as stated in Exhibit A attached hereto, in respect of all losses occurring during the term of this Contract. The Reinsurer's liability for all losses that are directly caused by, contributed to by, resulting from or arising out of or in connection with a nuclear, biological, chemical, or radiological Act of Terrorism, shall not exceed the "Reinsurer's Limit, All Risks, All Acts of Terrorism Resulting From NBCR" for the excess layer, as stated in Exhibit A attached hereto, in respect of all losses occurring during the term of this Contract.

B. No recovery shall be made under the First Excess layer hereunder unless and until the Company shall have first satisfied an annual aggregate deductible in respect of all losses otherwise recoverable hereunder equal to $650,000 during the Contract term.

ARTICLE III

COMMENCEMENT AND EXPIRATION

A. This Contract shall apply to losses occurring during the term extending from January 1, 2016, 12:01 a.m., Central Standard Time, to January 1, 2017, 12:01 a.m., Central Standard Time, or until such time as this Contract is terminated in accordance with the provisions of the SPECIAL TERMINATION AND OTHER REMEDIES ARTICLE.

B. Upon expiration or termination of this Contract, the Reinsurer shall be relieved of all liability hereunder for losses occurring with dates of loss subsequent to the time and date of expiration or termination of this Contract.

C. Notwithstanding the above, upon expiration of this Contract, the Company shall have the option of requiring that the Reinsurer shall remain liable under each Policy subject to this Contract that is in force on said expiration date in respect of all losses occurring from the effective date of the Policy to the end of the run-off period. The Company's option to exercise the run-off expiration must be formally notified to the Reinsurer as promptly as possible following Contract expiration. As respects each Policy ceded to this Contract, "run-off period" means the period from the expiration or termination (if applicable) of this Contract up to the first anniversary date, termination, or expiration date of such Policy, whichever occurs first. The premium for the run-off coverage shall be the "Premium Rate" for the excess layer, as stated in Exhibit A attached hereto, times the unearned subject premium for the Policies in force as of December 31, 2016. However, should the Company elect termination or expiration on a "run-off" basis, in the event that any Policy subject to this Contract is required by statute, regulation or by order of an insurance department to be continued in force, the Reinsurer agrees to extend reinsurance coverage hereunder with respect to such Policy until such Policy may be canceled or non-renewed by the Company.

D. 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.

E. Notwithstanding the expiration or termination of the Reinsurer's participation hereon, the provisions of this Contract shall continue to apply to all obligations and liabilities of the parties incurred hereunder until all such obligations and liabilities are fully performed and discharged.

ARTICLE IV

SPECIAL TERMINATION AND OTHER REMEDIES

A. The Company may terminate the share of the Reinsurer and/or exercise any other provisions provided hereunder as respects said Reinsurer at any time, either during the term or after the expiration of this Contract, upon said Reinsurer's experiencing one or more Special Termination Event(s). A "Special Termination Event" shall be deemed to have occurred in the event of any of the following circumstances:

1. A State Insurance Department or other legal authority orders the Reinsurer to cease writing business;
2. The Reinsurer has voluntarily ceased assuming new and renewal reinsurance business for the lines of business covered hereunder;
3. The Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings 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;
4. For any period not exceeding 12 months, which commences no earlier than 12 months prior to the inception of this Contract, the Reinsurer's policyholders' surplus (or total stamp capacity by managing agent as respects Lloyd's of London syndicates), as reported in the financial statements of the Reinsurer, has been reduced by 20%;
5. The Reinsurer has become merged with, acquired or controlled by any company, corporation, or individual(s) not controlling the Reinsurer's operations previously;
6. The Reinsurer's A.M. Best's Financial Strength Rating has been assigned or downgraded below "A-";
7. The Reinsurer's Standard and Poor's Financial Strength Rating has been assigned or downgraded below "A-" or, as respects Lloyd's of London, the Standard and Poor's Rating of the Lloyd's Market has been assigned or downgraded below "A-";
8. The Reinsurer has reinsured its entire liability under this Contract without the Company's prior written consent;

9. The Reinsurer has transferred its claims-paying authority under this Contract to an unaffiliated entity or in any other way has assigned its interests or delegated its obligations under this Contract to an unaffiliated entity without the Company's prior written consent. Notwithstanding the foregoing, the transfer of claims-paying authority or administration to a third party, where the Reinsurer maintains control over claims settlement decisions, shall not constitute a transfer of its claims-paying authority for purposes of this subparagraph; or

10. The Reinsurer has failed to comply with the funding requirements set forth in the RESERVES AND FUNDING ARTICLE.

Unless it is prohibited by law from doing so, immediately upon the Reinsurer's knowledge of a Special Termination Event, the Reinsurer must notify the Company of such event in writing, by electronic mail, certified mail, or a nationally or internationally recognized delivery service.

B. Where a Special Termination Event has taken place and after giving the Reinsurer 15 days' prior written notice by electronic mail, certified mail, or by a nationally or internationally recognized delivery service, the Company may invoke any one or a combination of the following:

1. The Company may terminate or reduce the Reinsurer's share hereunder effective as of the end of the 15-day notice period. In such event, the Company may elect that:

   a. As respects each Policy in force at the date of termination or reduction, the Reinsurer shall remain liable for all losses occurring from the effective date of the Policy to the end of the run-off period, as provided in paragraph C of the COMMENCEMENT AND EXPIRATION ARTICLE. In such event, any minimum premium hereon, if applicable, shall be waived; or

   b. The entire liability of the Reinsurer for losses occurring subsequent to the date of termination shall cease concurrently with the date of termination. Any minimum premium, if applicable, shall be waived.

2. The Company may require that the Reinsurer commute all present and future liabilities under this Contract in return for a full and final release of all such liabilities. If the Company and Reinsurer cannot agree on the capitalized value of the Reinsurer's liabilities, they shall appoint an independent actuary. If the Company and Reinsurer cannot agree on an actuary, the Company and the Reinsurer shall each nominate three individuals, of whom the other shall decline two, and the final decision shall be made by drawing lots. All the actuaries selected shall be disinterested in the outcome of the commutation and shall be Fellows of the Casualty Actuarial Society. The decision in writing of the appointed actuary, when filed with the parties hereto, shall be final and binding on

both parties. The expense of the actuary and of the actuarial calculation shall be equally divided between the two parties. Said actuarial calculation shall take place in a location chosen by the Company. This commutation option is available to the Company at any time there remain any outstanding liabilities of the Reinsurer.

C. The Company may revoke its notice hereunder, during the aforementioned 15-day period, without prejudice to reinstitute later if it so chooses.

D. The Company's waiver of any rights provided in this Article is not a waiver of that right or other rights at a later date.

ARTICLE V

TERRITORY

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

ARTICLE VI

EXCLUSIONS

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

1. Liability assumed by the Company under any form of treaty reinsurance; however, group intra-company reinsurance (if applicable), local agency reinsurance accepted in the normal course of business, and/or policies written by another carrier at the Company's request and reinsured 100% by the Company shall not be excluded hereunder.
2. Financial Guarantee Coverage and/or similar coverage, however styled.
3. Loss or liability excluded by the Pools, Associations, and Syndicates Exclusion Clause attached hereto.
4. 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, howsoever denominated, established, or governed, that 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.
5. Nuclear Incident pursuant to the "Nuclear Incident Exclusion Clauses – Physical Damage - Reinsurance - U.S.A." attached hereto.

6. Loss caused directly or indirectly by war, whether or not declared, civil war, insurrection, rebellion, or revolution, or any act or condition incidental to any of the foregoing. This exclusion shall not apply to any Policy that contains a standard war exclusion.

7. Pollution as per the Company's original Policy. However, this exclusion shall not apply where the Company has sustained a loss as a result of its pollution exclusion being deemed invalid or inapplicable by a court of law. Furthermore, this exclusion does not exclude Extra Contractual Obligations and Loss in Excess of Policy Limits that are otherwise recoverable hereunder.

8. Loss or damage by flood.

9. Any risk which is known to have an insured value in excess of $250,000,000.

10. Losses resulting from an Act of Terrorism unless covered in the Company's Policies.

ARTICLE VIIT

RADE AND ECONOMIC SANCTIONS

Notwithstanding any other provision in the Contract to the contrary, if at any time should any receipt or payment of funds or any other contemplated transaction under the Contract constitute an actual or potential violation of any economic sanction, regulation or order which is applicable to either the Company or the Reinsurer, the party who becomes aware of the actual or potential violation shall as soon as commercially reasonable notify the other party of the actual or potential violation and the reasons therefore. Solely with respect to such receipt, payment or other transaction, the obligation of the parties under the Contract shall be suspended until such time as the Company or the Reinsurer are authorized by applicable law, regulation, or license to perform under the Contract. The obligations of the parties under the Contract shall remain in effect with respect to the receipt or payment of funds or any other contemplated transaction which would not constitute a violation of any economic sanction, regulation or order.

ARTICLE VIII

SPECIAL ACCEPTANCES

A. Business that is not within the scope of this Contract may be submitted to the Reinsurer for special acceptance hereunder and such business, if accepted by the Reinsurer, shall be subject to all terms, conditions, and limitations of this Contract, except as modified by the special acceptance. Should denial of a request for special acceptance not be received from the Reinsurer within four business days of the Reinsurer's receipt of said request, the special acceptance shall be deemed automatically agreed.

B. Any special acceptance business covered under the reinsurance contract being replaced by this Contract shall be automatically covered hereunder. Furthermore, should the Reinsurer become a party to this Contract subsequent to the acceptance of any business not normally covered hereunder, it shall automatically accept same as being part of this Contract.

ARTICLE IX

REINSURANCE PREMIUM AND CEDING COMMISSION

A. As premium for the reinsurance provided hereunder for each excess layer, the Company shall pay the Reinsurer the "Premium Rate" for the excess layer, as stated in Exhibit A attached hereto, times its Net Earned Premium for the term of this Contract, less a ceding commission the "Ceding Commission Percentage" for the excess layer, as stated in Exhibit A attached hereto, subject to the "Gross Minimum Premium" for the excess layer, as stated in Exhibit A attached hereto. In the event of termination of the Reinsurer's share pursuant to the provisions of the SPECIAL TERMINATION AND OTHER REMEDIES ARTICLE, for the purposes of this paragraph, the term of this Contract shall be deemed to be the period from its effective date to the effective date of such termination.

B. The Company shall pay the Reinsurer the "Gross Deposit Premium" for the excess layer, as stated in Exhibit A attached hereto, in "Gross Quarterly Installments," as stated in Exhibit A attached hereto, on January 1, April 1, July 1, and October 1, 2016.

C. Within 60 days after the expiration or termination of this Contract, and annually thereafter until all premiums subject hereto have been fully earned, the Company shall provide a report to the Reinsurer setting forth the premium due hereunder for each excess layer, computed in accordance with paragraph A. Any premium due the Reinsurer, less amounts previously paid as gross deposits or otherwise, shall accompany said report or any premium received by the Reinsurer that is in excess of the Company's premium obligations hereunder shall be returned by the Reinsurer within 15 days of its receipt of said report.

ARTICLE X

REINSTATEMENT

(This Article applies only to the Second Excess layer.)

A. Should all or any part of the Reinsurer's limit of liability be exhausted as a result of a loss, the sum so exhausted shall be reinstated from the date the loss commenced.

B. The amount of the "Reinsurer's Limit, Each Risk, Each Loss" for the Second Excess layer, as stated in Exhibit A attached hereto shall be automatically reinstated without payment of any additional premium up to an additional limit of one times the "Reinsurer's Limit, Each Risk, Each Loss" for the Second Excess layer.

C. Thereafter, for each amount so reinstated, the Company agrees to pay an additional premium at the time of the Reinsurer's payment of the loss calculated in accordance with the following formula:

1. The amount of limit exhausted for the loss divided by the "Reinsurer's Limit, Each Risk, Each Loss" for the Second Excess layer, as stated in Exhibit A attached hereto.

2. 50% of the reinsurance premium paid or payable for the term of this Contract.

The dollar amount resulting from the multiplication of subparagraphs 1 and 2 above shall equal the reinstatement premium. If at the time of the Reinsurer's payment of a loss hereon, the reinsurance premium as calculated under this Contract is unknown, the calculation of the reinstatement premium shall be based upon the deposit premium subject to adjustment when the reinsurance premium is finally established.

D. Nevertheless, the Reinsurer's liability hereunder shall not exceed the "Reinsurer's Limit, Each Risk, Each Loss" for the Second Excess layer, as stated in Exhibit A attached hereto, as respects each Risk, each loss, and shall be further limited to the "Reinsurer's Limit, Each Loss Occurrence" for the Second Excess layer, as stated in Exhibit A attached hereto, in respect of any one Loss Occurrence, and shall be further limited to the "Reinsurer's Limit, All Risks, All Losses" for the Second Excess layer, as stated in Exhibit A attached hereto, in respect of all Risks, all losses occurring during the term of this Contract.

ARTICLE XI

DEFINITIONS

The terms set forth below, wherever they appear in this Contract and regardless of whether they appear in a singular or plural form, shall have the meanings given herein:

A. Act of Terrorism

"Act of Terrorism" shall be defined as in the Company's original Policies or, if not defined therein, shall be defined as: the use of force or violence and/or the threat thereof committed for political, religious, or ideological purposes and with the intention to influence any government and/or to put the public, or any section of the public, in fear.

B. Declaratory Judgment Expense

"Declaratory Judgment Expense" shall mean all expenses incurred by the Company in connection with a declaratory judgment action brought to determine the Company's defense and/or indemnification obligations that are allocable to a specific claim subject to this Contract. Declaratory Judgment Expense shall be deemed to have been incurred on the date of the original loss giving rise to the declaratory judgment action.

C. Extra Contractual Obligations/Loss in Excess of Policy Limits

1. Extra Contractual Obligations

"Extra Contractual Obligations" shall mean those liabilities not covered under any other provision of this Contract, including any punitive, exemplary, compensatory, or consequential damages, which arise from the handling of any claim on business covered hereunder; such liabilities arising because of, but not limited to, the following: failure to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement, in preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action.

2. Loss in Excess of Policy Limits

"Loss in Excess of Policy Limits" shall mean amounts paid or damages payable by the Company in excess of the Policy limit as a result of alleged or actual negligence, fraud, or bad faith in failing to settle, and/or rejecting a settlement within the Policy limit, in the preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action. Loss in Excess of Policy Limits is any amount for which the Company would have been contractually liable to pay had it not been for the limits of the reinsured Policy.

3. Coverage for Extra Contractual Obligations loss and/or Loss in Excess of Policy Limits shall not apply when such loss has been incurred due to an adjudicated finding of fraud committed by a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with a member of the Board of Directors or a corporate officer or a partner of any other corporation or partnership.

4. Any Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

5. In no event shall coverage be provided to the extent not permitted by law.

D. Loss Adjustment Expense

"Loss Adjustment Expense" shall mean all costs and expenses allocable to a specific claim that are incurred by the Company in the investigation, appraisal, adjustment, settlement, litigation, defense, or appeal of a specific claim, including court costs and costs of supersedeas and appeal bonds, and including 1) pre-judgment interest, unless included as part of the award or judgment; 2) post-judgment interest; 3) legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including Declaratory Judgment Expense; and 4) a pro rata share of salaries and expenses of Company field employees, and expenses of other Company employees who have been temporarily diverted from their normal and customary duties and assigned to the field adjustment of losses covered by this Contract. Loss Adjustment Expense does not include salaries and expenses of employees, other than 4) above, and office and other overhead expenses.

E. Loss Occurrence

"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 of America 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 120 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 subparagraph 1) 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 ice damming or by bursting of frozen pipes and tanks), all individual losses sustained by the Company which occur during any period of 14 consecutive days may be included in the Company’s “Loss Occurrence.”

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 those “Loss Occurrences” referred to in E.4. where one such period of 14 consecutive days shall apply with respect to one event, regardless of the duration of the event.

However, as respects those Loss Occurrences referred to in subparagraphs E.1 and E.2 above, if the disaster, accident or loss occasioned by the event is of greater duration than 72 or 120 consecutive hours, then the Company may divide that disaster, accident or loss into two or more Loss Occurrences, provided 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.

It is understood that losses arising from a combination of two or more perils as a result of the same event shall be considered as having arisen from one “Loss Occurrence.” Notwithstanding the foregoing, the hourly limitations, as stated above, shall not be exceeded as respects the applicable perils and no single “Loss Occurrence” shall encompass a time period greater than 168 consecutive hours; except as outlined in E.4. where a period of 14 consecutive days shall apply.

F. Net Earned Premium

“Net Earned Premium” shall mean gross earned premium of the Company for the business reinsured hereunder, less cancellations and return premiums, and less earned premiums ceded by the Company for other reinsurance as provided in the OTHER REINSURANCE ARTICLE.

G. Policy

“Policy” shall mean the Company’s binders, policies, endorsements and contracts, providing insurance or reinsurance on the business covered under this Contract.

H. Risk

“Risk” shall be subject to definition solely by the Company.

I. Ultimate Net Loss

"Ultimate Net Loss" shall mean the amount of any settlement, award, or judgment paid by the Company or for which the Company has become liable to pay, including 1) Loss Adjustment Expense, 2) any pre-judgment interest that is included as part of an award or judgment, and 3) 90% of Loss in Excess of Policy Limits, 90% of Extra Contractual Obligations, after making deductions for all recoveries, salvages, and subrogations, which are actually recovered, and all claims on inuring reinsurance, whether collectible or not; provided, however, that in the event of the insolvency of the Company, payment by the Reinsurer shall be made in accordance with the provisions of the INSOLVENCY ARTICLE. In the event a verdict or judgment is reduced by appeal or a settlement, subsequent to the entry of the judgment, however, resulting in an ultimate saving on such verdict or judgment, or a judgment is reversed outright, the loss expense incurred in securing such final reduction or reversal will be prorated between the Reinsurers and the Company in the proportion that each benefits from such reduction or reversal. 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.

ARTICLE XII

NET RETAINED LINES

A. This Contract applies only to that portion of any Policy that the Company retains net for its own account (prior to deduction of any underlying reinsurance) 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 that 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 reinsurers, whether specific or general, any amounts that may have become due from such reinsurers, whether such inability arises from the insolvency of such other reinsurers or otherwise.

ARTICLE XIII

LIABILITY OF THE REINSURER

All reinsurances for which the Reinsurer shall be liable by virtue of this Contract shall be subject in all respects to the same terms, conditions, interpretations, and waivers and to the same modifications, alterations, and cancellations, as the respective Policies to which such reinsurances relate, the true intent of the parties to this Contract being that the Reinsurer shall follow the fortunes of the Company.

ARTICLE XIV

THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any other party have any rights under this Contract except as expressly provided otherwise in the INSOLVENCY ARTICLE.

ARTICLE XV

NOTICE OF LOSS AND LOSS SETTLEMENTS

A. The Company shall advise the Reinsurer of all claims or losses that, in the opinion of the Company, may result in a claim hereunder. Furthermore, the Company shall notify the Reinsurer of all subsequent developments to any claims and losses that, in the opinion of the Company, may materially affect the position of the Reinsurer, such advices to include any loss for which the amount incurred is 50% or more of the Company's retention, but inadvertent omission in dispatching any notices shall in no way affect the obligations of the Reinsurer under this Contract, provided the Company informs the Reinsurer of such omission promptly upon discovery.

B. All loss settlements made by the Company that are within the terms and conditions of this Contract shall be binding upon the Reinsurer. Upon receipt of evidence of the amount paid or to be paid, the Reinsurer agrees to pay within five days of its receipt of such evidence or allow, as the case may be, its share of each such amount.

ARTICLE XVI

OFFSET

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; however, in the event of the insolvency of any party hereto, offset shall be in accordance with applicable law.

ARTICLE XVII

CURRENCY

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 XVIII

TERRORISM EXCESS RECOVERY

A. Any financial assistance the Company receives under the Terrorism Risk Insurance Act of 2002, and any other replacements, extensions or amendments thereto (the "Act") shall apply as follows:

1. Except as provided in subparagraph 2 below, any such financial assistance shall inure solely to the benefit of the Company and shall be entirely disregarded in applying all of the provisions of this Contract.

2. If losses occurring hereunder result in recoveries made by the Company both under this Contract and under the Act, and such recoveries, together with any other reinsurance recoveries made by the Company applicable to said losses, exceed the total amount of the Company's insured losses, any amount in excess thereof shall reduce the Ultimate Net Loss subject to this Contract for the losses to which the Act's financial assistance applies. These recoveries shall be returned in proportion to each Reinsurer's paid share of the loss.

B. Nothing herein shall be construed to mean that the losses under this Contract are not recoverable from the Reinsurer until the Company has received financial assistance under the Act.

ARTICLE XIX

RESERVES AND FUNDING

(This Article shall not apply to a Reinsurer who has satisfied its funding obligations to a trust fund; however, in the instances where such funding requirements are reduced below 100%, then the provisions of this Article shall apply to such Reinsurers and funding shall be required for the difference between 100% of the "Reinsurer's Obligations", as defined in this Article, and the percentage of such Reinsurer's Obligations funded to the respective trust fund.)

A. The Reinsurer shall provide funding under the terms of this Article only if the Company will be denied statutory credit for reinsurance ceded to that Reinsurer pursuant to the credit for reinsurance law or regulations of the regulatory authority having jurisdiction over the Company's reserves.

B. As regards Policies issued by the Company coming within the scope of this Contract, the Company agrees that, when it files with the insurance regulatory authority or sets up on

its books reserves for liabilities which it is required by law to set up, it shall forward to the Reinsurer a report showing the proportion of such reserves which is applicable to the Reinsurer. The Reinsurer shall fund 100% of its portion of such reserves in respect of:

1. Loss and loss expense paid by the Company but not recovered from the Reinsurer;
2. Known outstanding losses that have been reported to the Reinsurer and loss expense relating thereto;
3. Reserves for loss and loss expense incurred but not reported;
4. Unearned premium (if applicable);
5. Other amounts recoverable reported in Schedule F of the Company's NAIC Statement;

as shown in the report prepared by the Company (hereinafter referred to as "Reinsurer's Obligations"). The Reinsurer's Obligations shall be funded by funds withheld, cash advances, escrow accounts for the benefit of the Company, Letters of Credit ("LOC"), Trust Account, or a combination thereof. The Reinsurer shall have the option of determining the method of funding, subject always to the provision that (a) the method of funding and (b) the terms and provisions of any such LOC or Trust Account and (c) the quality of assets in any Trust Account are all acceptable to the Company and also meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves. In the event a provision of any such funding instrument jeopardizes the Company's ability to obtain full credit for reinsurance, such provision shall be void and shall be amended to comply with applicable credit for reinsurance requirements. The Reinsurer shall provide funding and/or any adjustments thereto in time for the Company to meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves, provided that the Company sends the report of Reinsurer's Obligations at least 15 days prior to the date such funding is required.

C. When funding in whole or in part by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC dated on or before December 31 of the year in which the request is made (on or before the last day of the calendar quarter for any quarterly adjustment), issued by a member of the Federal Reserve System or any bank approved for use by the NAIC Securities Valuation Office, and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves. Such LOC shall be issued for a period of not less than one year and shall include an "evergreen clause," which automatically extends the term for at least one additional year at each expiration date unless 60 days (or such other time period as may be required by the applicable insurance regulatory authorities) prior to any expiration date the issuing bank notifies the Company by certified or registered mail that the issuing bank elects not to consider the LOC

extended for any additional period. If the issuing bank of the LOC is put under negative credit watch by a major rating agency or is removed from the list of banks approved by the NAIC Securities Valuation Office, the Company may require that a replacement LOC be issued by a bank acceptable to the Company, by providing the Reinsurer with written notice requesting such replacement LOC. If the Reinsurer fails to provide acceptable replacement security within 10 business days following receipt of the Company's notice, the Company may draw upon the existing LOC in amounts equal to the Reinsurer's Obligations.

D. The Reinsurer and Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver, or conservator of the Company for the following purposes:

1. To reimburse the Company for the Reinsurer's share of unearned premium on Policies reinsured hereunder on account of cancellations of such Policies;

2. To reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and which has not been otherwise paid;

3. To make refund of any sum which is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of Reinsurer's Obligations, if funding is provided by a Trust Account);

4. To fund an account with the Company for the Reinsurer's Obligations if such LOC is under notice of non-renewal or not replaced by the Reinsurer within 10 days prior to its expiration. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer;

5. To pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

In the event the amount drawn by the Company on any funding provided by the Reinsurer is in excess of the actual amount required for subparagraph 1, 2, or 4 or, in the case of subparagraph 5, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

E. Deferral of funding that may be permitted for a certified reinsurer in the event of a catastrophe shall not apply to any Reinsurer under this Contract.

F. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

G. At annual intervals, or more frequently but never more frequently than quarterly, the Company shall prepare a specific report of the Reinsurer's Obligations, for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the report shows that the Reinsurer's Obligations exceed the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account as of the report date, the Reinsurer shall, within 30 days after receipt of notice of such excess, make an adjustment to increase the available balance of funds withheld and/or cash advances and/or LOC and/or Trust Account by the amount of such excess.

2. If, however, the report shows that the Reinsurer's Obligations are less than the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or 102% of the balance of the Trust Account if funding is provided by Trust Account, as of the report date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess funding by making or allowing an adjustment to the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account.

H. Should the Reinsurer be in breach of its obligations under this Article, notwithstanding anything to the contrary elsewhere in this Contract, the Company may seek relief in respect of said breach from any court having competent jurisdiction over the parties hereto.

ARTICLE XX

TAXES

The Company shall pay applicable taxes (except Federal Excise Tax, if any) on premiums reported to the Reinsurer under this Contract.

ARTICLE XXI

FEDERAL EXCISE TAX

A. The Reinsurer has agreed to allow the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) for the purpose of paying Federal Excise Tax to the extent such premium is subject to such tax. Should the Reinsurer claim exempt status from Federal Excise Tax, it shall provide to the Company, upon its request, proof that the exempt status adequately satisfies the rules as imposed under the Internal Revenue Code and any other applicable U.S. government authority.

B. In the event of any return premium becoming due hereunder, the Reinsurer shall deduct the applicable percentage from the return premium payable hereon and the Company or its agent shall recover such tax from the United States Government.

C. As respects premiums ceded to the Reinsurer under this Contract, the Reinsurer agrees to indemnify the Company for any liability, expense, interest, or penalty it may incur by reason of the Reinsurer's breach of this Article.

ARTICLE XXII

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

A. The Reinsurer hereby acknowledges the requirements of Sections 1471-1474 U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance issued from time to time thereunder ("FATCA") and the obligation to provide to the Company and the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") a valid Internal Revenue Service ("IRS") Form W8-BEN-E, W-9 or other documentation meeting the requirements of the FATCA regulations to establish the Reinsurer is not subject to any withholding requirement pursuant to FATCA (the "Required Documentation").

B. The Reinsurer shall notify the Company and Intermediary in writing (by electronic mail, certified mail or overnight mail using a nationally recognized overnight delivery service) in the event the Reinsurer is not compliant with FATCA. If the Reinsurer has not provided the Company and Intermediary with the Required Documentation thirty (30) days prior to any premium due date, or becomes non-compliant with FATCA at any later date, the Withholding Agent [as defined in U.S. Treasury Regulation Section 1.1471-1(b)(147)] shall withhold thirty percent (30%) of any premium payment to the Reinsurer under this Contract and shall promptly notify the Reinsurer of such withholding ("Withholding"). The Reinsurer hereby agrees to such Withholding.

C. In the event the Reinsurer is subject to Withholding as set forth under FATCA, the Reinsurer continues to remain fully liable for all of its obligations under this Contract. The Withholding under paragraph B above does not constitute a breach of contract, any premium payment condition, warranty or other clause of this Contract. Reinsurer(s) subject to Withholding may not terminate, cancel, revoke or restrict this Contract, may not terminate, cancel, revoke or restrict coverage under this Contract in any manner and may not deny, refuse, restrict or delay payment of any claim under this Contract or invoke any interest, penalty or other late payment provision hereunder, based on the Withholding. The Reinsurer subject to Withholding shall be liable under this Contract as if no Withholding had been made.

D. Amounts deducted or withheld as Withholding are not subject to offset. Offset rights, if any, under this Contract are hereby amended in accordance with the terms of this Article.

E. The Reinsurer shall indemnify the Company and its agents for any and all liability, expense, interest or penalty the Company and its agents incur, based upon, arising from or in connection with (i) any inaccurate or invalid Required Documentation; or (ii) any violation by the Reinsurer of FATCA. Such indemnity shall survive the expiration or termination of this Contract.

ARTICLE XXIII

ACCESS TO RECORDS

A. The Reinsurer or its designated representative(s) approved by the Company, upon providing reasonable advance notice to the Company, shall have access at the offices of the Company or at a location to be mutually agreed, at a time to be mutually agreed, to inspect the Company's underwriting, accounting, or claim files pertaining to the subject matter of this Contract. The Company shall determine the manner in which files shall be accessed by the Reinsurer. The Reinsurer may, at its own expense, reasonably request copies of such files and agrees to pay the Company's reasonable costs (including staff expense and other overhead costs) incurred in procuring such copies.

B. The Reinsurer or its designated representative(s) shall not have access to Protected Records related to a claim ceded to this Contract; however, the Reinsurer shall be permitted to have access to those Protected Records described in subparagraph F.2 of this Article after the Company's final settlement or final adjudication of such underlying claim. If Protected Records are withheld, the Company shall advise the Reinsurer accordingly and the Company shall take reasonable steps to provide the Reinsurer with sufficient information to determine its liability hereunder. Further, the Reinsurer or its designated representative(s) shall not have access to any communications with any other reinsurer supporting the Company in respect of business subject to this Contract and shall not have access to Protected Records relating to any dispute between the Company and the Reinsurer.

C. If any undisputed amounts are overdue from the Reinsurer to the Company, the Reinsurer shall have access to such records only upon payment of all such overdue amounts.

D. Upon completion of the audit, the Reinsurer and its representative(s) shall consult with the Company promptly and in good faith, no later than 30 days after the completion of the audit unless otherwise agreed, with respect to any and all questions or issues raised by the audit. If, as a result of the Reinsurer's inspection of the Company's files, any claim is denied, contested, or disputed, the Reinsurer shall promptly provide the Company with a summary of any reports or analysis completed by the Reinsurer's personnel or by any third party on behalf of the Reinsurer outlining the findings of the inspection and identifying the reasons for contesting or disputing the subject claim.

E. Nothing in this Article requires the Company to maintain or to make available any document for longer than the period required by the Company's document retention policies and procedures or the period required by applicable statute or regulation, whichever is greater.

F. "Protected Records" are defined as communications, files, records, documents, or books:

1. Deemed by the Company to concern Trade Secrets of the Company (Trade Secrets shall have the meaning provided in Section 1839 of the United States Economic Espionage Act of 1996); or

2. Deemed by the Company to be subject to attorney-client privilege or work product rule protection; or

3. Concerning individual private information that as a matter of law cannot be disclosed by the Company.

ARTICLE XXIV

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information, and data provided to the Reinsurer by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract, inspection pursuant to the ACCESS TO RECORDS ARTICLE, or any other information relating to this Contract, ("Confidential Information") are proprietary and confidential to the Company.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except when:

1. The disclosure is to an authorized agent of the Reinsurer performing underwriting, claim handling, pricing, placement, and/or evaluation services for the Reinsurer; or

2. The Confidential Information is publicly known or has become publicly known through no unauthorized act of the Reinsurer; or

3. Required by retrocessionaires subject to the business ceded to this Contract; or

4. Required by regulators performing an audit of the Reinsurer's records and/or financial condition; or

5. Required by auditors performing an audit of the Reinsurer's records in the normal course of business; or

6. Required by legal counsel.

C. Further, the Reinsurer agrees not to use any Confidential Information for any purpose not permitted by this Contract or not related to the performance of their obligations or enforcement of their rights under this Contract.

D. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process, or any regulatory authority to release or disclose any Confidential Information, the Reinsurer agrees to provide the Company written notice of same prior to such release or disclosure and to use its reasonable best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

E. The provisions of this Article shall extend to the officers, directors, and employees of the Reinsurer and its affiliates, who have received Confidential Information in accordance with this Contract, and shall be binding upon their successors and assigns.

ARTICLE XXV

INDEMNIFICATION AND ERRORS AND OMISSIONS

A. The Reinsurer is reinsuring, subject to the terms and conditions of this Contract, the obligations of the Company under any Policy. The Company shall be the sole judge as to:

1. what shall constitute a claim or loss covered under any Policy;
2. the Company's liability thereunder;
3. the amount or amounts that it shall be proper for the Company to pay thereunder.

B. The Reinsurer shall be bound by the judgment of the Company as to the obligation(s) and liability(ies) of the Company under any Policy.

C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE XXVI

INSOLVENCY

A. In the event of the insolvency of the Company, this reinsurance shall be payable directly to the Company or to its liquidator, receiver, conservator, or statutory successor, with reasonable provision for verification, 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 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 proportionate share of the benefit that 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 agreed that, in the event of the insolvency of the Company, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Company or its liquidator, receiver, conservator, or statutory successor, 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 payee under such Policies and in substitution for the obligations of the Company to such payees.

D. In the event of the insolvency of any company or companies listed in the designation of “Company” under this Contract, this Article shall apply only to the insolvent company or companies.

E. In the event of the insolvency of any company or companies covered hereunder, the laws of the applicable domiciliary state(s) shall apply. In the event of a conflict between any provision of this Article and the laws of the domiciliary state of any company or companies covered hereunder, that domiciliary state’s laws shall prevail.

ARTICLE XXVII

ARBITRATION

A. As a condition precedent to any right of action hereunder, any irreconcilable dispute arising out of the interpretation, performance, or breach of this Contract, including the formation or validity thereof, whether arising before or after the expiry or termination of the Contract, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent by certified mail, return receipt requested, or such reputable courier service as is capable of returning proof of receipt of such notice by the recipient to the party demanding arbitration.

B. One arbitrator shall be appointed by each party. If the responding party fails to appoint its arbitrator within 30 days after its receipt of the claimant party's notice requesting arbitration, the claimant party, after 10 days' notice by certified mail or reputable courier as provided above of its intention to do so, may appoint the second arbitrator.

C. The two arbitrators shall, before instituting the hearing, appoint an impartial third arbitrator who shall preside at the hearing. Should the two arbitrators fail to choose the third arbitrator within 30 days of the appointment of the second arbitrator, the parties shall appoint the third arbitrator pursuant to the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS) Umpire Selection Procedure. All arbitrators shall be disinterested active or former senior executives of insurance or reinsurance companies or Underwriters at Lloyd's, London. In the event of the resignation or death of any arbitrator, a replacement shall be appointed in the same manner as the resigning or deceased arbitrator was appointed and the newly constituted panel shall take all necessary and/or reasonable measures to continue the arbitration proceedings without additional delay.

D. Within 30 days after notice of appointment of all arbitrators, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules for hearings. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Unless the panel agrees otherwise, arbitration shall take place in Rock Island, Illinois, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of Illinois. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

E. The panel shall make its decision as promptly as possible following the termination of the hearings, considering the terms and conditions expressed in this Contract and the custom and practice of the applicable insurance and reinsurance business. Judgment upon the award may be entered in any court having jurisdiction thereof.

F. Arbitration proceedings are subject to consolidation as follows:

1. Single contract, multiple reinsurers, common issue: If more than one Reinsurer is involved in arbitration where there are common questions of law or fact and a possibility of conflicting awards or inconsistent results, all such Reinsurers, at the Company's request, shall be joined in a single arbitration proceeding and 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 the one party; provided, however, that nothing therein 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 under the terms of this Contract from several to joint.

2. Single reinsurer, multiple contracts, common issue: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company, under which a dispute has arisen where there are common questions of law or fact with the dispute being arbitrated under this Contract and a possibility of conflicting awards or inconsistent results, the Reinsurer, at the Company's request, shall arbitrate all such reinsurance disputes involving the same loss or common questions of law or fact in one consolidated proceeding, subject to the provisions of this Article.

3. Single reinsurer, multiple contracts: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company and various disputes have arisen under such contracts, regardless of whether or not there are common questions of law or fact, if mutually agreed to by the parties hereto, the parties shall arbitrate all reinsurance disputes in one consolidated proceeding, subject to the provisions of this Article.

The agreement to consolidate disputes under this Contract and one or more other reinsurance contracts will supersede all other reinsurance contracts entered into between the Company and the Reinsurer, regardless of whether any other reinsurance contract may require or address consolidation.

G. Each party shall bear the expense of the arbitrator selected by or for it and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys fees, to the extent permitted by law.

ARTICLE XXVIII

SERVICE OF SUIT

(This Article is 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. This Article is not intended to conflict with or override the obligation of the parties to arbitrate their disputes in accordance with the ARBITRATION ARTICLE.)

A. In the event of the failure of the Reinsurer to perform its obligations under this Contract, the Reinsurer, at the request of the Company, shall 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. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against it upon this Contract, and shall abide by the final decision of such court or of any appellate court in the event of an appeal. The validity and/or enforceability of any arbitration award or judgment obtained in the United States shall not be contested by the Reinsurer in any jurisdiction outside of the United States.

B. Service of process in such suit may be made upon the law firm of Mendes and Mount, 750 Seventh Avenue, New York, NY 10019, or another party specifically designated by the Reinsurer in its Interests and Liabilities Agreement attached hereto.

C. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceedings instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

D. The individual named in Paragraph C shall be deemed the Reinsurer's agent for the service of process:

1. where the address designated in, or pursuant to paragraph B is invalid; or

2. to the extent necessary to bring this Contract into conformity with the applicable law of a state with jurisdiction over the Company.

ARTICLE XXIX

GOVERNING LAW

This Contract shall be governed as to performance, administration, and interpretation by the laws of the State of Illinois, exclusive of that state's rules with respect to conflicts of law.

ARTICLE XXX

ENTIRE AGREEMENT

This Contract shall constitute the entire agreement between the parties with respect to the business being reinsured hereunder and no understandings exist between the parties other than

those expressed in this Contract. Any change or modification to this Contract shall be null and void unless made by amendment to this Contract and signed by both parties. This Article shall not be construed as limiting in any way the admissibility, in the context of an arbitration or any other legal proceeding, of evidence regarding the formation, interpretation, purpose, or intent of this Contract.

ARTICLE XXXI

SALVAGE AND SUBROGATION

A. The Company, at its sole discretion, may enforce its right to salvage and/or subrogation and may prosecute all claims arising out of such right.

B. Amounts recovered from salvage and/or subrogation shall be used to reimburse the Company's excess reinsurers, including the Reinsurer hereon (and the Company, should it carry a portion of excess coverage net) in the reverse order of their participation in the loss before being used in any way to reimburse the Company for its primary loss. The expense incurred by the Company in pursuing any such recovery shall be borne by each party in proportion to its benefit (if any) from the recovery. If the recovery expense exceeds the amount recovered, the amount recovered (if any) shall be applied to the reimbursement of recovery expense incurred by the Company and the remaining expense shall be included in Ultimate Net Loss.

ARTICLE XXXII

SEVERABILITY

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 XXXIII

OTHER REINSURANCE

The Company is permitted to have other treaty reinsurance. The premium for any such reinsurance that inures to the benefit of this Contract shall not be included within the subject premium hereunder. Additionally, the Company may purchase facultative reinsurance on any subject Risk it deems advisable, and the premium for that portion of the Company's Policy reinsured elsewhere shall not be included within the subject premium hereunder.

ARTICLE XXXIV

LATE PAYMENTS

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

A. In the event that any amount 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 a rate equal to the U.S. Prime Rate as published in *The Wall Street Journal* on the first business day following the date a remittance becomes due plus 300 basis points; 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 has been received by the Intermediary.

B. The establishment of the payment due date shall, for purposes of this Article, be 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 Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 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 14 days after the proof of loss or demand for payment is transmitted to the Reinsurer by the Intermediary. If such loss or claim payment is not received within the 14 days, interest will accrue on the payment or amount overdue in accordance with paragraph A 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 the Company not otherwise provided for in subparagraphs 1 and 2 above, the due date shall be as provided for in the applicable Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 days following transmittal by the Intermediary 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.

C. The validity of any claim or payment may be contested under the provisions of this Contract. If the debtor party prevails in an arbitration, or any other proceeding, there shall be no interest penalty due. Otherwise, any interest shall be calculated and due as outlined above. Furthermore, if a debtor party advances payment of any amount hereunder that it is contesting and prevails in such action, the other party shall reimburse the debtor party for any such payment plus pay interest on same, at a rate calculated as per the provisions of paragraph A, above; however, such calculation is to begin from the actual date of remittance of funds from the debtor party through the date the funds are returned.

D. If the interest rate provided under this Article exceeds the maximum interest rate allowed by applicable law, such interest rate shall be modified to the highest rate permitted by the applicable law.

ARTICLE XXXV

MODE OF EXECUTION

This Contract may be executed either by an original written ink signature of paper documents, by an exchange of facsimile copies showing the original written ink signature of paper documents, or by electronic signature by either party employing appropriate software technology as to satisfy the parties at the time of execution that the version of the document agreed to by each party shall always be capable of authentication and satisfy the same rules of evidence as written signatures. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE XXXVI

INTERMEDIARY

Willis Re Inc. is hereby recognized as the intermediary negotiating this Contract and through whom all communications relating thereto shall be transmitted to the Company or the Reinsurer. Payments by the Company to Willis Re Inc. shall be deemed to constitute payment to the Reinsurer and payments by the Reinsurer to Willis Re Inc. 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 specified below:

Signed this day of , 2015.

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)

By */s/ Aaron K. Sutherland*

Printed Name Aaron K. Sutherland

Title President / CEO

EXHIBIT A

PROPERTY FIRST AND SECOND PER RISK
EXCESS OF LOSS REINSURANCE AGREEMENT
issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

	11396N16 First Excess	11396N16 Second Excess
Company's Retention	**$ 350,000**	**$ 1,000,000**
Reinsurer's Limit, Each Risk, Each Loss	**$ 650,000**	**$ 3,000,000**
Reinsurer's Limit, Each Loss Occurrence	**$1,950,000**	**$ 6,000,000**
Reinsurer's Limit, All Risks, All Losses	**N/A**	**$ 9,000,000**
Reinsurer's Limit, All Risks, All Losses From Acts of Terrorism Resulting From NBCR	**$1,950,000**	**N/A**
Gross Deposit Premium	**$ ***	**$ ***
Gross Quarterly Installments	**$ ***	**$ ***
Gross Minimum Premium	**$ ***	**$ ***
Premium Rate	***%**	***%**
Ceding Commission Percentage	***%**	**N/A**

* Confidential information has been omitted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

POOLS, ASSOCIATIONS & SYNDICATES EXCLUSION CLAUSE

SECTION A:

EXCLUDING:

(a) All Business derived directly or indirectly from any Pool, Association or Syndicate which maintains its own reinsurance facilities.

(b) Any Pool or Scheme (whether voluntary or mandatory) formed after March 1, 1968 for the purpose of insuring Property whether on a country-wide basis or in respect of designated areas. This exclusion shall not apply to so-called Automobile Insurance Plans or other Pools formed to provide coverage for Automobile Physical Damage.

SECTION B:

It is agreed that business written by the Company for the same perils, which is known at the time to be insured by, or in excess of underlying amounts placed in the following Pools, Associations, or Syndicates, whether by way of insurance or reinsurance, is excluded hereunder:

Industrial Risk Insurers,

Associated Factory Mutuals,

Improved Risk Mutuals,

Any Pool, Association or Syndicate formed for the purpose of writing Oil, Gas or Petro-Chemical Plants and/or Oil or Gas Drilling Rigs,

United States Aircraft Insurance Group,

Canadian Aircraft Insurance Group,

Associated Aviation Underwriters,

American Aviation Underwriters.

SECTION B does not apply:

(a) Where the Total Insured Value over all interests of the risk in question is less than $250,000,000.

(b) To interests traditionally underwritten as Inland Marine or Stock and/or Contents written on a Blanket basis.

(c) To Contingent Business Interruption, except when the Company is aware that the key location is known at the time to be insured in any Pool, Association or Syndicate named above, other than as provided for under Section B (a).

(d) To risks as follows:

Offices, Hotels, Apartments, Hospitals, Educational Establishments, Public Utilities (other than Railroad Schedules) and Builder's Risks on the classes of risks specified in this subsection (d) only.

Where this Clause attaches to catastrophe excesses, the following Section C is added:

SECTION C:

NEVERTHELESS the Reinsurer specifically agrees that liability accruing to the Company from its participation in residual market mechanisms including but not limited to:

(l) The following so-called "Coastal Pools":

ALABAMA INSURANCE UNDERWRITING ASSOCIATION MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION SOUTH CAROLINA WINDSTORM AND HAIL UNDERWRITING ASSOCIATIONTEXAS WINDSTORM INSURANCE ASSOCIATION

AND

(2) All "FAIR Plan" and "Rural Risk Plan" business

AND

(3) The Louisiana Citizens Property Insurance Corporation, the Citizens Property Insurance Corporation ("CPIC") and the California Earthquake Authority (CEA)

for all perils otherwise protected hereunder shall not be excluded, except, however, that this reinsurance does not include any increase in such liability resulting from:

(i) The inability of any other participant in such "Coastal Pool" and/or "FAIR Plan" and/or "Rural Risk Plan" and/or Residual Market Mechanisms to meet its liability.

(ii) Any claim against such "Coastal Pool" and/or "FAIR Plan" and/or "Rural Risk Plan" and/or Residual Market Mechanisms, or any participant therein, including the Company, whether by way of subrogation or otherwise, brought by or on behalf of any Insolvency Fund (as defined in the Insolvency Fund Exclusion Clause incorporated in this Contract).

SECTION D:

(1) Notwithstanding Section C above, in respect of the CEA, where an assessment is made against the Company by the CEA, the Company may include in the Ultimate Net Loss only that assessment directly attributable to each separate loss occurrence covered hereunder. The Company's initial capital contribution to the CEA shall not be included in the Ultimate Net Loss.

(2) Notwithstanding Section C above, in respect of the CPIC, where an assessment is made against the Company by the CPIC, the maximum loss that the Company may include in the Ultimate Net Loss in respect of any loss occurrence hereunder shall not exceed the lesser of:

(a) The Company's assessment from the CPIC for the accounting year in which the loss occurrence commenced, or

(b) The product of the following:

(i) The Company's percentage participation in the CPIC for the accounting year in which the loss occurrence commenced; and

(ii) The CPIC's total losses in such loss occurrence.

Any assessments for accounting years subsequent to that in which the loss occurrence commenced may not be included in the Ultimate Net Loss hereunder. Moreover, notwithstanding Section C above, in respect of the CPIC, the Ultimate Net Loss hereunder shall not include any monies expended to purchase or retire bonds as a consequence of being a member of the CPIC. For the purposes of this Contract, the Company may not include in the Ultimate Net Loss any assessment or any percentage assessment levied by the CPIC to meet the obligations of an insolvent insurer member or other party, or to meet any obligations arising from the deferment by the CPIC of the collection of monies.

NUCLEAR INCIDENT EXCLUSION CLAUSE – PHYSICAL DAMAGE - REINSURANCE - U.S.A.

1) This Agreement does not cover any loss or liability accruing to the Reinsured, 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 Agreement does not cover any loss or liability accruing to the Reinsured, 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 Agreement does not cover any loss or liability by radioactive contamination accruing to the Reinsured, 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 the Reinsured 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 Government Authority having jurisdiction thereof.

4) Without in any way restricting the operations of paragraphs 1), 2) and 3) hereof, this Agreement does not cover any loss or liability by radioactive contamination accruing to the Reinsured, 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 Reinsured 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) Reinsured 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 operations of paragraph 1) hereof, it is understood and agreed that:

a) all policies issued by the Reinsured 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 Reinsured 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

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

ALLIED WORLD INSURANCE COMPANY
(the "Subscribing Reinsurer")
with respect to the

PROPERTY FIRST AND SECOND PER RISK EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

20.00% of the Property First Per Risk Layer

20.00% of the Property Second Per Risk Layer

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 2015.

ALLIED WORLD INSURANCE COMPANY

By */s/ Daniel Schaefer*

Printed Name Daniel Schaefer

Title Assistant Vice President

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

AMERICAN AGRICULTURAL INSURANCE COMPANY
(the "Subscribing Reinsurer")

with respect to the

PROPERTY FIRST AND SECOND PER RISK EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

0.00% of the Property First Per Risk Layer

5.00% of the Property Second Per Risk Layer

NOTE: 0.00% means no share.

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 2015.

AMERICAN AGRICULTURAL INSURANCE COMPANY

By */s/ Dwayne E. Elliott*

Printed Name Dwayne E. Elliott

Title Vice President Domestic Underwriting/Marketing

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

ASPEN INSURANCE UK LIMITED
(the "Subscribing Reinsurer")

with respect to the

PROPERTY FIRST AND SECOND PER RISK EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

15.00% of the Property First Per Risk Layer
5.00% of the Property Second Per Risk Layer

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsures. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 2015.

ASPEN RE AMERICA, INC.
on behalf of
ASPEN INSURANCE U LIMITED

By */s/ Thomas J. Luning*

Printed Name Thomas J. Luning

Title Head of U.S. Regional

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

ENDURANCE REINSURANCE CORPORATION OF AMERICA
(the "Subscribing Reinsurer")

with respect to the

PROPERTY FIRST AND SECOND PER RISK EXCESS OF LOSS
REINSURANCE CONTRACT (the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

12.50% of the Property First Per Risk Layer
00.00% of the Property Second Per Risk Layer

NOTE: 00.00% means no share.

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing, reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 2015.

ENDURANCE REINSURANCE CORPORATION OF AMERICA

By */s/ Charles D. Margeson*

Printed Name Charles D. Margeson

Title Senior Vice President

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

EVEREST REINSURANCE COMPANY
(the "Subscribing Reinsurer")

with respect to the

PROPERTY FIRST AND SECOND PER RISK EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

27.50% of the Property First Per Risk Layer
30.00% of the Property Second Per Risk Layer

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 2015.

By */s/ James Brady*

Printed Name James Brady

Title VP – Treaty Property

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

HANNOVER RUCK SE
(the "Subscribing Reinsurer")

with respect to the

PROPERTY FIRST AND SECOND PER RISK EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

15.00% of the Property First Per Risk Layer
40.00% of the Property Second Per Risk Layer

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

It is further agreed that the Subscribing Reinsurer shall not be subject to Article VII, TRADE AND ECONOMIC SANCTIONS in the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 2015.

HANOVER RUCK SE

By */s/ Scalie Kaiser*

Printed Name Scalie Kaiser

Title VP UP
North American Property Department – TD 10

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

PARTNER REINSURANCE COMPANY OF THE U.S.
(the "Subscribing Reinsurer")

with respect to the

PROPERTY FIRST AND SECOND PER RISK EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

10.00% of the Property First Per Risk Layer
00.00% of the Property Second Per Risk Layer

NOTE: 00.00% means no share.

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 2015.

PARTNER REINSURANCE COMPANY OF THE U.S.

By /s/ John R. Klages, Jr.

Printed Name John R. Klages, Jr.

Title Vice President

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

COMBINED PROPERTY CATASTROPHE AND AGGREGATE CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

Illinois Casualty Company
11398N16 (Eff: 1-1-16)
Combined Property Catastrophe and Aggregate Catastrophe XOL 12-4-15

TABLE OF CONTENTS

COMBINED PROPERTY CATASTROPHE AND AGGREGATE CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

between

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
including any and/or all of the subsidiary or affiliate companies that are now or may hereafter come under the ownership, management and/or control of the Company
(the "Company")

and

THE SUBSCRIBING REINSURER(S) EXECUTING THE INTERESTS AND LIABILITIES AGREEMENT(S) ATTACHED HERETO
(the "Reinsurer")

ARTICLE I

BUSINESS COVERED

By this Contract the Reinsurer agrees to reinsure the Company's liability under its Policies in force at the effective time and date hereof or issued or renewed at or after that time and date, and classified by the Company as Property business, including but not limited to Section I of Businessowners Policies (including Garagekeepers Valet Parking), Equipment Breakdown, and Fine Arts business, subject to the terms, conditions, and limitations hereafter set forth.

ARTICLE II

COVERAGE

A. Section A - Property Catastrophe Excess of Loss Reinsurance

As respects each excess layer hereunder, the Reinsurer shall be liable for the Ultimate Net Loss in excess of the Company's retention equal to the "Company's Section A Retention, Each Loss Occurrence" for the excess layer, as stated in Exhibit A attached hereto, as a result of any one Loss Occurrence, subject to a limit of liability to the Reinsurer as a result of any one Loss Occurrence equal to the "Reinsurer's Section A Limit, Each Loss Occurrence" for the excess layer, as stated in Exhibit A attached hereto. The Reinsurer's liability in respect of all Loss Occurrences during the term of this Contract shall not exceed the "Reinsurer's Section A Limit, All Loss Occurrences" for the excess layer, as stated in Exhibit A attached hereto.

B. Section B - Aggregate Catastrophe Excess of Loss Reinsurance

1. As respects the First Excess layer only, The Reinsurer shall be liable in the aggregate for the amount of Ultimate Net Loss in excess of the Company's retention equal to the "Company's Section B Retention in the Aggregate For All Loss Occurrences," during the term of this Contract, for the First Excess layer as stated in Exhibit A attached hereto, subject to a limit of liability to the Reinsurer as a result of all Loss Occurrences during the term of this Contract equal to the "Reinsurer's Section B Limit, All Loss Occurrences." No recovery shall be made under Section B of this Contract unless and until the Company shall have first satisfied a deductible of $50,000 each Loss Occurrence. Recoveries under Section A of this Contract inure to the benefit of Section B.

C. The Reinsurer shall not be liable under this Contract unless two or more risks are involved in the same Loss Occurrence. The Company shall be the sole judge of what constitutes one "risk" for purposes of this Contract.

ARTICLE III

COMMENCEMENT AND EXPIRATION

A. This Contract shall apply to all Loss Occurrences during the term extending from January 1, 2016, 12:01 a.m., Central Standard Time, to January 1, 2017, 12:01 a.m., Central Standard Time, or until such time as this Contract is terminated in accordance with the provisions of the SPECIAL TERMINATION AND OTHER REMEDIES ARTICLE.

B. 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.

C. Notwithstanding the expiration or termination of the Reinsurer's participation hereon, the provisions of this Contract shall continue to apply to all obligations and liabilities of the parties incurred hereunder until all such obligations and liabilities are fully performed and discharged.

ARTICLE IV

SPECIAL TERMINATION AND OTHER REMEDIES

A. The Company may terminate the share of the Reinsurer and/or exercise any other provisions provided hereunder as respects said Reinsurer at any time, either during the term or after the expiration of this Contract, upon said Reinsurer's experiencing one or more Special Termination Event(s). A "Special Termination Event" shall be deemed to have occurred in the event of any of the following circumstances:

1. A State Insurance Department or other legal authority orders the Reinsurer to cease writing business;
2. The Reinsurer has voluntarily ceased assuming new and renewal reinsurance business for the lines of business covered hereunder;
3. The Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings 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;
4. For any period not exceeding 12 months, which commences no earlier than 12 months prior to the inception of this Contract, the Reinsurer's policyholders' surplus (or total stamp capacity by managing agent as respects Lloyd's of London syndicates), as reported in the financial statements of the Reinsurer, has been reduced by 20%;
5. The Reinsurer has become merged with, acquired or controlled by any company, corporation, or individual(s) not controlling the Reinsurer's operations previously;
6. The Reinsurer's A.M. Best's Financial Strength Rating has been assigned or downgraded below "A-";
7. The Reinsurer's Standard and Poor's Financial Strength Rating has been assigned or downgraded below "A-" or, as respects Lloyd's of London, the Standard and Poor's Rating of the Lloyd's Market has been assigned or downgraded below "A-";
8. The Reinsurer has reinsured its entire liability under this Contract without the Company's prior written consent;
9. The Reinsurer has transferred its claims-paying authority under this Contract to an unaffiliated entity or in any other way has assigned its interests or delegated its obligations under this Contract to an unaffiliated entity without the Company's prior written consent. Notwithstanding the foregoing, the transfer of claims-paying authority or administration to a third party, where the Reinsurer maintains control over claims settlement decisions, shall not constitute a transfer of its claims-paying authority for purposes of this subparagraph; or
10. The Reinsurer has failed to comply with the funding requirements set forth in the RESERVES AND FUNDING ARTICLE.

Unless it is prohibited by law from doing so, immediately upon the Reinsurer's knowledge of a Special Termination Event, the Reinsurer must notify the Company of such event in writing, by electronic mail, certified mail, or a nationally or internationally recognized delivery service.

B. Where a Special Termination Event has taken place and after giving the Reinsurer 15 days' prior written notice by electronic mail, certified mail, or by a nationally or internationally recognized delivery service, the Company may invoke any one or a combination of the following:

1. The Company may terminate or reduce the Reinsurer's share hereunder effective as of the end of the 15-day notice period. In such event, the Company may elect that:

   a. As respects each Policy in force at the date of termination or reduction, the Reinsurer shall remain liable for all losses occurring from the effective date of the Policy to the end of the run-off period, as provided in paragraph C of the COMMENCEMENT AND EXPIRATION ARTICLE. In such event, any minimum premium hereon, if applicable, shall be waived; or

   b. The entire liability of the Reinsurer for losses occurring subsequent to the date of termination shall cease concurrently with the date of termination. Any minimum premium, if applicable, shall be waived.

2. The Company may require that the Reinsurer commute all present and future liabilities under this Contract in return for a full and final release of all such liabilities. If the Company and Reinsurer cannot agree on the capitalized value of the Reinsurer's liabilities, they shall appoint an independent actuary. If the Company and Reinsurer cannot agree on an actuary, the Company and the Reinsurer shall each nominate three individuals, of whom the other shall decline two, and the final decision shall be made by drawing lots. All the actuaries selected shall be disinterested in the outcome of the commutation and shall be Fellows of the Casualty Actuarial Society. The decision in writing of the appointed actuary, when filed with the parties hereto, shall be final and binding on both parties. The expense of the actuary and of the actuarial calculation shall be equally divided between the two parties. Said actuarial calculation shall take place in a location chosen by the Company. This commutation option is available to the Company at any time there remain any outstanding liabilities of the Reinsurer.

C. The Company may revoke its notice hereunder, during the aforementioned 15-day period, without prejudice to reinstitute later if it so chooses.

D. The Company's waiver of any rights provided in this Article is not a waiver of that right or other rights at a later date.

ARTICLE V

TERRITORY

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

ARTICLE VI

EXCLUSIONS

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

1. Liability assumed by the Company under any form of treaty reinsurance; however, group intra-company reinsurance (if applicable), local agency reinsurance accepted in the normal course of business, and/or policies written by another carrier at the Company's request and reinsured 100% by the Company shall not be excluded hereunder.

2. Financial Guarantee Coverage and/or similar coverage, however styled.

3. Loss or liability excluded by the Pools, Associations, and Syndicates Exclusion Clause attached hereto.

4. 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, howsoever denominated, established, or governed, that 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.

5. Nuclear Incident pursuant to the "Nuclear Incident Exclusion Clauses – Physical Damage - Reinsurance - U.S.A." attached hereto.

6. Loss caused directly or indirectly by war, whether or not declared, civil war, insurrection, rebellion, or revolution, or any act or condition incidental to any of the foregoing. This exclusion shall not apply to any Policy that contains a standard war exclusion.

7. Pollution as per the Company's original Policy. However, this exclusion shall not apply where the Company has sustained a loss as a result of its pollution exclusion being deemed invalid or inapplicable by a court of law. Furthermore, this exclusion does not exclude Extra Contractual Obligations and Loss in Excess of Policy Limits that are otherwise recoverable hereunder.

8. Loss or damage by flood.

9. Any risk which is known to have an insured value in excess of $250,000,000.

10. Losses resulting from an Act of Terrorism unless covered in the Company's Policies.

ARTICLE VII

TRADE AND ECONOMIC SANCTIONS

Notwithstanding any other provision in the Contract to the contrary, if at any time should any receipt or payment of funds or any other contemplated transaction under the Contract constitute an actual or potential violation of any economic sanction, regulation or order which is applicable to either the Company or the Reinsurer, the party who becomes aware of the actual or potential violation shall as soon as commercially reasonable notify the other party of the actual or potential violation and the reasons therefore. Solely with respect to such receipt, payment or other transaction, the obligation of the parties under the Contract shall be suspended until such time as the Company or the Reinsurer are authorized by applicable law, regulation, or license to perform under the Contract. The obligations of the parties under the Contract shall remain in effect with respect to the receipt or payment of funds or any other contemplated transaction which would not constitute a violation of any economic sanction, regulation or order.

ARTICLE VIII

SPECIAL ACCEPTANCES

A. Business that is not within the scope of this Contract may be submitted to the Reinsurer for special acceptance hereunder and such business, if accepted by the Reinsurer, shall be subject to all terms, conditions, and limitations of this Contract, except as modified by the special acceptance. Should denial of a request for special acceptance not be received from the Reinsurer within four business days of the Reinsurer's receipt of said request, the special acceptance shall be deemed automatically agreed.

B. Any special acceptance business covered under the reinsurance contract being replaced by this Contract shall be automatically covered hereunder. Furthermore, should the Reinsurer become a party to this Contract subsequent to the acceptance of any business not normally covered hereunder, it shall automatically accept same as being part of this Contract.

ARTICLE IX

REINSURANCE PREMIUM

A. As premium for the reinsurance provided hereunder for each excess layer, the Company shall pay the Reinsurer the "Premium Rate" for the section and excess layer, as stated in Exhibit A attached hereto, times its Net Earned Premium for the term of this Contract, subject to the "Minimum Premium" for the section and excess layer as stated in Exhibit A attached hereto.

B. The Company shall pay the Reinsurer the "Total Deposit Premium" for the excess layer, as stated in Exhibit A attached hereto, in equal "Total Quarterly Installments," as stated in Exhibit A attached hereto, on January 1, April 1, July 1 and October 1, 2016.

C. Within 60 days after the 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. Any premium due the Reinsurer, less amounts previously paid as deposit or otherwise, shall accompany said report or any premium received by the Reinsurer that is in excess of the Company's premium obligations hereunder shall be returned by the Reinsurer within 15 days of its receipt of said report.

ARTICLE X

REINSTATEMENT

This Article applies only to Section A - Property Catastrophe Excess of Loss Reinsurance.

A. As respects each excess layer hereunder, should all or any part of the Reinsurer's limit of liability for the excess layer be exhausted as a result of a Loss Occurrence, the sum so exhausted shall be reinstated from the date the Loss Occurrence commenced.

B. For each amount so reinstated for the excess layer, the Company agrees to pay an additional premium at the time of the Reinsurer's payment of the loss settlement calculated in accordance with the following formula:

1. The percentage of the "Reinsurer's Section A Limit, Each Loss Occurrence" for the excess layer, as stated in Exhibit A attached hereto, exhausted for the Loss Occurrence.

2. The reinsurance premium paid or payable for the excess layer for the term of this Contract multiplied by the "Reinstatement Premium Factor" for the excess layer, as stated in Exhibit A attached hereto.

The dollar amount resulting from the multiplication of subparagraphs 1 and 2 above shall equal the reinstatement premium for the excess layer. If at the time of the Reinsurer's payment of a loss settlement hereon, the reinsurance premium for the excess layer as calculated under this Contract is unknown, the calculation of the reinstatement premium shall be based upon the deposit premium for the excess layer subject to adjustment when the reinsurance premium is finally established.

C. Nevertheless, the Reinsurer's liability hereunder shall not exceed the "Reinsurer's Section A Limit, Each Loss Occurrence" for the excess layer, as stated in Exhibit A attached hereto, in respect of any one Loss Occurrence, and shall be further limited to the "Reinsurer's Section A Limit, All Loss Occurrences" for the excess layer, as stated in Exhibit A attached hereto, in respect to all Loss Occurrences during the term of this Contract.

ARTICLE XI

DEFINITIONS

The terms set forth below, wherever they appear in this Contract and regardless of whether they appear in a singular or plural form, shall have the meanings given herein:

A. Act of Terrorism

"Act of Terrorism" shall be defined as in the Company's original Policies or, if not defined therein, shall be defined as: the use of force or violence and/or the threat thereof committed for political, religious, or ideological purposes and with the intention to influence any government and/or to put the public, or any section of the public, in fear.

B. Declaratory Judgment Expense

"Declaratory Judgment Expense" shall mean all expenses incurred by the Company in connection with a declaratory judgment action brought to determine the Company's defense and/or indemnification obligations that are allocable to a specific claim subject to this Contract. Declaratory Judgment Expense shall be deemed to have been incurred on the date of the original loss giving rise to the declaratory judgment action.

C. Extra Contractual Obligations/Loss in Excess of Policy Limits

1. Extra Contractual Obligations

"Extra Contractual Obligations" shall mean those liabilities not covered under any other provision of this Contract, including any punitive, exemplary, compensatory, or consequential damages, which arise from the handling of any claim on business covered hereunder; such liabilities arising because of, but not limited to, the following: failure to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement, in preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action.

2. Loss in Excess of Policy Limits

"Loss in Excess of Policy Limits" shall mean amounts paid or damages payable by the Company in excess of the Policy limit as a result of alleged or actual negligence, fraud, or bad faith in failing to settle, and/or rejecting a settlement within the Policy limit, in the preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action. Loss in Excess of Policy Limits is any amount for which the Company would have been contractually liable to pay had it not been for the limits of the reinsured Policy.

3. Coverage for Extra Contractual Obligations loss and/or Loss in Excess of Policy Limits shall not apply when such loss has been incurred due to an adjudicated finding of fraud committed by a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with a member of the Board of Directors or a corporate officer or a partner of any other corporation or partnership.

4. Any Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

5. In no event shall coverage be provided to the extent not permitted by law.

D. Loss Adjustment Expense

"Loss Adjustment Expense" shall mean all costs and expenses allocable to a specific claim that are incurred by the Company in the investigation, appraisal, adjustment, settlement, litigation, defense, or appeal of a specific claim, including court costs and costs of supersedeas and appeal bonds, and including 1) pre-judgment interest, unless included as part of the award or judgment; 2) post-judgment interest; 3) legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including Declaratory Judgment Expense; and 4) a pro rata share of salaries and expenses of Company field employees, and expenses of other Company employees who have been temporarily diverted from their normal and customary duties and assigned to the field adjustment of losses covered by this Contract. Loss Adjustment Expense does not include salaries and expenses of employees, other than 4) above, and office and other overhead expenses.

E. Loss Occurrence

"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 of America 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 120 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 subparagraph 1) 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 ice damming or by bursting of frozen pipes and tanks), all individual losses sustained by the Company which occur during any period of 14 consecutive days may be included in the Company's "Loss Occurrence."

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 those "Loss Occurrences" referred to in E.4. where one such period of 14 consecutive days shall apply with respect to one event, regardless of the duration of the event.

However, as respects those Loss Occurrences referred to in subparagraphs E.1 and E.2 above, if the disaster, accident or loss occasioned by the event is of greater duration than 72 or 120 consecutive hours, then the Company may divide that disaster, accident or loss into two or more Loss Occurrences, provided 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.

It is understood that losses arising from a combination of two or more perils as a result of the same event shall be considered as having arisen from one "Loss Occurrence." Notwithstanding the foregoing, the hourly limitations, as stated above, shall not be exceeded as respects the applicable perils and no single "Loss Occurrence" shall encompass a time period greater than 168 consecutive hours; except as outlined in E.4. where a period of 14 consecutive days shall apply.

F. Net Earned Premium

"Net Earned Premium" shall mean gross earned premium of the Company for the business reinsured hereunder, less cancellations and return premiums, and less earned premiums ceded by the Company for other reinsurance as provided in the OTHER REINSURANCE ARTICLE.

G. Policy

"Policy" shall mean the Company's binders, policies, endorsements and contracts, providing insurance or reinsurance on the business covered under this Contract.

H. Ultimate Net Loss

"Ultimate Net Loss" shall mean the amount of any settlement, award, or judgment paid by the Company or for which the Company has become liable to pay, including 1) Loss Adjustment Expense, 2) any pre-judgment interest that is included as part of an award or judgment, and 3) 90% of Loss in Excess of Policy Limits, 90% of Extra Contractual Obligations, after making deductions for all recoveries, salvages, and subrogations, which are actually recovered, and all claims on inuring reinsurance, whether collectible or not; provided, however, that in the event of the insolvency of the Company, payment by the Reinsurer shall be made in accordance with the provisions of the INSOLVENCY ARTICLE. In the event a verdict or judgment is reduced by appeal or a settlement, subsequent to the entry of the judgment, however, resulting in an ultimate saving on such verdict or judgment, or a judgment is reversed outright, the loss expense incurred in securing such final reduction or reversal will be prorated between the Reinsurers and the Company in the proportion that each benefits from such reduction or reversal. 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.

ARTICLE XII

NET RETAINED LINES

A. This Contract applies only to that portion of any Policy that the Company retains net for its own account (prior to deduction of any underlying reinsurance) 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 that 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 reinsurers, whether specific or general, any amounts that may have become due from such reinsurers, whether such inability arises from the insolvency of such other reinsurers or otherwise.

ARTICLE XIII

LIABILITY OF THE REINSURER

All reinsurances for which the Reinsurer shall be liable by virtue of this Contract shall be subject in all respects to the same terms, conditions, interpretations, and waivers and to the same modifications, alterations, and cancellations, as the respective Policies to which such reinsurances relate, the true intent of the parties to this Contract being that the Reinsurer shall follow the fortunes of the Company.

ARTICLE XIV

THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any other party have any rights under this Contract except as expressly provided otherwise in the INSOLVENCY ARTICLE.

ARTICLE XV

NOTICE OF LOSS AND LOSS SETTLEMENTS

A. The Company shall advise the Reinsurer of all claims or losses that, in the opinion of the Company, may result in a claim hereunder. Furthermore, the Company shall notify the Reinsurer of all subsequent developments to any claims and losses that, in the opinion of the Company, may materially affect the position of the Reinsurer, such advices to include any loss for which the amount incurred is 50% or more of the Company's retention, but inadvertent omission in dispatching any notices shall in no way affect the obligations of the Reinsurer under this Contract, provided the Company informs the Reinsurer of such omission promptly upon discovery.

B. All loss settlements made by the Company that are within the terms and conditions of this Contract shall be binding upon the Reinsurer. Upon receipt of evidence of the amount paid or to be paid, the Reinsurer agrees to pay within five days of its receipt of such evidence or allow, as the case may be, its share of each such amount.

ARTICLE XVI

OFFSET

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; however, in the event of the insolvency of any party hereto, offset shall be in accordance with applicable law.

ARTICLE XVII

CURRENCY

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 XVIII

TERRORISM EXCESS RECOVERY

A. Any financial assistance the Company receives under the Terrorism Risk Insurance Act of 2002, and any other replacements, extensions or amendments thereto (the "Act") shall apply as follows:

1. Except as provided in subparagraph 2 below, any such financial assistance shall inure solely to the benefit of the Company and shall be entirely disregarded in applying all of the provisions of this Contract.

2. If losses occurring hereunder result in recoveries made by the Company both under this Contract and under the Act, and such recoveries, together with any other reinsurance recoveries made by the Company applicable to said losses, exceed the total amount of the Company's insured losses, any amount in excess thereof shall reduce the Ultimate Net Loss subject to this Contract for the losses to which the Act's financial assistance applies. These recoveries shall be returned in proportion to each Reinsurer's paid share of the loss.

B. Nothing herein shall be construed to mean that the losses under this Contract are not recoverable from the Reinsurer until the Company has received financial assistance under the Act.

ARTICLE XIX

RESERVES AND FUNDING

(This Article shall not apply to a Reinsurer who has satisfied its funding obligations to a trust fund; however, in the instances where such funding requirements are reduced below 100%, then the provisions of this Article shall apply to such Reinsurers and funding shall be required for the difference between 100% of the "Reinsurer's Obligations", as defined in this Article, and the percentage of such Reinsurer's Obligations funded to the respective trust fund.)

A. The Reinsurer shall provide funding under the terms of this Article only if the Company will be denied statutory credit for reinsurance ceded to that Reinsurer pursuant to the credit for reinsurance law or regulations of the regulatory authority having jurisdiction over the Company's reserves.

B. As regards Policies issued by the Company coming within the scope of this Contract, the Company agrees that, when it files with the insurance regulatory authority or sets up on its books reserves for liabilities which it is required by law to set up, it shall forward to the Reinsurer a report showing the proportion of such reserves which is applicable to the Reinsurer. The Reinsurer shall fund 100% of its portion of such reserves in respect of:

1. Loss and loss expense paid by the Company but not recovered from the Reinsurer;

2. Known outstanding losses that have been reported to the Reinsurer and loss expense relating thereto;

3. Reserves for loss and loss expense incurred but not reported;

4. Unearned premium (if applicable);

5. Other amounts recoverable reported in Schedule F of the Company's NAIC Statement;

as shown in the report prepared by the Company (hereinafter referred to as "Reinsurer's Obligations"). The Reinsurer's Obligations shall be funded by funds withheld, cash advances, escrow accounts for the benefit of the Company, Letters of Credit ("LOC"), Trust Account, or a combination thereof. The Reinsurer shall have the option of determining the method of funding, subject always to the provision that (a) the method of funding and (b) the terms and provisions of any such LOC or Trust Account and (c) the quality of assets in any Trust Account are all acceptable to the Company and also meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves. In the event a provision of any such funding instrument jeopardizes the Company's ability to obtain full credit for reinsurance, such provision shall be void and shall be amended to comply with applicable credit for reinsurance requirements. The Reinsurer shall provide funding and/or any adjustments thereto in time for the Company to meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves, provided that the Company sends the report of Reinsurer's Obligations at least 15 days prior to the date such funding is required.

C. When funding in whole or in part by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC dated on or before December 31 of the year in which the request is made (on or before the last day of the calendar quarter for any quarterly adjustment), issued by a member of the Federal Reserve System or any bank approved for use by the NAIC Securities Valuation Office, and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves. Such LOC shall be issued for a period of not less than one year and shall include an "evergreen clause," which automatically extends the term for at least one additional year at each expiration date unless 60 days (or such other time period as may be required by the applicable insurance regulatory authorities) prior to any expiration date the issuing bank notifies the Company by certified or registered mail that the issuing bank elects not to consider the LOC extended for any additional period. If the issuing bank of the LOC is put under negative credit watch by a major rating agency or is removed from the list of banks approved by the NAIC Securities Valuation Office, the Company may require that a replacement LOC be issued by a bank acceptable to the Company, by providing the Reinsurer with written notice requesting such replacement LOC. If the Reinsurer fails to provide acceptable replacement security within 10 business days following receipt of the Company's notice, the Company may draw upon the existing LOC in amounts equal to the Reinsurer's Obligations.

D. The Reinsurer and Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver, or conservator of the Company for the following purposes:

1. To reimburse the Company for the Reinsurer's share of unearned premium on Policies reinsured hereunder on account of cancellations of such Policies;

2. To reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and which has not been otherwise paid;

3. To make refund of any sum which is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of Reinsurer's Obligations, if funding is provided by a Trust Account);

4. To fund an account with the Company for the Reinsurer's Obligations if such LOC is under notice of non-renewal or not replaced by the Reinsurer within 10 days prior to its expiration. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer;

5. To pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

In the event the amount drawn by the Company on any funding provided by the Reinsurer is in excess of the actual amount required for subparagraph 1, 2, or 4 or, in the case of subparagraph 5, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

E. Deferral of funding that may be permitted for a certified reinsurer in the event of a catastrophe shall not apply to any Reinsurer under this Contract.

F. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

G. At annual intervals, or more frequently but never more frequently than quarterly, the Company shall prepare a specific report of the Reinsurer's Obligations, for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the report shows that the Reinsurer's Obligations exceed the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account as of the report date, the Reinsurer shall, within 30 days after receipt of notice of such excess, make an adjustment to increase the available balance of funds withheld and/or cash advances and/or LOC and/or Trust Account by the amount of such excess.

2. If, however, the report shows that the Reinsurer's Obligations are less than the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or 102% of the balance of the Trust Account if funding is provided by Trust Account, as of the report date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess funding by making or allowing an adjustment to the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account.

H. Should the Reinsurer be in breach of its obligations under this Article, notwithstanding anything to the contrary elsewhere in this Contract, the Company may seek relief in respect of said breach from any court having competent jurisdiction over the parties hereto.

ARTICLE XX

TAXES

The Company shall pay applicable taxes (except Federal Excise Tax, if any) on premiums reported to the Reinsurer under this Contract.

ARTICLE XXI

FEDERAL EXCISE TAX

A. The Reinsurer has agreed to allow the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) for the purpose of paying Federal Excise Tax to the extent such premium is subject to such tax. Should the Reinsurer claim exempt status from Federal Excise Tax, it shall provide to the Company, upon its request, proof that the exempt status adequately satisfies the rules as imposed under the Internal Revenue Code and any other applicable U.S. government authority.

B. In the event of any return premium becoming due hereunder, the Reinsurer shall deduct the applicable percentage from the return premium payable hereon and the Company or its agent shall recover such tax from the United States Government.

C. As respects premiums ceded to the Reinsurer under this Contract, the Reinsurer agrees to indemnify the Company for any liability, expense, interest, or penalty it may incur by reason of the Reinsurer's breach of this Article.

ARTICLE XXII

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

A. The Reinsurer hereby acknowledges the requirements of Sections 1471-1474 U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance issued from time to time thereunder ("FATCA") and the obligation to provide to the Company and the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") a valid Internal Revenue Service ("IRS") Form W8-BEN-E, W-9 or other documentation meeting the requirements of the FATCA regulations to establish the Reinsurer is not subject to any withholding requirement pursuant to FATCA (the "Required Documentation").

B. The Reinsurer shall notify the Company and Intermediary in writing (by electronic mail, certified mail or overnight mail using a nationally recognized overnight delivery service) in the event the Reinsurer is not compliant with FATCA. If the Reinsurer has not provided the Company and Intermediary with the Required Documentation thirty (30) days prior to any premium due date, or becomes non-compliant with FATCA at any later date, the Withholding Agent [as defined in U.S. Treasury Regulation Section 1.1471-1(b)(147)] shall withhold thirty percent (30%) of any premium payment to the Reinsurer under this Contract and shall promptly notify the Reinsurer of such withholding ("Withholding"). The Reinsurer hereby agrees to such Withholding.

C. In the event the Reinsurer is subject to Withholding as set forth under FATCA, the Reinsurer continues to remain fully liable for all of its obligations under this Contract. The Withholding under paragraph B above does not constitute a breach of contract, any premium payment condition, warranty or other clause of this Contract. Reinsurer(s) subject to Withholding may not terminate, cancel, revoke or restrict this Contract, may not terminate, cancel, revoke or restrict coverage under this Contract in any manner and may not deny, refuse, restrict or delay payment of any claim under this Contract or invoke any interest, penalty or other late payment provision hereunder, based on the Withholding. The Reinsurer subject to Withholding shall be liable under this Contract as if no Withholding had been made.

D. Amounts deducted or withheld as Withholding are not subject to offset. Offset rights, if any, under this Contract are hereby amended in accordance with the terms of this Article.

E. The Reinsurer shall indemnify the Company and its agents for any and all liability, expense, interest or penalty the Company and its agents incur, based upon, arising from or in connection with (i) any inaccurate or invalid Required Documentation; or (ii) any violation by the Reinsurer of FATCA. Such indemnity shall survive the expiration or termination of this Contract.

ARTICLE XXIII

ACCESS TO RECORDS

A. The Reinsurer or its designated representative(s) approved by the Company, upon providing reasonable advance notice to the Company, shall have access at the offices of the Company or at a location to be mutually agreed, at a time to be mutually agreed, to inspect the Company's underwriting, accounting, or claim files pertaining to the subject matter of this Contract. The Company shall determine the manner in which files shall be accessed by the Reinsurer. The Reinsurer may, at its own expense, reasonably request copies of such files and agrees to pay the Company's reasonable costs (including staff expense and other overhead costs) incurred in procuring such copies.

B. The Reinsurer or its designated representative(s) shall not have access to Protected Records related to a claim ceded to this Contract; however, the Reinsurer shall be permitted to have access to those Protected Records described in subparagraph F.2 of this Article after the Company's final settlement or final adjudication of such underlying claim. If Protected Records are withheld, the Company shall advise the Reinsurer accordingly and the Company shall take reasonable steps to provide the Reinsurer with sufficient information to determine its liability hereunder. Further, the Reinsurer or its designated representative(s) shall not have access to any communications with any other reinsurer supporting the Company in respect of business subject to this Contract and shall not have access to Protected Records relating to any dispute between the Company and the Reinsurer.

C. If any undisputed amounts are overdue from the Reinsurer to the Company, the Reinsurer shall have access to such records only upon payment of all such overdue amounts.

D. Upon completion of the audit, the Reinsurer and its representative(s) shall consult with the Company promptly and in good faith, no later than 30 days after the completion of the audit unless otherwise agreed, with respect to any and all questions or issues raised by the audit. If, as a result of the Reinsurer's inspection of the Company's files, any claim is denied, contested, or disputed, the Reinsurer shall promptly provide the Company with a summary of any reports or analysis completed by the Reinsurer's personnel or by any third party on behalf of the Reinsurer outlining the findings of the inspection and identifying the reasons for contesting or disputing the subject claim.

E. Nothing in this Article requires the Company to maintain or to make available any document for longer than the period required by the Company's document retention policies and procedures or the period required by applicable statute or regulation, whichever is greater.

F. "Protected Records" are defined as communications, files, records, documents, or books:

1. Deemed by the Company to concern Trade Secrets of the Company (Trade Secrets shall have the meaning provided in Section 1839 of the United States Economic Espionage Act of 1996); or

2. Deemed by the Company to be subject to attorney-client privilege or work product rule protection; or

3. Concerning individual private information that as a matter of law cannot be disclosed by the Company.

ARTICLE XXIV

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information, and data provided to the Reinsurer by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract, inspection pursuant to the ACCESS TO RECORDS ARTICLE, or any other information relating to this Contract, ("Confidential Information") are proprietary and confidential to the Company.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except when:

1. The disclosure is to an authorized agent of the Reinsurer performing underwriting, claim handling, pricing, placement, and/or evaluation services for the Reinsurer; or
2. The Confidential Information is publicly known or has become publicly known through no unauthorized act of the Reinsurer; or
3. Required by retrocessionaires subject to the business ceded to this Contract; or
4. Required by regulators performing an audit of the Reinsurer's records and/or financial condition; or
5. Required by auditors performing an audit of the Reinsurer's records in the normal course of business; or
6. Required by legal counsel.

C. Further, the Reinsurer agrees not to use any Confidential Information for any purpose not permitted by this Contract or not related to the performance of their obligations or enforcement of their rights under this Contract.

D. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process, or any regulatory authority to release or disclose any Confidential Information, the Reinsurer agrees to provide the Company written notice of same prior to such release or disclosure and to use its reasonable best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

E. The provisions of this Article shall extend to the officers, directors, and employees of the Reinsurer and its affiliates, who have received Confidential Information in accordance with this Contract, and shall be binding upon their successors and assigns.

ARTICLE XXV

INDEMNIFICATION AND ERRORS AND OMISSIONS

A. The Reinsurer is reinsuring, subject to the terms and conditions of this Contract, the obligations of the Company under any Policy. The Company shall be the sole judge as to:

1. what shall constitute a claim or loss covered under any Policy;
2. the Company's liability thereunder;
3. the amount or amounts that it shall be proper for the Company to pay thereunder.

B. The Reinsurer shall be bound by the judgment of the Company as to the obligation(s) and liability(ies) of the Company under any Policy.

C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE XXVI

INSOLVENCY

A. In the event of the insolvency of the Company, this reinsurance shall be payable directly to the Company or to its liquidator, receiver, conservator, or statutory successor, with reasonable provision for verification, 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 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 proportionate share of the benefit that 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 agreed that, in the event of the insolvency of the Company, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Company or its liquidator, receiver, conservator, or statutory successor, 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 payee under such Policies and in substitution for the obligations of the Company to such payees.

D. In the event of the insolvency of any company or companies listed in the designation of "Company" under this Contract, this Article shall apply only to the insolvent company or companies.

E. In the event of the insolvency of any company or companies covered hereunder, the laws of the applicable domiciliary state(s) shall apply. In the event of a conflict between any provision of this Article and the laws of the domiciliary state of any company or companies covered hereunder, that domiciliary state's laws shall prevail.

ARTICLE XXVII

ARBITRATION

A. As a condition precedent to any right of action hereunder, any irreconcilable dispute arising out of the interpretation, performance, or breach of this Contract, including the formation or validity thereof, whether arising before or after the expiry or termination of the Contract, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent by certified mail, return receipt requested, or such reputable courier service as is capable of returning proof of receipt of such notice by the recipient to the party demanding arbitration.

B. One arbitrator shall be appointed by each party. If the responding party fails to appoint its arbitrator within 30 days after its receipt of the claimant party's notice requesting arbitration, the claimant party, after 10 days' notice by certified mail or reputable courier as provided above of its intention to do so, may appoint the second arbitrator.

C. The two arbitrators shall, before instituting the hearing, appoint an impartial third arbitrator who shall preside at the hearing. Should the two arbitrators fail to choose the third arbitrator within 30 days of the appointment of the second arbitrator, the parties shall appoint the third arbitrator pursuant to the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS) Umpire Selection Procedure. All arbitrators shall be disinterested active or former senior executives of insurance or reinsurance companies or Underwriters at Lloyd's, London. In the event of the resignation or death of any arbitrator, a replacement shall be appointed in the same manner as the resigning or deceased arbitrator was appointed and the newly constituted panel shall take all necessary and/or reasonable measures to continue the arbitration proceedings without additional delay.

D. Within 30 days after notice of appointment of all arbitrators, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules for hearings. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Unless the panel agrees otherwise, arbitration shall take place in Rock Island, Illinois, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of Illinois. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

E. The panel shall make its decision as promptly as possible following the termination of the hearings, considering the terms and conditions expressed in this Contract and the custom and practice of the applicable insurance and reinsurance business. Judgment upon the award may be entered in any court having jurisdiction thereof.

F. Arbitration proceedings are subject to consolidation as follows:

1. Single contract, multiple reinsurers, common issue: If more than one Reinsurer is involved in arbitration where there are common questions of law or fact and a possibility of conflicting awards or inconsistent results, all such Reinsurers, at the Company's request, shall be joined in a single arbitration proceeding and 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 the one party; provided, however, that nothing therein 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 under the terms of this Contract from several to joint.

2. Single reinsurer, multiple contracts, common issue: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company, under which a dispute has arisen where there are common questions of law or fact with the dispute being arbitrated under this Contract and a possibility of conflicting awards or inconsistent results, the Reinsurer, at the Company's request, shall arbitrate all such reinsurance disputes involving the same loss or common questions of law or fact in one consolidated proceeding, subject to the provisions of this Article.

3. Single reinsurer, multiple contracts: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company and various disputes have arisen under such contracts, regardless of whether or not there are common questions of law or fact, if mutually agreed to by the parties hereto, the parties shall arbitrate all reinsurance disputes in one consolidated proceeding, subject to the provisions of this Article.

The agreement to consolidate disputes under this Contract and one or more other reinsurance contracts will supersede all other reinsurance contracts entered into between the Company and the Reinsurer, regardless of whether any other reinsurance contract may require or address consolidation.

G. Each party shall bear the expense of the arbitrator selected by or for it and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys fees, to the extent permitted by law.

ARTICLE XXVIII

SERVICE OF SUIT

(This Article is 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. This Article is not intended to conflict with or override the obligation of the parties to arbitrate their disputes in accordance with the ARBITRATION ARTICLE.)

A. In the event of the failure of the Reinsurer to perform its obligations under this Contract, the Reinsurer, at the request of the Company, shall 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. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against it upon this Contract, and shall abide by the final decision of such court or of any appellate court in the event of an appeal. The validity and/or enforceability of any arbitration award or judgment obtained in the United States shall not be contested by the Reinsurer in any jurisdiction outside of the United States.

B. Service of process in such suit may be made upon the law firm of Mendes and Mount, 750 Seventh Avenue, New York, NY 10019, or another party specifically designated by the Reinsurer in its Interests and Liabilities Agreement attached hereto.

C. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceedings instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

D. The individual named in Paragraph C shall be deemed the Reinsurer's agent for the service of process:

1. where the address designated in, or pursuant to paragraph B is invalid; or

2. to the extent necessary to bring this Contract into conformity with the applicable law of a state with jurisdiction over the Company.

ARTICLE XXIX

GOVERNING LAW

This Contract shall be governed as to performance, administration, and interpretation by the laws of the State of Illinois, exclusive of that state's rules with respect to conflicts of law.

ARTICLE XXX

ENTIRE AGREEMENT

This Contract shall constitute the entire agreement between the parties with respect to the business being reinsured hereunder and no understandings exist between the parties other than those expressed in this Contract. Any change or modification to this Contract shall be null and void unless made by amendment to this Contract and signed by both parties. This Article shall not be construed as limiting in any way the admissibility, in the context of an arbitration or any other legal proceeding, of evidence regarding the formation, interpretation, purpose, or intent of this Contract.

ARTICLE XXXI

SALVAGE AND SUBROGATION

A. The Company, at its sole discretion, may enforce its right to salvage and/or subrogation and may prosecute all claims arising out of such right.

B. Amounts recovered from salvage and/or subrogation shall be used to reimburse the Company's excess reinsurers, including the Reinsurer hereon (and the Company, should it carry a portion of excess coverage net) in the reverse order of their participation in the loss before being used in any way to reimburse the Company for its primary loss. The expense incurred by the Company in pursuing any such recovery shall be borne by each party in proportion to its benefit (if any) from the recovery. If the recovery expense exceeds the amount recovered, the amount recovered (if any) shall be applied to the reimbursement of recovery expense incurred by the Company and the remaining expense shall be included in Ultimate Net Loss.

ARTICLE XXXII

SEVERABILITY

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 XXXIII

OTHER REINSURANCE

The Company is permitted to have other treaty reinsurance. The premium for any such reinsurance that inures to the benefit of this Contract shall not be included within the subject premium hereunder. Additionally, the Company may purchase facultative reinsurance on any subject Risk it deems advisable, and the premium for that portion of the Company's Policy reinsured elsewhere shall not be included within the subject premium hereunder.

ARTICLE XXXIV

LATE PAYMENTS

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

A. In the event that any amount 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 a rate equal to the U.S. Prime Rate as published in The Wall Street Journal on the first business day following the date a remittance becomes due plus 300 basis points; 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 has been received by the Intermediary.

B. The establishment of the payment due date shall, for purposes of this Article, be 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 Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 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 14 days after the proof of loss or demand for payment is transmitted to the Reinsurer by the Intermediary. If such loss or claim payment is not received within the 14 days, interest will accrue on the payment or amount overdue in accordance with paragraph A 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 the Company not otherwise provided for in subparagraphs 1 and 2 above, the due date shall be as provided for in the applicable Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 days following transmittal by the Intermediary 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.

C. The validity of any claim or payment may be contested under the provisions of this Contract. If the debtor party prevails in an arbitration, or any other proceeding, there shall be no interest penalty due. Otherwise, any interest shall be calculated and due as outlined above. Furthermore, if a debtor party advances payment of any amount hereunder that it is contesting and prevails in such action, the other party shall reimburse the debtor party for any such payment plus pay interest on same, at a rate calculated as per the provisions of paragraph A, above; however, such calculation is to begin from the actual date of remittance of funds from the debtor party through the date the funds are returned.

D. If the interest rate provided under this Article exceeds the maximum interest rate allowed by applicable law, such interest rate shall be modified to the highest rate permitted by the applicable law.

ARTICLE XXXV

MODE OF EXECUTION

This Contract may be executed either by an original written ink signature of paper documents, by an exchange of facsimile copies showing the original written ink signature of paper documents, or by electronic signature by either party employing appropriate software technology as to satisfy the parties at the time of execution that the version of the document agreed to by each party shall always be capable of authentication and satisfy the same rules of evidence as written signatures.

The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE XXXVI

INTERMEDIARY

Willis Re Inc. is hereby recognized as the intermediary negotiating this Contract and through whom all communications relating thereto shall be transmitted to the Company or the Reinsurer. Payments by the Company to Willis Re Inc. shall be deemed to constitute payment to the Reinsurer and payments by the Reinsurer to Willis Re Inc. 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 specified below:

Signed this day of , 20 .

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)

By /s/ Arron K. Sutherland
Printed Name Arron K. Sutherland
Title President/CEO

EXHIBIT A

COMBINED PROPERTY CATASTROPHE AND AGGREGATE CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

	11398N16 First Excess	11398N16 Second Excess
Section A – Property Catastrophe XOL		
Company's Section A Retention, Each Loss Occurrence	$ 500,000	$ 5,000,000
Reinsurer's Section A Limit, Each Loss Occurrence	$4,500,000	$ 5,000,000
Reinsurer's Section A Limit, All Loss Occurrences	$9,000,000	$10,000,000
Reinstatement Premium Factor	150%	100%
Section B – Aggregate Catastrophe XOL		
Company's Section B Retention, in the Aggregate For All Loss Occurrences	$1,500,000	N/A
Reinsurer's Section B Limit, All Loss Occurrences	$1,500,000	N/A
Total Deposit Premium	$ *	$ *
Total Quarterly Installments	$ *	$ *
Minimum Premium	$ *	$ *
Premium Rates:		
Section A:	*%	*%
Section B:	*%	N/A

* Confidential information has been omitted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

POOLS, ASSOCIATIONS & SYNDICATES EXCLUSION CLAUSE

SECTION A:

EXCLUDING:

(a) All Business derived directly or indirectly from any Pool, Association or Syndicate which maintains its own reinsurance facilities.

(b) Any Pool or Scheme (whether voluntary or mandatory) formed after March 1, 1968 for the purpose of insuring Property whether on a country-wide basis or in respect of designated areas. This exclusion shall not apply to so-called Automobile Insurance Plans or other Pools formed to provide coverage for Automobile Physical Damage.

SECTION B:

It is agreed that business written by the Company for the same perils, which is known at the time to be insured by, or in excess of underlying amounts placed in the following Pools, Associations, or Syndicates, whether by way of insurance or reinsurance, is excluded hereunder:

Industrial Risk Insurers,
Associated Factory Mutuals,
Improved Risk Mutuals,
Any Pool, Association or Syndicate formed for the purpose of writing Oil, Gas or Petro-Chemical Plants and/or Oil or Gas Drilling Rigs,
United States Aircraft Insurance Group,
Canadian Aircraft Insurance Group,
Associated Aviation Underwriters,
American Aviation Underwriters.

SECTION B does not apply:

(a) Where the Total Insured Value over all interests of the risk in question is less than $250,000,000.

(b) To interests traditionally underwritten as Inland Marine or Stock and/or Contents written on a Blanket basis.

(c) To Contingent Business Interruption, except when the Company is aware that the key location is known at the time to be insured in any Pool, Association or Syndicate named above, other than as provided for under Section B (a).

(d) To risks as follows:

Offices, Hotels, Apartments, Hospitals, Educational Establishments, Public Utilities (other than Railroad Schedules) and Builder’s Risks on the classes of risks specified in this subsection (d) only.

SECTION C:

NEVERTHELESS the Reinsurer specifically agrees that liability accruing to the Company from its participation in residual market mechanisms including but not limited to:

(1) The following so-called "Coastal Pools":

ALABAMA INSURANCE UNDERWRITING ASSOCIATION
MISSISSIPPI WINDSTORM UNDERWRITING ASSOCIATION
NORTH CAROLINA INSURANCE UNDERWRITING ASSOCIATION
SOUTH CAROLINA WINDSTORM AND HAIL UNDERWRITING ASSOCIATION
TEXAS WINDSTORM INSURANCE ASSOCIATION

AND

(2) All "FAIR Plan" and "Rural Risk Plan" business

AND

(3) The Louisiana Citizens Property Insurance Corporation, the Citizens Property Insurance Corporation ("CPIC") and the California Earthquake Authority (CEA)

for all perils otherwise protected hereunder shall not be excluded, except, however, that this reinsurance does not include any increase in such liability resulting from:

(i) The inability of any other participant in such "Coastal Pool" and/or "FAIR Plan" and/or "Rural Risk Plan" and/or Residual Market Mechanisms to meet its liability.

(ii) Any claim against such "Coastal Pool" and/or "FAIR Plan" and/or "Rural Risk Plan" and/or Residual Market Mechanisms, or any participant therein, including the Company, whether by way of subrogation or otherwise, brought by or on behalf of any Insolvency Fund (as defined in the Insolvency Fund Exclusion Clause incorporated in this Contract).

SECTION D:

(1) Notwithstanding Section C above, in respect of the CEA, where an assessment is made against the Company by the CEA, the Company may include in the Ultimate Net Loss only that assessment directly attributable to each separate loss occurrence covered hereunder. The Company's initial capital contribution to the CEA shall not be included in the Ultimate Net Loss.

(2) Notwithstanding Section C above, in respect of the CPIC, where an assessment is made against the Company by the CPIC, the maximum loss that the Company may include in the Ultimate Net Loss in respect of any loss occurrence hereunder shall not exceed the lesser of:

(a) The Company's assessment from the CPIC for the accounting year in which the loss occurrence commenced, or

(b) The product of the following:

(i) The Company's percentage participation in the CPIC for the accounting year in which the loss occurrence commenced; and

(ii) The CPIC's total losses in such loss occurrence.

Any assessments for accounting years subsequent to that in which the loss occurrence commenced may not be included in the Ultimate Net Loss hereunder. Moreover, notwithstanding Section C above, in respect of the CPIC, the Ultimate Net Loss hereunder shall not include any monies expended to purchase or retire bonds as a consequence of being a member of the CPIC. For the purposes of this Contract, the Company may not include in the Ultimate Net Loss any assessment or any percentage assessment levied by the CPIC to meet the obligations of an insolvent insurer member or other party, or to meet any obligations arising from the deferment by the CPIC of the collection of monies.

NUCLEAR INCIDENT EXCLUSION CLAUSE - PHYSICAL DAMAGE — REINSURANCE - U.S.A.

1) This Agreement does not cover any loss or liability accruing to the Reinsured, 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 Agreement does not cover any loss or liability accruing to the Reinsured, 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 Agreement does not cover any loss or liability by radioactive contamination accruing to the Reinsured, 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 the Reinsured 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 Government Authority having jurisdiction thereof.

4) Without in any way restricting the operations of paragraphs 1), 2) and 3) hereof, this Agreement does not cover any loss or liability by radioactive contamination accruing to the Reinsured, 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 Reinsured 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) Reinsured 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 operations of paragraph 1) hereof, it is understood and agreed that:

   a) all policies issued by the Reinsured 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 Reinsured 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
Illinois Casualty Company
11398N16 (Eff: 1-1-16)

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

ALLIED WORLD INSURANCE COMPANY
(the "Subscribing Reinsurer")

with respect to the

COMBINED PROPERTY CATASTROPHE AND AGGREGATE CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

20.00% of the First Excess Layer
10.00% of the Second Excess Layer

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 20 .

ALLIED WORLD INSURANCE COMPANY

By /s/ Daniel T. Schaefer
Printed Name Daniel T. Schaefer
Title Assistant Vice President

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

AMERICAN AGRICULTURAL INSURANCE COMPANY
(the "Subscribing Reinsurer")

with respect to the

COMBINED PROPERTY CATASTROPHE AND AGGREGATE CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

0.00% of the First Excess Layer
5.00% of the Second Excess Layer

NOTE: 0.00% means no share.

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 20 .

AMERICAN AGRICULTURAL INSURANCE COMPANY

By /s/ Dwayne Elliott
Printed Name Dwayne E. Elliott
Title Vice President Domestic Underwriting/Marketing

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

EVEREST REINSURANCE COMPANY
(the "Subscribing Reinsurer")

with respect to the

COMBINED PROPERTY CATASTROPHE AND AGGREGATE CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

50.00% of the First Excess Layer
40.00% of the Second Excess Layer

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 20 .

EVEREST REINSURANCE COMPANY

By /s/ James Brady
Printed Name James Brady
Title VP – Treaty Property

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

HANNOVER RUCK SE
(the "Subscribing Reinsurer")

with respect to the

COMBINED PROPERTY CATASTROPHE AND AGGREGATE CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

25.00% of the First Excess Layer
12.50% of the Second Excess Layer

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

It is further agreed that the Subscribing Reinsurer shall not be subject to Article VII, TRADE AND ECONOMIC SANCTIONS in the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 20 .

HANNOVER RUCK SE

By /s/ Schlie Kaiser
Printed Name Schlie Kaiser
Title VP

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

PARTNER REINSURANCE COMPANY LTD.
(the "Subscribing Reinsurer")

with respect to the

COMBINED PROPERTY CATASTROPHE AND AGGREGATE CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

5.00% of the First Excess Layer
17.50% of the Second Excess Layer

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 20 .

PARTNER REINSURANCE COMPANY LTD.

By /s/ Catherine Sousa Lombardi
Printed Name Catherine Sousa Lombardi
Title AVP, Underwriter

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

QATAR REINSURANCE COMPANY LIMITED
(the "Subscribing Reinsurer")

with respect to the

COMBINED PROPERTY CATASTROPHE AND AGGREGATE CATASTROPHE EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have the following share(s) in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company:

00.00% of the First Excess Layer
15.00% of the Second Excess Layer

NOTE: 0.00% means no share.

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this 22nd day of December , 2015 .

QATAR REINSURANCE COMPANY LIMITED

By /s/ Rob Lee Womack, Jr.
Printed Name Rob Lee Womack, Jr.
Title Underwriting Manager

Exhibit 10.10

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

CASUALTY FIRST EXCESS OF LOSS
REINSURANCE CONTRACT

Illinois Casualty Company
11524N16 (Eff: 1-1-16)
Casualty 1ST XOL (Two Year Contract) 12-4-15

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CASUALTY FIRST EXCESS OF LOSS
REINSURANCE CONTRACT
(the "Contract")

between

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
including any and/or all of the subsidiary or affiliate companies that are now or may hereafter come under the ownership, management and/or control of the Company
(the "Company")

and

THE SUBSCRIBING REINSURER(S) EXECUTING THE INTERESTS AND LIABILITIES AGREEMENT(S) ATTACHED HERETO
(the "Reinsurer")

ARTICLE I

BUSINESS COVERED

By this Contract the Reinsurer agrees to reinsure the Company's liability under its Policies in force at the effective time and date hereof or issued or renewed at or after that time and date, and classified by the Company as Casualty, including but not limited to Liquor Liability, General Liability, Section II of Businessowners Policies, Workers' Compensation and Employer's Liability, and liability arising from Equipment Breakdown, Employment Benefits Liability and Umbrella business, subject to the terms, conditions, and limitations hereafter set forth.

ARTICLE II

COVERAGE

A. For the 2016 Contract Year - the Reinsurer shall be liable for the amount of Ultimate Net Loss in excess of the Company's retention, being $500,000 each Loss Occurrence, subject to a limit of liability to the Reinsurer of $5,500,000 each Loss Occurrence. The Reinsurer's liability in respect of all Loss Occurrences during the 2016 Contract Year shall not exceed $22,000,000. The Reinsurer's liability for all Loss Occurrences that are directly caused by, contributed to by, resulting from or arising out of or in connection with a nuclear, biological, chemical, or radiological Act of Terrorism, shall not exceed $5,500,000, in respect of all Loss Occurrences during the 2016 Contract Year.

B. For the 2017 Contract Year - the Reinsurer shall be liable for the amount of Ultimate Net Loss in excess of the Company's retention, being $500,000 each Loss Occurrence, subject to a limit of liability to the Reinsurer of $5,500,000 each Loss Occurrence. The

Reinsurer's liability in respect of all Loss Occurrences during the 2017 Contract Year shall not exceed $22,000,000. The Reinsurer's liability for all Loss Occurrences that are directly caused by, contributed to by, resulting from or arising out of or in connection with a nuclear, biological, chemical, or radiological Act of Terrorism, shall not exceed $5,500,000, in respect of all Loss Occurrences during the 2017 Contract Year.

C. As respects any one Loss Occurrence involving both the business subject to this Contract and the Company's Property business, the Reinsurer shall be liable for the amount of Ultimate Net Loss in excess of the Company's retention, being $500,000 each Loss Occurrence, subject to a limit of liability to the Reinsurer of $500,000 each Loss Occurrence, or so deemed. Recoveries under this Contract per paragraphs A or B shall reduce the Ultimate Net Loss subject to this paragraph C and the maximum contribution to Ultimate Net Loss for Property business subject to this paragraph C shall not exceed $500,000 each Loss Occurrence, or so deemed. For purposes of this paragraph, "Property business" shall be defined as business classified by the Company as Property business, including but not limited to Section I of Businessowners Policies (including Garagekeepers Valet Parking), Equipment Breakdown, and Fine Arts business.

ARTICLE III

COMMENCEMENT AND EXPIRATION

A. This Contract shall apply to all Loss Occurrences during each Contract Year for the term extending from January 1, 2016, 12:01 a.m. standard time (as set forth in the Company's Policies), to January 1, 2018, 12:01 a.m. standard time (as set forth in the Company's Policies).

B. Upon expiration of this Contract, the Company shall have the option of requiring that the entire liability of the Reinsurer for Loss Occurrences subsequent to the date of expiration, except for Claims Made during an Extended Reporting Period in force at the expiration date, cease concurrently with the date of expiration of this Contract. The Company's option to exercise the cut off expiration must be formally notified to the Reinsurer as promptly as possible following Contract expiration.

C. Notwithstanding the above, upon expiration of this Contract, the Reinsurer shall remain liable under each Policy subject to this Contract that is in force on said expiration date in respect of all Loss Occurrences from the effective date of the Policy to the end of the run-off period. As respects each Policy ceded to this Contract, "run-off period" means the period from the expiration or termination (if applicable) of this Contract up to the first anniversary date, termination, or expiration date of such Policy, whichever occurs first. The premium for the run-off coverage shall be the premium rate stated in paragraph A of the REINSURANCE PREMIUM AND CEDING COMMISSION ARTICLE times the unearned subject premium for the Policies in force as of the date of expiration. Additionally, the Reinsurer shall remain liable during any Extended Reporting Period on a Claims Made Policy that expires or is canceled during, or at the end of, the period of the

Reinsurer's liability hereunder. Claims Made dates for claims first made during said Extended Reporting Period shall be deemed to be the last in force day of the original Policy period. The Reinsurer shall receive its share of any premium applicable to said Extended Reporting Period, which shall be considered fully earned by the Reinsurer on the last in force day of the original Policy period. However, should the Company elect termination or expiration on a "run-off" basis, in the event that any Policy subject to this Contract is required by statute, regulation or by order of an insurance department to be continued in force, the Reinsurer agrees to extend reinsurance coverage hereunder with respect to such Policy until such Policy may be canceled or non-renewed by the Company.

D. Notwithstanding the above, the Reinsurer may elect to renegotiate the 2017 Contract Year should the Net Earned Premium for the 2016 Contract Year exceed $* and shall so advise the Company by December 1, 2016. The Company may elect to continue coverage at the renegotiated terms for the 2017 Contract Year or terminate this Contract as of December 31, 2016 in accordance with the provisions of paragraphs B or C above.

E. Notwithstanding the expiration or termination of the Reinsurer's participation hereon, the provisions of this Contract shall continue to apply to all obligations and liabilities of the parties incurred hereunder until all such obligations and liabilities are fully performed and discharged.

ARTICLE IV

SPECIAL TERMINATION AND OTHER REMEDIES

A. The Company may terminate the share of the Reinsurer and/or exercise any other provisions provided hereunder as respects said Reinsurer at any time, either during the term or after the expiration of this Contract, upon said Reinsurer's experiencing one or more Special Termination Event(s). A "Special Termination Event" shall be deemed to have occurred in the event of any of the following circumstances:

1. A State Insurance Department or other legal authority orders the Reinsurer to cease writing business;
2. The Reinsurer has voluntarily ceased assuming new and renewal reinsurance business for the lines of business covered hereunder;
3. The Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings 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;
4. For any period not exceeding 12 months, which commences no earlier than 12 months prior to the inception of this Contract, the Reinsurer's policyholders' surplus (or total stamp capacity by managing agent as respects Lloyd's of London syndicates), as reported in the financial statements of the Reinsurer, has been reduced by 20%;

* Confidential information has been omitted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

5. The Reinsurer has become merged with, acquired or controlled by any company, corporation, or individual(s) not controlling the Reinsurer's operations previously;

6. The Reinsurer's A.M. Best's Financial Strength Rating has been assigned or downgraded below "A-";

7. The Reinsurer's Standard and Poor's Financial Strength Rating has been assigned or downgraded below "A-" or, as respects Lloyd's of London, the Standard and Poor's Rating of the Lloyd's Market has been assigned or downgraded below "A-";

8. The Reinsurer has reinsured its entire liability under this Contract without the Company's prior written consent;

9. The Reinsurer has transferred its claims-paying authority under this Contract to an unaffiliated entity or in any other way has assigned its interests or delegated its obligations under this Contract to an unaffiliated entity without the Company's prior written consent. Notwithstanding the foregoing, the transfer of claims-paying authority or administration to a third party, where the Reinsurer maintains control over claims settlement decisions, shall not constitute a transfer of its claims-paying authority for purposes of this subparagraph; or

10. The Reinsurer has failed to comply with the funding requirements set forth in the RESERVES AND FUNDING ARTICLE.

B. Where a Special Termination Event has taken place and after giving the Reinsurer 15 days' prior written notice by electronic mail, certified mail, or by a nationally or internationally recognized delivery service, the Company may invoke any one or a combination of the following:

1. The Company may terminate or reduce the Reinsurer's share hereunder effective as of the end of the 15-day notice period. In such event, the Company may elect that:

   a. As respects each Policy in force at the date of termination or reduction, the Reinsurer shall remain liable for all Loss Occurrences from the effective date of the Policy to the end of the run-off period, as provided in paragraph C of the COMMENCEMENT AND EXPIRATION ARTICLE. In such event, any minimum premium hereon, if applicable, shall be waived; or

b. The entire liability of the Reinsurer for Loss Occurrences subsequent to the date of termination, except for Claims Made during an Extended Reporting Period in force at the termination date, shall cease concurrently with the date of termination. Any minimum premium, if applicable, shall be waived.

2. The Company may require that the Reinsurer commute all present and future liabilities under this Contract in return for a full and final release of all such liabilities. If the Company and Reinsurer cannot agree on the capitalized value of the Reinsurer's liabilities, they shall appoint an independent actuary. If the Company and Reinsurer cannot agree on an actuary, the Company and the Reinsurer shall each nominate three individuals, of whom the other shall decline two, and the final decision shall be made by drawing lots. All the actuaries selected shall be disinterested in the outcome of the commutation and shall be Fellows of the Casualty Actuarial Society. The decision in writing of the appointed actuary, when filed with the parties hereto, shall be final and binding on both parties. The expense of the actuary and of the actuarial calculation shall be equally divided between the two parties. Said actuarial calculation shall take place in a location chosen by the Company. This commutation option is available to the Company at any time there remain any outstanding liabilities of the Reinsurer.

C. The Company may revoke its notice hereunder, during the aforementioned 15-day period, without prejudice to reinstitute later if it so chooses.

D. The Company's waiver of any rights provided in this Article is not a waiver of that right or other rights at a later date.

ARTICLE V

TERRITORY

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

ARTICLE VI

EXCLUSIONS

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

1. Liability assumed by the Company under any form of treaty reinsurance; however, group intra-company reinsurance (if applicable), local agency reinsurance accepted in the normal course of business, and/or policies written by another carrier at the Company's request and reinsured 100% by the Company shall not be excluded hereunder.

2. 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, howsoever denominated, established, or governed, that 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.

3. Nuclear Incident pursuant to the “Nuclear Incident Exclusion Clause - Liability - Reinsurance - U.S.A.” attached hereto.

4. Loss caused directly or indirectly by war, whether or not declared, civil war, insurrection, rebellion, or revolution, or any act or condition incidental to any of the foregoing. This exclusion shall not apply to any Policy that contains a standard war exclusion.

5. It is hereby understood and agreed that this Contract shall not apply to and does not cover any actual or alleged liability whatsoever for any claim or claims in respect of loss or losses directly or indirectly arising out of, resulting from or in consequence of asbestos, in whatever form or quantity.

ARTICLE VII

TRADE AND ECONOMIC SANCTIONS

Notwithstanding any other provision in the Contract to the contrary, if at any time should any receipt or payment of funds or any other contemplated transaction under the Contract constitute an actual or potential violation of any economic sanction, regulation or order which is applicable to either the Company or the Reinsurer, the party who becomes aware of the actual or potential violation shall as soon as commercially reasonable notify the other party of the actual or potential violation and the reasons therefore. Solely with respect to such receipt, payment or other transaction, the obligation of the parties under the Contract shall be suspended until such time as the Company or the Reinsurer are authorized by applicable law, regulation, or license to perform under the Contract. The obligations of the parties under the Contract shall remain in effect with respect to the receipt or payment of funds or any other contemplated transaction which would not constitute a violation of any economic sanction, regulation or order.

ARTICLE VIII

SPECIAL ACCEPTANCES

A. Business that is not within the scope of this Contract may be submitted to the Reinsurer for special acceptance hereunder and such business, if accepted by the Reinsurer, shall be subject to all terms, conditions and limitations of this Contract, except as modified by the special acceptance. Should denial of a request for special acceptance not be received from the Reinsurer within four business days of the Reinsurer’s receipt of said request, the special acceptance shall be deemed automatically agreed.

B. Any special acceptance business covered under the reinsurance contract being replaced by this Contract shall be automatically covered hereunder. Furthermore, should the Reinsurer become a party to this Contract subsequent to the acceptance of any business not normally covered hereunder, it shall automatically accept same as being part of this Contract.

ARTICLE IX

REINSURANCE PREMIUM AND CEDING COMMISSION

A. As premium for the reinsurance provided hereunder, the Company shall pay the Reinsurer *% of its Net Earned Premium, less a ceding commission of *%, for the term of this Contract, subject to a gross minimum premium of $*. In the event of termination of the Reinsurer's share pursuant to the provisions of the SPECIAL TERMINATION AND OTHER REMEDIES ARTICLE, or in accordance with paragraph D. of the COMMENCEMENT AND EXPIRATION ARTICLE, for the purposes of this paragraph, the term of this Contract shall be deemed to be the period from its effective date to the effective date of such termination. In case of termination in accordance with the SPECIAL TERMINATION AND OTHER REMEDIES ARTICLE, the gross minimum premium hereon will be waived. If termination is made in accordance with paragraph D. of the COMMENCEMENT AND EXPIRATION ARTICLE the gross minimum premium payable hereon will be calculated on a pro rata expiration basis.

B. The Company shall pay the Reinsurer a gross deposit premium of $* in eight equal installments of $* on January 1, April 1, July 1 and October 1, 2016 and January 1, April 1, July 1 and October 1, 2017.

C. Within 60 days after the expiration or termination of this Contract, and annually thereafter until all premiums subject hereto have been fully earned, the Company shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph A. Any premium due the Reinsurer, less amounts previously paid as gross deposits or otherwise, shall accompany said report or any premium received by the Reinsurer that is in excess of the Company's premium obligations hereunder shall be returned by the Reinsurer within 15 days of its receipt of said report.

* Confidential information has been omitted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

ARTICLE X

DEFINITIONS

The terms set forth below, wherever they appear in this Contract and regardless of whether they appear in a singular or plural form, shall have the meanings given herein:

A. Claims Made

"Claims Made," except where otherwise defined in the Policies, shall mean those claims first reported to the Company during the Policy period and occurring on or after the Policy Retroactive Date (if any).

B. Common Cause

"Common Cause" means an injury or injuries sustained by one or more persons or organizations as the result of the selling, serving or furnishing of any alcoholic beverage to any one person, regardless of the number of Policies or insureds involved.

C. Contract Year

"Contract Year" means the period from 12:01 a.m. standard time (as set forth in the Company's Policies), January 1, 2016 to 12:01 a.m. standard time (as set forth in the Company's Policies), January 1, 2017. Each subsequent 12-month period during the Contract term shall constitute a separate Contract Year.

D. Declaratory Judgment Expense

"Declaratory Judgment Expense" shall mean all expenses incurred by the Company in connection with a declaratory judgment action brought to determine the Company's defense and/or indemnification obligations that are allocable to a specific claim subject to this Contract. Declaratory Judgment Expense shall be deemed to have been incurred on the date of the original loss giving rise to the declaratory judgment action.

E. Extended Reporting Period

"Extended Reporting Period" or any other synonymous term used in the Policies, except as otherwise defined in the Policies, shall mean a specific time period after a Policy's termination date and/or expiration date within which claims may be made with respect to events happening between the original Retroactive Date, if any, and the original termination date and/or expiration date of the Policy.

F. Extra Contractual Obligations/Loss in Excess of Policy Limits

1. Extra Contractual Obligations

"Extra Contractual Obligations" shall mean those liabilities not covered under any other provision of this Contract, including any punitive, exemplary, compensatory or consequential damages, which arise from the handling of any claim on business covered hereunder; such liabilities arising because of, but not limited to, the following: failure to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement, in preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action.

2. Loss in Excess of Policy Limits

"Loss in Excess of Policy Limits" shall mean amounts paid or damages payable by the Company in excess of the Policy limit as a result of alleged or actual negligence, fraud, or bad faith in failing to settle and/or rejecting a settlement within the Policy limit, in the preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action. Loss in Excess of Policy Limits is any amount for which the Company would have been contractually liable to pay had it not been for the limits of the reinsured Policy.

3. Coverage for Extra Contractual Obligations loss and/or Loss in Excess of Policy Limits shall not apply when such loss has been incurred due to an adjudicated finding of fraud committed by a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with a member of the Board of Directors or a corporate officer or a partner of any other corporation or partnership.

4. Any Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

5. In no event shall coverage be provided to the extent not permitted by law.

G. Insured Losses and Act of Terrorism

In respect of losses defined as "Insured Losses" in the Terrorism Risk Insurance Act of 2002, and any other replacements, extensions or amendments thereto (the "Act"), "Act of Terrorism" shall follow the definition provided in the Act and certified by the Secretary of the Treasury, in concurrence with the Secretary of Homeland Security and the Attorney General of the United States.

In respect to other losses, “Act of Terrorism” shall be defined as in the Company’s original Policies or, if not defined therein, shall mean: the use of force or violence and/or the threat thereof committed for political, religious, or ideological purposes and with the intention to influence any government and/or to put the public, or section of the public, in fear.

H. Loss Adjustment Expense

“Loss Adjustment Expense” shall mean all costs and expenses allocable to a specific claim that are incurred by the Company in the investigation, appraisal, adjustment, settlement, litigation, defense or appeal of a specific claim, including court costs and costs of supersedeas and appeal bonds, and including 1) pre-judgment interest, unless included as part of the award or judgment; 2) post-judgment interest; 3) legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including Declaratory Judgment Expense; and 4) a pro rata share of salaries and expenses of Company field employees, and expenses of other Company employees who have been temporarily diverted from their normal and customary duties and assigned to the field adjustment of losses covered by this Contract. Loss Adjustment Expense does not include salaries and expenses of employees, other than 4) above, and office and other overhead expenses.

I. Loss Occurrence

“Loss Occurrence” shall be defined as follows:

1. As respects losses other than those losses defined in subparagraph (2) below, “Loss Occurrence” shall mean any one disaster or casualty or accident or loss or series of disasters or casualties or accidents or losses arising out of or caused by one event.

2. As respects Liquor Liability business, “Loss Occurrence” shall mean each disaster or casualty or a series of disasters or casualties arising out of an event and having a Common Cause.

3. In the event the Company’s losses arising out of a single “Loss Occurrence” involve Policies providing different types of coverage such as an occurrence and a Claims Made Policy, all losses can be combined and submitted as a single “Loss Occurrence” utilizing the occurrence date of loss as determined by the Company for the purpose of reinsurance coverage.

J. Net Earned Premium

“Net Earned Premium” shall mean gross earned premium of the Company for the business reinsured hereunder, less cancellations and return premiums, and less earned premiums ceded by the Company for other reinsurance as provided in the OTHER REINSURANCE ARTICLE.

K. Policy

"Policy" shall mean the Company's binders, policies, endorsements and contracts, whether written or oral, providing insurance or reinsurance on the business covered under this Contract.

L. Retroactive Date

"Retroactive Date," except where otherwise defined in the Policy, shall refer to the date prescribed in a Claims Made Policy as the earliest date losses can actually occur for which an insured can claim coverage.

M. Ultimate Net Loss

"Ultimate Net Loss" shall mean the amount of any settlement, award, or judgment paid by the Company or for which the Company has become liable to pay, including 1) Loss Adjustment Expense, 2) any pre-judgment interest that is included as part of an award or judgment, and 3) 90% of Loss in Excess of Policy Limits, 90% of Extra Contractual Obligations, after making deductions for all recoveries, salvages, and subrogations, which are actually recovered, and all claims on inuring reinsurance, whether collectible or not; provided, however, that in the event of the insolvency of the Company, payment by the Reinsurer shall be made in accordance with the provisions of the INSOLVENCY ARTICLE. In the event a verdict or judgment is reduced by appeal or a settlement, subsequent to the entry of the judgment, however, resulting in an ultimate saving on such verdict or judgment, or a judgment is reversed outright, the loss expense incurred in securing such final reduction or reversal will be prorated between the Reinsurers and the Company in the proportion that each benefits from such reduction or reversal. 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.

ARTICLE XI

NET RETAINED LINES

A. This Contract applies only to that portion of any Policy that the Company retains net for its own account (prior to deduction of any underlying reinsurance) 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 that 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 reinsurers, whether specific or general, any amounts that may have become due from such reinsurers, whether such inability arises from the insolvency of such other reinsurers or otherwise.

ARTICLE XII

LIABILITY OF THE REINSURER

All reinsurances for which the Reinsurer shall be liable by virtue of this Contract shall be subject in all respects to the same terms, conditions, interpretations and waivers and to the same modifications, alterations, and cancellations, as the respective Policies to which such reinsurances relate, the true intent of the parties to this Contract being that the Reinsurer shall follow the fortunes of the Company.

ARTICLE XIII

THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any other party have any rights under this Contract except as expressly provided otherwise in the INSOLVENCY ARTICLE.

ARTICLE XIV

NOTICE OF LOSS AND LOSS SETTLEMENTS

A. The Company shall advise the Reinsurer of all claims or losses that, in the opinion of the Company, may result in a claim hereunder. Furthermore, the Company shall notify the Reinsurer of all subsequent developments to any claims and losses that, in the opinion of the Company, may materially affect the position of the Reinsurer, such advices to include any loss for which the amount incurred is 50% or more of the Company's retention, but inadvertent omission in dispatching any notices shall in no way affect the obligations of the Reinsurer under this Contract, provided the Company informs the Reinsurer of such omission promptly upon discovery.

B. All loss settlements made by the Company that are within the terms and conditions of this Contract shall be binding upon the Reinsurer. Upon receipt of evidence of the amount paid or to be paid, the Reinsurer agrees to pay within five days of its receipt of such evidence or allow, as the case may be, its share of each such amount.

ARTICLE XV

OFFSET

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; however, in the event of the insolvency of any party hereto, offset shall be in accordance with applicable law.

ARTICLE XVI

CURRENCY

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 XVII

TERRORISM EXCESS RECOVERY

A. Any financial assistance the Company receives under the Terrorism Risk Insurance Act of 2002, and any other replacements, extensions or amendments thereto (the “Act”) shall apply as follows:

1. Except as provided in subparagraph 2 below, any such financial assistance shall inure solely to the benefit of the Company and shall be entirely disregarded in applying all of the provisions of this Contract.

2. If losses occurring hereunder result in recoveries made by the Company both under this Contract and under the Act, and such recoveries, together with any other reinsurance recoveries made by the Company applicable to said losses, exceed the total amount of the Company’s insured losses, any amount in excess thereof shall reduce the Ultimate Net Loss subject to this Contract for the losses to which the Act’s financial assistance applies. These recoveries shall be returned in proportion to each Reinsurer’s paid share of the loss.

B. Nothing herein shall be construed to mean that the losses under this Contract are not recoverable from the Reinsurer until the Company has received financial assistance under the Act.

ARTICLE XVIII

RESERVES AND FUNDING

(This Article shall not apply to a Reinsurer who has satisfied its funding obligations to a trust fund; however, in the instances where such funding requirements are reduced below 100%, then the provisions of this Article shall apply to such Reinsurers and funding shall be required for the difference between 100% of the “Reinsurer’s Obligations”, as defined in this Article, and the percentage of such Reinsurer’s Obligations funded to the respective trust fund.)

A. The Reinsurer shall provide funding under the terms of this Article only if the Company will be denied statutory credit for reinsurance ceded to that Reinsurer pursuant to the credit for reinsurance law or regulations of the regulatory authority having jurisdiction over the Company's reserves.

B. As regards Policies issued by the Company coming within the scope of this Contract, the Company agrees that, when it files with the insurance regulatory authority or sets up on its books reserves for liabilities which it is required by law to set up, it shall forward to the Reinsurer a report showing the proportion of such reserves which is applicable to the Reinsurer. The Reinsurer shall fund 100% of its portion of such reserves in respect of:

1. Loss and loss expense paid by the Company but not recovered from the Reinsurer;
2. Known outstanding losses that have been reported to the Reinsurer and loss expense relating thereto;
3. Reserves for loss and loss expense incurred but not reported;
4. Unearned premium (if applicable);
5. Other amounts recoverable reported in Schedule F of the Company's NAIC Statement;

as shown in the report prepared by the Company (hereinafter referred to as "Reinsurer's Obligations"). The Reinsurer's Obligations shall be funded by funds withheld, cash advances, escrow accounts for the benefit of the Company, Letters of Credit ("LOC"), Trust Account, or a combination thereof. The Reinsurer shall have the option of determining the method of funding, subject always to the provision that (a) the method of funding and (b) the terms and provisions of any such LOC or Trust Account and (c) the quality of assets in any Trust Account are all acceptable to the Company and also meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves. In the event a provision of any such funding instrument jeopardizes the Company's ability to obtain full credit for reinsurance, such provision shall be void and shall be amended to comply with applicable credit for reinsurance requirements. The Reinsurer shall provide funding and/or any adjustments thereto in time for the Company to meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves, provided that the Company sends the report of Reinsurer's Obligations at least 15 days prior to the date such funding is required.

C. When funding in whole or in part by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC dated on or before December 31 of the year in which the request is made (on or before the last day of the calendar quarter for any quarterly adjustment), issued by a member of the Federal Reserve System or any bank approved for use by the NAIC Securities

Valuation Office, and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves. Such LOC shall be issued for a period of not less than one year and shall include an "evergreen clause," which automatically extends the term for at least one additional year at each expiration date unless 60 days (or such other time period as may be required by the applicable insurance regulatory authorities) prior to any expiration date the issuing bank notifies the Company by certified or registered mail that the issuing bank elects not to consider the LOC extended for any additional period. If the issuing bank of the LOC is put under negative credit watch by a major rating agency or is removed from the list of banks approved by the NAIC Securities Valuation Office, the Company may require that a replacement LOC be issued by a bank acceptable to the Company, by providing the Reinsurer with written notice requesting such replacement LOC. If the Reinsurer fails to provide acceptable replacement security within 10 business days following receipt of the Company's notice, the Company may draw upon the existing LOC in amounts equal to the Reinsurer's Obligations.

D. The Reinsurer and Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company for the following purposes:

1. To reimburse the Company for the Reinsurer's share of unearned premium on Policies reinsured hereunder on account of cancellations of such Policies;

2. To reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and which has not been otherwise paid;

3. To make refund of any sum which is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of Reinsurer's Obligations, if funding is provided by a Trust Account);

4. To fund an account with the Company for the Reinsurer's Obligations if such LOC is under notice of non-renewal or not replaced by the Reinsurer within 10 days prior to its expiration. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer;

5. To pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

In the event the amount drawn by the Company on any funding provided by the Reinsurer is in excess of the actual amount required for subparagraph 1, 2 or 4 or, in the case of subparagraph 5, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

E. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

F. At annual intervals, or more frequently but never more frequently than quarterly, the Company shall prepare a specific report of the Reinsurer's Obligations, for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the report shows that the Reinsurer's Obligations exceed the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account as of the report date, the Reinsurer shall, within 30 days after receipt of notice of such excess, make an adjustment to increase the available balance of funds withheld and/or cash advances and/or LOC and/or Trust Account by the amount of such excess.

2. If, however, the report shows that the Reinsurer's Obligations are less than the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or 102% of the balance of the Trust Account if funding is provided by Trust Account, as of the report date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess funding by making or allowing an adjustment to the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account.

G. Should the Reinsurer be in breach of its obligations under this Article, notwithstanding anything to the contrary elsewhere in this Contract, the Company may seek relief in respect of said breach from any court having competent jurisdiction over the parties hereto.

ARTICLE XIX

TAXES

The Company shall pay applicable taxes (except Federal Excise Tax, if any) on premiums reported to the Reinsurer under this Contract.

ARTICLE XX

FEDERAL EXCISE TAX

A. The Reinsurer has agreed to allow the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) for the purpose of paying Federal Excise Tax to the extent such premium is subject to such tax. Should the Reinsurer claim exempt status from Federal Excise Tax, it shall provide to the Company, upon its request, proof that the exempt status adequately satisfies the rules as imposed under the Internal Revenue Code and any other applicable U.S. government authority.

B. In the event of any return premium becoming due hereunder, the Reinsurer shall deduct the applicable percentage from the return premium payable hereon and the Company or its agent shall recover such tax from the United States Government.

C. As respects premiums ceded to the Reinsurer under this Contract, the Reinsurer agrees to indemnify the Company for any liability, expense, interest, or penalty it may incur by reason of the Reinsurer's breach of this Article.

ARTICLE XXI

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

A. The Reinsurer hereby acknowledges the requirements of Sections 1471-1474 U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance issued from time to time thereunder ("FATCA") and the obligation to provide to the Company and the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") a valid Internal Revenue Service ("IRS") Form W8-BEN-E, W-9 or other documentation meeting the requirements of the FATCA regulations to establish the Reinsurer is not subject to any withholding requirement pursuant to FATCA (the "Required Documentation").

B. The Reinsurer shall notify the Company and Intermediary in writing (by electronic mail, certified mail or overnight mail using a nationally recognized overnight delivery service) in the event the Reinsurer is not compliant with FATCA. If the Reinsurer has not provided the Company and Intermediary with the Required Documentation thirty (30) days prior to any premium due date, or becomes non-compliant with FATCA at any later date, the Withholding Agent [as defined in U.S. Treasury Regulation Section 1.1471-1(b)(147)] shall withhold thirty percent (30%) of any premium payment to the Reinsurer under this Contract and shall promptly notify the Reinsurer of such withholding ("Withholding"). The Reinsurer hereby agrees to such Withholding.

C. In the event the Reinsurer is subject to Withholding as set forth under FATCA, the Reinsurer continues to remain fully liable for all of its obligations under this Contract. The Withholding under paragraph B above does not constitute a breach of contract, any premium payment condition, warranty or other clause of this Contract. Reinsurer(s) subject to Withholding may not terminate, cancel, revoke or restrict this Contract, may not terminate, cancel, revoke or restrict coverage under this Contract in any manner and may not deny, refuse, restrict or delay payment of any claim under this Contract or invoke any interest, penalty or other late payment provision hereunder, based on the Withholding. The Reinsurer subject to Withholding shall be liable under this Contract as if no Withholding had been made.

D. Amounts deducted or withheld as Withholding are not subject to offset. Offset rights, if any, under this Contract are hereby amended in accordance with the terms of this Article.

E. The Reinsurer shall indemnify the Company and its agents for any and all liability, expense, interest or penalty the Company and its agents incur, based upon, arising from or in connection with (i) any inaccurate or invalid Required Documentation; or (ii) any violation by the Reinsurer of FATCA. Such indemnity shall survive the expiration or termination of this Contract.

ARTICLE XXII

ACCESS TO RECORDS

A. The Reinsurer or its designated representative(s) approved by the Company, upon providing reasonable advance notice to the Company, shall have access at the offices of the Company or at a location to be mutually agreed, at a time to be mutually agreed, to inspect the Company's underwriting, accounting, or claim files pertaining to the subject matter of this Contract. The Company shall determine the manner in which files shall be accessed by the Reinsurer. The Reinsurer may, at its own expense, reasonably request copies of such files and agrees to pay the Company's reasonable costs (including staff expense and other overhead costs) incurred in procuring such copies.

B. The Reinsurer or its designated representative(s) shall not have access to Protected Records related to a claim ceded to this Contract; however, the Reinsurer shall be permitted to have access to those Protected Records described in subparagraph F.2 of this Article after the Company's final settlement or final adjudication of such underlying claim. If Protected Records are withheld, the Company shall advise the Reinsurer accordingly and the Company shall take reasonable steps to provide the Reinsurer with sufficient information to determine its liability hereunder. Further, the Reinsurer or its designated representative(s) shall not have access to any communications with any other reinsurer supporting the Company in respect of business subject to this Contract and shall not have access to Protected Records relating to any dispute between the Company and the Reinsurer.

C. If any undisputed amounts are overdue from the Reinsurer to the Company, the Reinsurer shall have access to such records only upon payment of all such overdue amounts.

D. Upon completion of the audit, the Reinsurer and its representative(s) shall consult with the Company promptly and in good faith, no later than 30 days after the completion of the audit unless otherwise agreed, with respect to any and all questions or issues raised by the audit. If, as a result of the Reinsurer's inspection of the Company's files, any claim is denied, contested, or disputed, the Reinsurer shall promptly provide the Company with a summary of any reports or analysis completed by the Reinsurer's personnel or by any third party on behalf of the Reinsurer outlining the findings of the inspection and identifying the reasons for contesting or disputing the subject claim.

E. Nothing in this Article requires the Company to maintain or to make available any document for longer than the period required by the Company's document retention policies and procedures or the period required by applicable statute or regulation, whichever is greater.

F. "Protected Records" are defined as communications, files, records, documents, or books:

1. Deemed by the Company to concern Trade Secrets of the Company (Trade Secrets shall have the meaning provided in Section 1839 of the United States Economic Espionage Act of 1996); or

2. Deemed by the Company to be subject to attorney-client privilege or work product rule protection; or

3. Concerning individual private information that as a matter of law cannot be disclosed by the Company.

ARTICLE XXIII

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information, and data provided to the Reinsurer by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract, inspection pursuant to the ACCESS TO RECORDS ARTICLE, or any other information relating to this Contract, ("Confidential Information") are proprietary and confidential to the Company.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except when:

1. The disclosure is to an authorized agent of the Reinsurer performing underwriting, claim handling, pricing, placement, and/or evaluation services for the Reinsurer; or

2. The Confidential Information is publicly known or has become publicly known through no unauthorized act of the Reinsurer; or

3. Required by retrocessionaires subject to the business ceded to this Contract; or

4. Required by regulators performing an audit of the Reinsurer's records and/or financial condition; or

5. Required by auditors performing an audit of the Reinsurer's records in the normal course of business; or

6. Required by legal counsel.

C. Further, the Reinsurer agrees not to use any Confidential Information for any purpose not permitted by this Contract or not related to the performance of their obligations or enforcement of their rights under this Contract.

D. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process, or any regulatory authority to release or disclose any Confidential Information, the Reinsurer agrees to provide the Company written notice of same prior to such release or disclosure and to use its reasonable best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

E. The provisions of this Article shall extend to the officers, directors, and employees of the Reinsurer and its affiliates, who have received Confidential Information in accordance with this Contract, and shall be binding upon their successors and assigns.

ARTICLE XXIV

DELAYS, OMISSIONS, OR ERRORS

Any inadvertent delay, omission or error shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such delay, omission or error had not been made, provided any omission or error is rectified upon discovery.

ARTICLE XXV

INSOLVENCY

A. In the event of the insolvency of the Company, this reinsurance shall be payable directly to the Company or to its liquidator, receiver, conservator, or statutory successor, with reasonable provision for verification, 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 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 proportionate share of the benefit that 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 agreed that, in the event of the insolvency of the Company, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Company or its liquidator, receiver, conservator, or statutory successor, 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 payee under such Policies and in substitution for the obligations of the Company to such payees.

D. In the event of the insolvency of any company or companies listed in the designation of "Company" under this Contract, this Article shall apply only to the insolvent company or companies.

E. In the event of the insolvency of any company or companies covered hereunder, the laws of the applicable domiciliary state(s) shall apply. In the event of a conflict between any provision of this Article and the laws of the domiciliary state of any company or companies covered hereunder, that domiciliary state's laws shall prevail.

ARTICLE XXVI

ARBITRATION

A. As a condition precedent to any right of action hereunder, any irreconcilable dispute arising out of the interpretation, performance, or breach of this Contract, including the formation or validity thereof, whether arising before or after the expiry or termination of the Contract, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent by certified mail, return receipt requested, or such reputable courier service as is capable of returning proof of receipt of such notice by the recipient to the party demanding arbitration.

B. One arbitrator shall be appointed by each party. If the responding party fails to appoint its arbitrator within 30 days after its receipt of the claimant party's notice requesting arbitration, the claimant party, after 10 days' notice by certified mail or reputable courier as provided above of its intention to do so, may appoint the second arbitrator.

C. The two arbitrators shall, before instituting the hearing, appoint an impartial third arbitrator who shall preside at the hearing. Should the two arbitrators fail to choose the third arbitrator within 30 days of the appointment of the second arbitrator, the parties shall appoint the third arbitrator pursuant to the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS) Umpire Selection Procedure. All arbitrators shall be disinterested active or former senior executives of insurance or reinsurance companies or

Underwriters at Lloyd's, London. In the event of the resignation or death of any arbitrator, a replacement shall be appointed in the same manner as the resigning or deceased arbitrator was appointed and the newly constituted panel shall take all necessary and/or reasonable measures to continue the arbitration proceedings without additional delay.

D. Within 30 days after notice of appointment of all arbitrators, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules for hearings. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Unless the panel agrees otherwise, arbitration shall take place in Rock Island, Illinois, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of Illinois. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

E. The panel shall make its decision as promptly as possible following the termination of the hearings, considering the terms and conditions expressed in this Contract and the custom and practice of the applicable insurance and reinsurance business. Judgment upon the award may be entered in any court having jurisdiction thereof.

F. Arbitration proceedings are subject to consolidation as follows:

1. Single contract, multiple reinsurers, common issue: If more than one Reinsurer is involved in arbitration where there are common questions of law or fact and a possibility of conflicting awards or inconsistent results, all such Reinsurers, at the Company's request, shall be joined in a single arbitration proceeding and 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 the one party; provided, however, that nothing therein 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 under the terms of this Contract from several to joint.

2. Single reinsurer, multiple contracts, common issue: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company, under which a dispute has arisen where there are common questions of law or fact with the dispute being arbitrated under this Contract and a possibility of conflicting awards or inconsistent results, the Reinsurer, at the Company's request, shall arbitrate all such reinsurance disputes involving the same loss or common questions of law or fact in one consolidated proceeding, subject to the provisions of this Article.

3. Single reinsurer, multiple contracts: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company and various disputes have arisen under such contracts, regardless of whether or not there are common questions of law or fact, if mutually agreed to by the parties hereto, the parties shall arbitrate all reinsurance disputes in one consolidated proceeding, subject to the provisions of this Article.

The agreement to consolidate disputes under this Contract and one or more other reinsurance contracts will supersede all other reinsurance contracts entered into between the Company and the Reinsurer, regardless of whether any other reinsurance contract may require or address consolidation.

G. Each party shall bear the expense of the arbitrator selected by or for it and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys fees, to the extent permitted by law.

ARTICLE XXVII

SERVICE OF SUIT

(This Article is 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. This Article is not intended to conflict with or override the obligation of the parties to arbitrate their disputes in accordance with the ARBITRATION ARTICLE.)

A. In the event of the failure of the Reinsurer to perform its obligations under this Contract, the Reinsurer, at the request of the Company, shall 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. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against it upon this Contract, and shall abide by the final decision of such court or of any appellate court in the event of an appeal. The validity and/or enforceability of any arbitration award or judgment obtained in the United States shall not be contested by the Reinsurer in any jurisdiction outside of the United States.

B. Service of process in such suit may be made upon the law firm of Mendes and Mount, 750 Seventh Avenue, New York, NY 10019, or another party specifically designated by the Reinsurer in its Interests and Liabilities Agreement attached hereto.

C. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceedings instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

D. The individual named in Paragraph C shall be deemed the Reinsurer's agent for the service of process:

1. where the address designated in, or pursuant to paragraph B is invalid; or

2. to the extent necessary to bring this Contract into conformity with the applicable law of a state with jurisdiction over the Company.

ARTICLE XXVIII

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation by the laws of the State of Illinois, exclusive of that state's rules with respect to conflicts of law.

ARTICLE XXIX

ENTIRE AGREEMENT

This Contract shall constitute the entire agreement between the parties with respect to the business being reinsured hereunder and no understandings exist between the parties other than those expressed in this Contract. Any change or modification to this Contract shall be null and void unless made by amendment to this Contract and signed by both parties. This Article shall not be construed as limiting in any way the admissibility, in the context of an arbitration or any other legal proceeding, of evidence regarding the formation, interpretation, purpose or intent of this Contract.

ARTICLE XXX

SALVAGE AND SUBROGATION

A. The Company, at its sole discretion, may enforce its right to salvage and/or subrogation and may prosecute all claims arising out of such right.

B. Amounts recovered from salvage and/or subrogation shall be used to reimburse the Company's excess reinsurers, including the Reinsurer hereon (and the Company, should it carry a portion of excess coverage net) in the reverse order of their participation in the

loss before being used in any way to reimburse the Company for its primary loss. The expense incurred by the Company in pursuing any such recovery shall be borne by each party in proportion to its benefit (if any) from the recovery. If the recovery expense exceeds the amount recovered, the amount recovered (if any) shall be applied to the reimbursement of recovery expense incurred by the Company and the remaining expense shall be included in Ultimate Net Loss.

ARTICLE XXXI

SEVERABILITY

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 XXXII

OTHER REINSURANCE

The Company is permitted to have other treaty reinsurance. The premium for any such reinsurance that inures to the benefit of this Contract shall not be included within the subject premium hereunder. Additionally, the Company may purchase facultative reinsurance on any subject risk it deems advisable, and the premium for that portion of the Company's Policy reinsured elsewhere shall not be included within the subject premium hereunder.

ARTICLE XXXIII

CONDITIONS

As respects the statutory portion of any Workers' Compensation Policy, the Reinsurer's net liability hereunder shall not exceed $5,500,000 as respects any one employee. The Company's recoveries under its Workers Compensation Excess of Loss Reinsurance Contract, effective January 1, 2016, shall inure to such liability.

ARTICLE XXXIV

LATE PAYMENTS

(The provisions of this Article shall not be implemented unless specifically invoked by the Company in writing.)

A. In the event that any amount due the Company is not received by the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") by the payment due date, the Company may, by notifying the Intermediary in writing, require the Reinsurer to pay, and the Reinsurer 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 a rate equal to the U.S. Prime Rate as published in The Wall Street Journal on the first business day following the date a remittance becomes due plus 300 basis points; 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 has been received by the Intermediary.

B. The establishment of the payment due date shall, for purposes of this Article, be 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 Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 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 14 days after the proof of loss or demand for payment is transmitted to the Reinsurer by the Intermediary. If such loss or claim payment is not received within the 14 days, interest will accrue on the payment or amount overdue in accordance with paragraph A 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 the Company not otherwise provided for in subparagraphs 1 and 2 above, the due date shall be as provided for in the applicable Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 days following transmittal by the Intermediary 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.

C. The validity of any claim or payment may be contested under the provisions of this Contract. If the Reinsurer prevails in an arbitration, or any other proceeding, there shall be no interest penalty due. Otherwise, any interest shall be calculated and due as outlined above. Furthermore, if the Reinsurer pays any claim hereunder that it is contesting and prevails in such action, the Company shall return such payment plus pay interest on same, at a rate calculated as per the provisions of paragraph A, above; however, such calculation is to begin from the actual date of remittance of funds from the Reinsurer through the date the funds are returned.

D. If the interest rate provided under this Article exceeds the maximum interest rate allowed by applicable law, such interest rate shall be modified to the highest rate permitted by the applicable law.

ARTICLE XXXV

MODE OF EXECUTION

This Contract may be executed either by an original written ink signature of paper documents, by an exchange of facsimile copies showing the original written ink signature of paper documents, or by electronic signature by either party employing appropriate software technology as to satisfy the parties at the time of execution that the version of the document agreed to by each party shall always be capable of authentication and satisfy the same rules of evidence as written signatures. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE XXXVI

INTERMEDIARY

Willis Re Inc. is hereby recognized as the intermediary negotiating this Contract and through whom all communications relating thereto shall be transmitted to the Company or the Reinsurer. Payments by the Company to Willis Re Inc. shall be deemed to constitute payment to the Reinsurer and payments by the Reinsurer to Willis Re Inc. 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 specified below:

Signed this _____ day of _____, 20_____.

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)

/s/ Arron K. Sutherland
By

Arron K. Sutherland
Printed Name

President/CEO
Title

NUCLEAR INCIDENT EXCLUSION CLAUSE - LIABILITY - REINSURANCE - U.S.A.

(1) This reinsurance does not cover any loss or liability accruing to the Reassured as a member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.

(2) Without in any way restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinsurance all the original policies of the Reassured (new, renewal and replacement) of the classes specified in Clause II of this paragraph (2) from the time specified in Clause III in this paragraph (2) shall be deemed to include the following provision (specified as the Limited Exclusion Provision):

Limited Exclusion Provision.*

I. It is agreed that the policy does not apply under any liability coverage,
to (*injury, sickness, disease, death or destruction*,
(bodily injury or property damage

with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.

II. Family Automobile Policies (liability only), Special Automobile Policies (private passenger automobiles, liability only), Farmers Comprehensive Personal Liability Policies (liability only), Comprehensive Personal Liability Policies (liability only) or policies of a similar nature; and the liability portion of combination forms related to the four classes of policies stated above, such as the Comprehensive Dwelling Policy and the applicable types of Homeowners Policies.

III. The inception dates and thereafter of all original policies as described in II above, whether new, renewal or replacement, being policies which either

(a) become effective on or after 1st May, 1960, or

(b) become effective before that date and contain the Limited Exclusion Provision set out above;

provided this paragraph (2) shall not be applicable to Family Automobile Policies, Special Automobile Policies, or policies or combination policies of a similar nature, issued by the Reassured on New York risks, until 90 days following approval of the Limited Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(3) Except for those classes of policies specified in Clause II of paragraph (2) and without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that for all purposes of this reinsurance the original liability policies of the Reassured (new, renewal and replacement) affording the following coverages:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability)

shall be deemed to include, with respect to such coverages, from the time specified in Clause V of this paragraph (3), the following provision (specified as the Broad Exclusion Provision):

Broad Exclusion Provision.*

It is agreed that the policy does not apply:

I. Under any Liability Coverage, to (*injury, sickness, disease, death or destruction*

(bodily injury or property damage

(a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision
relating to (*immediate medical or surgical relief*,
(first aid,
to expenses incurred with respect
to (*bodily injury, sickness, disease or death*
(bodily injury

resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage to (*injury, sickness, disease, death or destruction*
(bodily injury or property damage
resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(c) the *(injury, sickness, disease, death or destruction*
(bodily injury or property damages

arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories, or possessions or Canada, this exclusion (c) applies only to

(*injury to or destruction of property at such nuclear facility*
(property damage to such nuclear facility and any property thereat.

IV. As used in this endorsement:

"**Hazardous properties**" include radioactive, toxic or explosive properties; "**nuclear material**" means source material, special nuclear material or byproduct material; "**source material**," "**special nuclear material**," and "**byproduct material**" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "**spent fuel**" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "**waste**" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; "**nuclear facility**" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "**nuclear reactor**" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

(*With respect to injury to or destruction of property, the word "injury" or "destruction"*
("property damage" includes all forms of radioactive contamination of property
(*includes all forms of radioactive contamination of property.*

V. The inception dates and thereafter of all original policies affording coverages specified in this paragraph (3), whether new, renewal or replacement, being policies which become effective on or after 1st May, 1960, provided this paragraph (3) shall not be applicable to

(i) Garage and Automobile Policies issued by the Reassured on New York risks, or

(ii) statutory liability insurance required under Chapter 90, General Laws of Massachusetts, until 90 days following approval of the Broad Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(4) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original liability policies of the Reassured in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Energy Liability Exclusion Provisions adopted by the Canadian Underwriters' Association of the Independent Insurance Conference of Canada.

*NOTE: The words printed in italics in the Limited Exclusion Provision and in the Broad Exclusion Provision shall apply only in relation to original liability policies which include a Limited Exclusion Provision or a Broad Exclusion Provision containing those words.

21/9/67
N.M.A. 1590
BRMA 35A

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

ASPEN INSURANCE UK LIMITED
(the "Subscribing Reinsurer")

with respect to the

CASUALTY FIRST EXCESS OF LOSS
REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have a 25.00% share in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company.

This Agreement shall commence at 12:01 a.m., Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Standard Time, January 1, 2018, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this _____ day of _____, 20_____.

ASPEN RE AMERICA, INC.
on behalf of
ASPEN INSURANCE UK LIMITED

By /s/ Thomas J. Luning
Printed Name Thomas J. Luning
Title Head of U.S. Regional

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

ENDURANCE REINSURANCE CORPORATION OF AMERICA
(the "Subscribing Reinsurer")

with respect to the

CASUALTY FIRST EXCESS OF LOSS
REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have a 20.00% share in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company.

This Agreement shall commence at 12:01 a.m., Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Standard Time, January 1, 2018, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this _____ day of _____, 20_____.

ENDURANCE REINSURANCE CORPORATION OF AMERICA

By /s/ John Heins
Printed Name John Heins
Title SVP

Reference #: 1131300101

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

PROPERTY FACULTATIVE PER RISK EXCESS OF LOSS
REINSURANCE CONTRACT

Illinois Casualty Company
11399N16 (Eff: 1-1-16)
Property Facultative Per Risk XOL 12-4-15

TABLE OF CONTENTS

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

PROPERTY FACULTATIVE PER RISK EXCESS OF LOSS
REINSURANCE CONTRACT
(the "Contract")

between

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

including any and/or all of the subsidiary or affiliate companies that are now or may hereafter come under the ownership, management and/or control of the Company
(the "Company")

and

THE SUBSCRIBING REINSURER(S) EXECUTING THE INTERESTS AND LIABILITIES AGREEMENT(S) ATTACHED HERETO
(the "Reinsurer")

ARTICLE I

BUSINESS COVERED

A. By this Contract the Reinsurer agrees to reinsure the Company's liability under its Policies in force at the effective time and date hereof or issued or renewed at or after that time and date classified by the Company as Property business, including by not limited to Section I of Businessowners Policies (including Garagekeepers, Valet Parking), Equipment Breakdown, and Fine Arts business, subject to the terms, conditions, and limitations hereafter set forth.

B. As respects multi-year Policies issued by the Company, the Policy shall be deemed renewed on each anniversary date.

ARTICLE II

RETENTION AND LIMIT

A. The Company may cede and the Reinsurer shall be liable in respect of each loss, each Risk, for the Ultimate Net Loss over and above an initial Ultimate Net Loss of $4,000,000 each loss, each Risk, subject to a limit of liability to the Reinsurer of $5,000,000 each loss, each Risk.

B. The maximum total insured value any one risk is $9,000,000.

ARTICLE III

TERM

A. This Contract shall become effective at 12:01 a.m., Standard Time, January 1, 2016, and shall apply to losses occurring at or after that time and date, and shall remain in effect until 12:01 a.m., Standard Time, January 1, 2017. "Standard Time" shall mean the time as described in the original Policy.

B. Upon expiration of this Contract, the entire liability of the Reinsurer for losses occurring subsequent to the date of expiration shall cease concurrently with the date of expiration of this Contract.

C. Notwithstanding the above, upon expiration of this Contract, the Company shall have the option of requiring that the Reinsurer remain liable under each Policy subject to this Contract that is in force on said expiration date in respect of all losses occurring during the run-off period. The Company's option to exercise the run-off expiration must be formally notified to the Reinsurer as promptly as possible following Contract expiration. As respects each Policy ceded to this Contract, "run-off period" means the period from the expiration or termination (if applicable) of this Contract up to the first anniversary date, termination, or expiration date of such Policy, or until 12 months plus extensions and odd time not to exceed 18 months in all following the date of expiration, whichever occurs first.

D. Notwithstanding the expiration or termination of the Reinsurer's participation hereon, the provisions of this Contract shall continue to apply to all obligations and liabilities of the parties incurred hereunder until all such obligations and liabilities are fully performed and discharged.

ARTICLE IV

TERRITORY

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

ARTICLE V

EXCLUSIONS

A. This Contract shall not apply to and specifically excludes:

1. Losses on Inland Marine Policies on the following classes:

a. Negative Films, but not excluding such liability assumed under Camera Floaters, and similar forms;

b. Registered Mail;

c. Docks, piers or wharves, other than those covered under a Homeowners Policy;

d. Credit or Financial Guarantees, but not excluding installment floaters;

e. Aviation Hulls;

f. Ocean, river, and lake cargo, but not excluding lake, river, or intercoastal shipments when incidental to transportation Policies;

g. Jewelers Block;

2. Bodily Injury and Property Damage Liability, including Personal Injury Liability and Medical Payments, but not excluding property damage liability under Inland Marine Policies;

3. Loss or damage resulting from hail damage to growing or standing crops;

4. Loss or damage in respect of Lumber Mills and Lumber Yards;

5. Any risk known to have an insured value in excess of $250,000,000, or any bridges, tunnels or dams;

6. Liability assumed on behalf of, or as a member or reinsurer of, any pool, syndicate or association, including insurance guaranty associations or funds;

7. Loss or damage occasioned by war, invasion, hostilities, acts of foreign enemies, civil war, rebellion, insurrection, military or usurped power, martial law, or confiscation by order of any government or public authority, but not excluding loss or damage which would be covered under a standard form of Policy containing a standard war exclusion clause;

8. Animal Mortality Insurance, but not excluding coverage for animals when written under a Property Policy if the loss is caused by an insured peril;

9. Loss or damage excluded by the attached Nuclear Incident Exclusion Clause – Physical Damage – Reinsurance – U.S.A.;

10. Loss, damage, cost or expense of whatsoever nature directly caused by, resulting from or in connection with mold, unless such loss, damage, cost or expense is the direct result of an otherwise covered peril, where such exclusion in a Policy is available by filed rules and has been approved for use by regulatory authorities;

11. Loss or damage resulting from flood, when specifically insured as a named peril, but not excluding coverage under Inland Marine and Automobile Policies;

12. Ex Gratia Payments;

13. Assumed reinsurance, except for agency and intercompany reinsurances; and

14. Watercraft valued greater than $50,000.

B. Except for exclusions 10 and 11, if the Company inadvertently issues a Policy falling within the scope of one or more of the preceding exclusions, such Policy shall be covered hereunder, provided that the Company issues, or causes to be issued, the required notice of cancellation within 30 days after a member of the executive or managerial staff at the Company's home office having underwriting authority in the class of business involved becomes aware that the Policy applies to excluded classes, unless the Company is prevented from canceling said Policy within such period by applicable statute or regulation, in which case such Policy shall be covered hereunder until the earliest date on which the Company may cancel.

ARTICLE VI

SPECIAL ACCEPTANCE

A. The Company will submit as a special acceptance any 1) shared and layered accounts; 2) accounts located in Mercalli 8 or above in the State of Missouri only (counties: Butler, Cape Girardeau, Dunkin, Mississippi, New Madrid, Pemiscot, Scott and Stoddard); 3) new locations with a construction of "frame/joint masonry" that are non-sprinkler with a total insured value greater than $6,000,000; and 4) locations with a total insured value greater than $9,000,000.

B. Any renewal of a special acceptance agreed to for a predecessor contract to this Contract, shall automatically be covered hereunder.

ARTICLE VII

REINSURANCE PREMIUM

A. As premium for the reinsurance provided hereunder, the Company shall pay the Reinsurer a rate *% per exposed values.

B. The Company shall pay the Reinsurer a deposit premium of $* in four equal installments of $* on January 1, April 1, July 1 and October 1, 2016.

C. Within 60 days after the expiration or termination of this Contract, the Company shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph A. Any premium due the Reinsurer, less amounts previously paid as deposits or otherwise, shall accompany said report or any premium received by the Reinsurer that is in excess of the Company's premium obligations hereunder shall be returned by the Reinsurer within 15 days of its receipt of said report

* Confidential information has been omitted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

D. The Company shall provide the Reinsurer a semi-annual bordereau of the in-force business covered hereunder within 30 days of June 30, 2016 and December 31, 2016.

ARTICLE VIII

DEFINITIONS

The terms set forth below, wherever they appear in this Contract and regardless of whether they appear in a singular or plural form, shall have the meanings given herein:

A. Declaratory Judgment Expense

"Declaratory Judgment Expense" shall mean all expenses incurred by the Company in connection with a declaratory judgment action brought to determine the Company's defense and/or indemnification obligations that are allocable to a specific claim subject to this Contract. Declaratory Judgment Expense shall be deemed to have been incurred on the date of the original loss giving rise to the declaratory judgment action.

B. Ex Gratia Payment

"Ex Gratia Payment" means payment of any claim not covered by a Policy reinsured pursuant to this Contract.

C. Extra Contractual Obligations/Loss in Excess of Policy Limits

1. Extra Contractual Obligations

"Extra Contractual Obligations" shall mean those liabilities not covered under any other provision of this Contract, including any punitive, exemplary, compensatory, or consequential damages, which arise from the handling of any claim on business covered hereunder; such liabilities arising because of, but not limited to, the following: failure to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement, in preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action.

2. Loss in Excess of Policy Limits

"Loss in Excess of Policy Limits" shall mean amounts paid or damages payable by the Company in excess of the Policy limit as a result of alleged or actual negligence, fraud, or bad faith in failing to settle, and/or rejecting a settlement within the Policy limit, in the preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or

prosecution of an appeal consequent upon such action. Loss in Excess of Policy Limits is any amount for which the Company would have been contractually liable to pay had it not been for the limits of the reinsured Policy.

3. Coverage for Extra Contractual Obligations loss and/or Loss in Excess of Policy Limits shall not apply when such loss has been incurred due to an adjudicated finding of fraud committed by a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with a member of the Board of Directors or a corporate officer or a partner of any other corporation or partnership.

4. Any Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

D. Loss Adjustment Expense

"Loss Adjustment Expense" means costs and expenses incurred by the Company in connection with the investigation, appraisal, adjustment, settlement, litigation, defense or appeal of a specific claim or loss, or alleged loss, including but not limited to:

1. court costs;

2. costs of supersedeas and appeal bonds;

3. monitoring counsel expenses;

4. legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including but not limited to declaratory judgment actions;

5. post-judgment interest;

6. pre-judgment interest, unless included as part of an award or judgment;

7. a pro rata share of salaries and expenses of Company field employees, calculated in accordance with the time occupied in adjusting such loss, and expenses of other Company employees who have been temporarily diverted from their normal and customary duties and assigned to the field adjustment of losses covered by this Contract; and

8. subrogation, salvage and recovery expenses.

"Loss Adjustment Expense" does not include salaries and expenses of the Company's employees, except as provided in subparagraph (7) above, and office and other overhead expenses.

E. Policy

"Policy" shall mean the Company's binders, policies, endorsements and contracts, whether written or oral, providing insurance or reinsurance on the business covered under this Contract.

F. Risk

"Risk" shall be subject to definition solely by the Company.

G. Ultimate Net Loss

"Ultimate Net Loss" shall mean the amount of any settlement, award, or judgment paid by the Company or for which the Company has become liable to pay, including 1) Loss Adjustment Expense, 2) any pre-judgment interest that is included as part of an award or judgment, and 3) 100% of Loss in Excess of Policy Limits, 100% of Extra Contractual Obligations, after making deductions for all recoveries, salvages, and subrogations, which are actually recovered, and all claims on inuring reinsurance, whether collectible or not; provided, however, that in the event of the insolvency of the Company, payment by the Reinsurer shall be made in accordance with the provisions of the INSOLVENCY ARTICLE. In the event a verdict or judgment is reduced by appeal or a settlement, subsequent to the entry of the judgment, however, resulting in an ultimate saving on such verdict or judgment, or a judgment is reversed outright, the loss expense incurred in securing such final reduction or reversal will be prorated between the Reinsurers and the Company in the proportion that each benefits from such reduction or reversal. 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.

ARTICLE IX

NET RETAINED LINES

A. This Contract applies only to that portion of any Policy that the Company retains net for its own account (prior to deduction of any underlying reinsurance) 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 that 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 reinsurers, whether specific or general, any amounts that may have become due from such reinsurers, whether such inability arises from the insolvency of such other reinsurers or otherwise.

ARTICLE X

LIABILITY OF THE REINSURER

All reinsurances for which the Reinsurer shall be liable by virtue of this Contract shall be subject in all respects to the same terms, conditions, interpretations, and waivers and to the same modifications, alterations, and cancellations, as the respective Policies to which such reinsurances relate, the true intent of the parties to this Contract being that the Reinsurer shall follow the fortunes of the Company.

ARTICLE XI

THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any other party have any rights under this Contract except as expressly provided otherwise in the INSOLVENCY ARTICLE.

ARTICLE XII

NOTICE OF LOSS AND LOSS SETTLEMENTS

A. The Company shall advise the Reinsurer of all claims or losses that, in the opinion of the Company, may result in a claim hereunder. Furthermore, the Company shall notify the Reinsurer of all subsequent developments to any claims and losses that, in the opinion of the Company, may materially affect the position of the Reinsurer, such advices to include any loss for which the amount incurred is 50% or more of the Company's retention, but inadvertent omission in dispatching any notices shall in no way affect the obligations of the Reinsurer under this Contract, provided the Company informs the Reinsurer of such omission promptly upon discovery.

B. All loss settlements made by the Company that are within the terms and conditions of this Contract shall be binding upon the Reinsurer. Upon receipt of evidence of the amount paid or to be paid, the Reinsurer agrees to pay within 15 days of its receipt of such evidence its share of each such amount.

ARTICLE XIII

CURRENCY

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 XIV

RESERVES AND FUNDING

A. The Reinsurer shall provide funding under the terms of this Article only if the Company will be denied statutory credit for reinsurance ceded to that Reinsurer pursuant to the credit for reinsurance law or regulations of the regulatory authority having jurisdiction over the Company's reserves.

B. As regards Policies issued by the Company coming within the scope of this Contract, the Company agrees that, when it files with the insurance regulatory authority or sets up on its books reserves for liabilities which it is required by law to set up, it shall forward to the Reinsurer a report showing the proportion of such reserves which is applicable to the Reinsurer. The Reinsurer shall fund 100% of its portion of such reserves in respect of:

1. Loss and loss expense paid by the Company but not recovered from the Reinsurer;
2. Known outstanding losses that have been reported to the Reinsurer and loss expense relating thereto;
3. Reserves for loss and loss expense incurred but not reported;
4. Unearned premium (if applicable);
5. Other amounts recoverable reported in Schedule F of the Company's NAIC Statement;

as shown in the report prepared by the Company (hereinafter referred to as "Reinsurer's Obligations"). The Reinsurer's Obligations shall be funded by funds withheld, cash advances, escrow accounts for the benefit of the Company, Letters of Credit ("LOC"), Trust Account, or a combination thereof. The Reinsurer shall have the option of determining the method of funding, subject always to the provision that (a) the method of funding and (b) the terms and provisions of any such LOC or Trust Account and (c) the quality of assets in any Trust Account are all acceptable to the Company and also meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves. In the event a provision of any such funding instrument jeopardizes the Company's ability to obtain full credit for reinsurance, such provision shall be void and shall be amended to comply with applicable credit for reinsurance requirements. The Reinsurer shall provide funding and/or any adjustments thereto in time for the Company to meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves, provided that the Company sends the report of Reinsurer's Obligations at least 15 days prior to the date such funding is required.

C. When funding in whole or in part by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC dated on or before December 31 of the year in which the request is made (on or before the last day of the calendar quarter for any quarterly adjustment), issued by a member of the Federal Reserve System or any bank approved for use by the NAIC Securities Valuation Office, and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves. Such LOC shall be issued for a period of not less than one year and shall include an "evergreen clause," which automatically extends the term for at least one additional year at each expiration date unless 60 days (or such other time period as may be required by the applicable insurance regulatory authorities) prior to any expiration date the issuing bank notifies the Company by certified or registered mail that the issuing bank elects not to consider the LOC extended for any additional period.

D. The Reinsurer and Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver, or conservator of the Company for the following purposes:

1. To reimburse the Company for the Reinsurer's share of unearned premium on Policies reinsured hereunder on account of cancellations of such Policies;

2. To reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and which has not been otherwise paid;

3. To make refund of any sum which is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of Reinsurer's Obligations, if funding is provided by a Trust Account);

4. To fund an account with the Company for the Reinsurer's Obligations if such LOC is under notice of non-renewal or not replaced by the Reinsurer within 10 days prior to its expiration. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer;

5. To pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

In the event the amount drawn by the Company on any funding provided by the Reinsurer is in excess of the actual amount required for subparagraph 1, 2, or 4 or, in the case of subparagraph 5, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

E. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

F. At annual intervals, or more frequently but never more frequently than quarterly, the Company shall prepare a specific report of the Reinsurer's Obligations, for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the report shows that the Reinsurer's Obligations exceed the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account as of the report date, the Reinsurer shall, within 30 days after receipt of notice of such excess, make an adjustment to increase the available balance of funds withheld and/or cash advances and/or LOC and/or Trust Account by the amount of such excess.

2. If, however, the report shows that the Reinsurer's Obligations are less than the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or 102% of the balance of the Trust Account if funding is provided by Trust Account, as of the report date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess funding by making or allowing an adjustment to the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account.

G. Should the Reinsurer be in breach of its obligations under this Article, notwithstanding anything to the contrary elsewhere in this Contract, the Company may seek relief in respect of said breach from any court having competent jurisdiction over the parties hereto.

ARTICLE XV

TAXES

The Company shall pay applicable taxes (except Federal Excise Tax, if any) on premiums reported to the Reinsurer under this Contract.

ARTICLE XVI

FEDERAL EXCISE TAX

A. The Reinsurer has agreed to allow the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) for the purpose of paying Federal Excise Tax to the extent such premium is subject to such tax. Should the Reinsurer claim exempt status from Federal Excise Tax, it shall provide to the Company, upon its request, proof that the exempt status adequately satisfies the rules as imposed under the Internal Revenue Code and any other applicable U.S. government authority.

B. In the event of any return premium becoming due hereunder, the Reinsurer shall deduct the applicable percentage from the return premium payable hereon and the Company or its agent shall recover such tax from the United States Government.

C. As respects premiums ceded to the Reinsurer under this Contract, the Reinsurer agrees to indemnify the Company for any liability, expense, interest, or penalty it may incur by reason of the Reinsurer's breach of this Article.

ARTICLE XVII

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

A. The Reinsurer hereby acknowledges the requirements of Sections 1471-1474 U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance issued from time to time thereunder ("FATCA") and the obligation to provide to the Company and the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") a valid Internal Revenue Service ("IRS") Form W8-BEN-E, W-9 or other documentation meeting the requirements of the FATCA regulations to establish the Reinsurer is not subject to any withholding requirement pursuant to FATCA (the "Required Documentation").

B. The Reinsurer shall notify the Company and Intermediary in writing (by electronic mail, certified mail or overnight mail using a nationally recognized overnight delivery service) in the event the Reinsurer is not compliant with FATCA. If the Reinsurer has not provided the Company and Intermediary with the Required Documentation thirty (30) days prior to any premium due date, or becomes non-compliant with FATCA at any later date, the Withholding Agent [as defined in U.S. Treasury Regulation Section 1.1471-1(b)(147)] shall withhold thirty percent (30%) of any premium payment to the Reinsurer under this Contract and shall promptly notify the Reinsurer of such withholding ("Withholding"). The Reinsurer hereby agrees to such Withholding.

C. In the event the Reinsurer is subject to Withholding as set forth under FATCA, the Reinsurer continues to remain fully liable for all of its obligations under this Contract. The Withholding under paragraph B above does not constitute a breach of contract, any premium payment condition, warranty or other clause of this Contract. Reinsurer(s) subject to Withholding may not terminate, cancel, revoke or restrict this Contract, may not terminate, cancel, revoke or restrict coverage under this Contract in any manner and may not deny, refuse, restrict or delay payment of any claim under this Contract or invoke any interest, penalty or other late payment provision hereunder, based on the Withholding. The Reinsurer subject to Withholding shall be liable under this Contract as if no Withholding had been made.

D. Amounts deducted or withheld as Withholding are not subject to offset. Offset rights, if any, under this Contract are hereby amended in accordance with the terms of this Article.

E. The Reinsurer shall indemnify the Company and its agents for any and all liability, expense, interest or penalty the Company and its agents incur, based upon, arising from or in connection with (i) any inaccurate or invalid Required Documentation; or (ii) any violation by the Reinsurer of FATCA. Such indemnity shall survive the expiration or termination of this Contract.

ARTICLE XVIII

ACCESS TO RECORDS

A. The Reinsurer or its designated representative(s) approved by the Company, upon providing reasonable advance notice to the Company, shall have access at the offices of the Company or at a location to be mutually agreed, at a time to be mutually agreed, to inspect the Company's underwriting, accounting, or claim files pertaining to the subject matter of this Contract. The Company shall determine the manner in which files shall be accessed by the Reinsurer. The Reinsurer may, at its own expense, reasonably request copies of such files and agrees to pay the Company's reasonable costs (including staff expense and other overhead costs) incurred in procuring such copies.

B. The Reinsurer or its designated representative(s) shall not have access to Protected Records related to a claim ceded to this Contract; however, the Reinsurer shall be permitted to have access to those Protected Records described in subparagraph F.2 of this Article after the Company's final settlement or final adjudication of such underlying claim. If Protected Records are withheld, the Company shall advise the Reinsurer accordingly and the Company shall take reasonable steps to provide the Reinsurer with sufficient information to determine its liability hereunder. Further, the Reinsurer or its designated representative(s) shall not have access to any communications with any other reinsurer supporting the Company in respect of business subject to this Contract and shall not have access to Protected Records relating to any dispute between the Company and the Reinsurer.

C. If any undisputed amounts are overdue from the Reinsurer to the Company, the Reinsurer shall have access to such records only upon payment of all such overdue amounts.

D. Upon completion of the audit, the Reinsurer and its representative(s) shall consult with the Company promptly and in good faith, no later than 30 days after the completion of the audit unless otherwise agreed, with respect to any and all questions or issues raised by the audit. If, as a result of the Reinsurer's inspection of the Company's files, any claim is denied, contested, or disputed, the Reinsurer shall promptly provide the Company with a summary of any reports or analysis completed by the Reinsurer's personnel or by any third party on behalf of the Reinsurer outlining the findings of the inspection and identifying the reasons for contesting or disputing the subject claim.

E. Nothing in this Article requires the Company to maintain or to make available any document for longer than the period required by the Company's document retention policies and procedures or the period required by applicable statute or regulation, whichever is greater.

F. "Protected Records" are defined as communications, files, records, documents, or books:

1. Deemed by the Company to concern Trade Secrets of the Company (Trade Secrets shall have the meaning provided in Section 1839 of the United States Economic Espionage Act of 1996); or

2. Deemed by the Company to be subject to attorney-client privilege or work product rule protection; or

3. Concerning individual private information that as a matter of law cannot be disclosed by the Company.

ARTICLE XIX

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information, and data provided to the Reinsurer by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract, inspection pursuant to the ACCESS TO RECORDS ARTICLE, or any other information relating to this Contract, ("Confidential Information") are proprietary and confidential to the Company.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except when:

1. The disclosure is to an authorized agent of the Reinsurer performing underwriting, claim handling, pricing, placement, and/or evaluation services for the Reinsurer; or

2. The Confidential Information is publicly known or has become publicly known through no unauthorized act of the Reinsurer; or

3. Required by retrocessionaires subject to the business ceded to this Contract; or

4. Required by regulators performing an audit of the Reinsurer's records and/or financial condition; or

5. Required by auditors performing an audit of the Reinsurer's records in the normal course of business; or

6. Required by legal counsel.

C. Further, the Reinsurer agrees not to use any Confidential Information for any purpose not permitted by this Contract or not related to the performance of their obligations or enforcement of their rights under this Contract.

D. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process, or any regulatory authority to release or disclose any Confidential Information, the Reinsurer agrees to provide the Company written notice of same prior to such release or disclosure and to use its reasonable best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

E. The provisions of this Article shall extend to the officers, directors, and employees of the Reinsurer and its affiliates, who have received Confidential Information in accordance with this Contract, and shall be binding upon their successors and assigns.

ARTICLE XX

INDEMNIFICATION AND ERRORS AND OMISSIONS

A. The Reinsurer is reinsuring, subject to the terms and conditions of this Contract, the obligations of the Company under any Policy. The Company shall be the sole judge as to:

1. what shall constitute a claim or loss covered under any Policy;
2. the Company's liability thereunder;
3. the amount or amounts that it shall be proper for the Company to pay thereunder.

B. The Reinsurer shall be bound by the judgment of the Company as to the obligation(s) and liability(ies) of the Company under any Policy.

C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE XXI

INSOLVENCY

A. In the event of the insolvency of the Company, this reinsurance shall be payable directly to the Company or to its liquidator, receiver, conservator, or statutory successor, with reasonable provision for verification, 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 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 proportionate share of the benefit that 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 agreed that, in the event of the insolvency of the Company, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Company or its liquidator, receiver, conservator, or statutory successor, 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 payee under such Policies and in substitution for the obligations of the Company to such payees.

D. In the event of the insolvency of any company or companies listed in the designation of “Company” under this Contract, this Article shall apply only to the insolvent company or companies.

E. In the event of the insolvency of any company or companies covered hereunder, the laws of the applicable domiciliary state(s) shall apply. In the event of a conflict between any provision of this Article and the laws of the domiciliary state of any company or companies covered hereunder, that domiciliary state’s laws shall prevail.

ARTICLE XXII

OFFSET

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; however, in the event of the insolvency of any party hereto, offset shall be in accordance with applicable law.

ARTICLE XXIII

ARBITRATION

A. As a condition precedent to any right of action hereunder, any irreconcilable dispute arising out of the interpretation, performance, or breach of this Contract, including the formation or validity thereof, whether arising before or after the expiry or termination of the Contract, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent by certified mail, return receipt requested, or such reputable courier service as is capable of returning proof of receipt of such notice by the recipient to the party demanding arbitration.

B. Notwithstanding the provisions of the foregoing paragraph, the Company shall have the option to either litigate or arbitrate any dispute in which the Reinsurer makes any allegation of misrepresentation, non-disclosure, concealment, fraud, or bad faith.

C. One arbitrator shall be appointed by each party. If the responding party fails to appoint its arbitrator within 30 days after its receipt of the claimant party's notice requesting arbitration, the claimant party, after 10 days' notice by certified mail or reputable courier as provided above of its intention to do so, may appoint the second arbitrator.

D. The two arbitrators shall, before instituting the hearing, appoint an impartial third arbitrator who shall preside at the hearing. Should the two arbitrators fail to choose the third arbitrator within 30 days of the appointment of the second arbitrator, the parties shall appoint the third arbitrator pursuant to the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS) Umpire Selection Procedure. All arbitrators shall be disinterested active or former senior executives of insurance or reinsurance companies or Underwriters at Lloyd's, London. In the event of the resignation or death of any arbitrator, a replacement shall be appointed in the same manner as the resigning or deceased arbitrator was appointed and the newly constituted panel shall take all necessary and/or reasonable measures to continue the arbitration proceedings without additional delay.

E. Within 30 days after notice of appointment of all arbitrators, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules for hearings. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Unless the panel agrees otherwise, arbitration shall take place in Rock Island, Illinois, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of Illinois. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

F. The panel shall make its decision as promptly as possible following the termination of the hearings, considering the terms and conditions expressed in this Contract and the custom and practice of the applicable insurance and reinsurance business. Judgment upon the award may be entered in any court having jurisdiction thereof.

G. Arbitration proceedings are subject to consolidation as follows:

1. Single contract, multiple reinsurers, common issue: If more than one Reinsurer is involved in arbitration where there are common questions of law or fact and a possibility of conflicting awards or inconsistent results, all such Reinsurers, at the Company's request, shall be joined in a single arbitration proceeding and 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 the one party; provided, however, that nothing therein 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 under the terms of this Contract from several to joint.

2. Single reinsurer, multiple contracts, common issue: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company, under which a dispute has arisen where there are common questions of law or fact with the dispute being arbitrated under this Contract and a possibility of conflicting awards or inconsistent results, the Reinsurer, at the Company's request, shall arbitrate all such reinsurance disputes involving the same loss or common questions of law or fact in one consolidated proceeding, subject to the provisions of this Article.

3. Single reinsurer, multiple contracts: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company and various disputes have arisen under such contracts, regardless of whether or not there are common questions of law or fact, if mutually agreed to by the parties hereto, the parties shall arbitrate all reinsurance disputes in one consolidated proceeding, subject to the provisions of this Article.

The agreement to consolidate disputes under this Contract and one or more other reinsurance contracts will supersede all other reinsurance contracts entered into between the Company and the Reinsurer, regardless of whether any other reinsurance contract may require or address consolidation.

H. Each party shall bear the expense of the arbitrator selected by or for it and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys fees, to the extent permitted by law.

ARTICLE XXIV

SERVICE OF SUIT

(This Article is 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. This Article is not intended to conflict with or override the obligation of the parties to arbitrate their disputes in accordance with the ARBITRATION ARTICLE.)

A. In the event of the failure of the Reinsurer to perform its obligations under this Contract, the Reinsurer, at the request of the Company, shall 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. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against it upon this Contract, and shall abide by the final decision of such court or of any appellate court in the event of an appeal. The validity and/or enforceability of any arbitration award or judgment obtained in the United States shall not be contested by the Reinsurer in any jurisdiction outside of the United States.

B. Service of process in such suit may be made upon the law firm of Mendes and Mount, 750 Seventh Avenue, New York, NY 10019, or another party specifically designated by the Reinsurer in its Interests and Liabilities Agreement attached hereto.

C. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceedings instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

D. The individual named in Paragraph C shall be deemed the Reinsurer's agent for the service of process:

   1. where the address designated in, or pursuant to paragraph B is invalid; or

   2. to the extent necessary to bring this Contract into conformity with the applicable law of a state with jurisdiction over the Company.

ARTICLE XXV

GOVERNING LAW

This Contract shall be governed as to performance, administration, and interpretation by the laws of the State of Illinois, exclusive of that state's rules with respect to conflicts of law.

ARTICLE XXVI

ENTIRE AGREEMENT

This Contract shall constitute the entire agreement between the parties with respect to the business being reinsured hereunder and no understandings exist between the parties other than those expressed in this Contract. Any change or modification to this Contract shall be null and void unless made by amendment to this Contract and signed by both parties. This Article shall not be construed as limiting in any way the admissibility, in the context of an arbitration or any other legal proceeding, of evidence regarding the formation, interpretation, purpose, or intent of this Contract.

ARTICLE XXVII

SALVAGE AND SUBROGATION

A. The Company, at its sole discretion, may enforce its right to salvage and/or subrogation and may prosecute all claims arising out of such right.

B. Amounts recovered from salvage and/or subrogation shall be used to reimburse the Company's excess reinsurers, including the Reinsurer hereon (and the Company, should it carry a portion of excess coverage net) in the reverse order of their participation in the loss before being used in any way to reimburse the Company for its primary loss. The expense incurred by the Company in pursuing any such recovery shall be borne by each party in proportion to its benefit (if any) from the recovery. If the recovery expense exceeds the amount recovered, the amount recovered (if any) shall be applied to the reimbursement of recovery expense incurred by the Company and the remaining expense shall be included in Ultimate Net Loss.

ARTICLE XXVIII

LATE PAYMENTS

(The provisions of this Article shall not be implemented unless specifically invoked by the Company in writing.)

A. In the event that any amount due the Company is not received by the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") by the payment due date, the Company may, by notifying the Intermediary in writing, require the Reinsurer to pay, and the Reinsurer 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 a rate equal to the U.S. Prime Rate as published in The Wall Street Journal on the first business day following the date a remittance becomes due plus 300 basis points; 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 has been received by the Intermediary.

B. The establishment of the payment due date shall, for purposes of this Article, be 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 Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 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 14 days after the proof of loss or demand for payment is transmitted to the Reinsurer by the Intermediary. If such loss or claim payment is not received within the 14 days, interest will accrue on the payment or amount overdue in accordance with paragraph A 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 the Company not otherwise provided for in subparagraphs 1 and 2 above, the due date shall be as provided for in the applicable Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 days following transmittal by the Intermediary 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.

C. The validity of any claim or payment may be contested under the provisions of this Contract. If the Reinsurer prevails in an arbitration, or any other proceeding, there shall be no interest penalty due. Otherwise, any interest shall be calculated and due as outlined above. Furthermore, if the Reinsurer pays any claim hereunder that it is contesting and

prevails in such action, the Company shall return such payment plus pay interest on same, at a rate calculated as per the provisions of paragraph A, above; however, such calculation is to begin from the actual date of remittance of funds from the Reinsurer through the date the funds are returned.

D. If the interest rate provided under this Article exceeds the maximum interest rate allowed by applicable law, such interest rate shall be modified to the highest rate permitted by the applicable law.

ARTICLE XXIX

MODE OF EXECUTION

This Contract may be executed either by an original written ink signature of paper documents, by an exchange of facsimile copies showing the original written ink signature of paper documents, or by electronic signature by either party employing appropriate software technology as to satisfy the parties at the time of execution that the version of the document agreed to by each party shall always be capable of authentication and satisfy the same rules of evidence as written signatures. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE XXX

INTERMEDIARY

Willis Re Inc. is hereby recognized as the intermediary negotiating this Contract and through whom all communications relating thereto shall be transmitted to the Company or the Reinsurer. Payments by the Company to Willis Re Inc. shall be deemed to constitute payment to the Reinsurer and payments by the Reinsurer to Willis Re Inc. 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 specified below:

Signed this day of , 2015.

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)

By /s/ Arron K. Sutherland
Printed Name Arron K. Sutherland
Title President/CEO

NUCLEAR INCIDENT EXCLUSION CLAUSE – PHYSICAL DAMAGE – REINSURANCE – U.S.A.

1) This Agreement does not cover any loss or liability accruing to the Reinsured, 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 Agreement does not cover any loss or liability accruing to the Reinsured, 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 Agreement does not cover any loss or liability by radioactive contamination accruing to the Reinsured, 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 the Reinsured 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 Government Authority having jurisdiction thereof.

4) Without in any way restricting the operations of paragraphs 1), 2) and 3) hereof, this Agreement does not cover any loss or liability by radioactive contamination accruing to the Reinsured, 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 Reinsured 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) Reinsured 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 operations of paragraph 1) hereof, it is understood and agreed that:

   a) all policies issued by the Reinsured 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 Reinsured 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

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

ASCOT UNDERWRITING LIMITED (#1414)
(the "Subscribing Reinsurer")

with respect to the

PROPERTY FACULTATIVE PER RISK EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have a 100.00% share in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company.

This Agreement shall commence at 12:01 a.m., Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 2015.

ASCOT UNDERWRITING INC.
on behalf of
ASCOT UNDERWRITING LIMITED (#1414)

By /s/ Rory Cline
Printed Name Rory Cline
Title President Ascot International

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

CASUALTY CLASH EXCESS OF LOSS
REINSURANCE CONTRACT

Illinois Casualty Company
11343N16 (Eff: 1-1-16)
Casualty Clash XOL 12-4-15

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CASUALTY CLASH EXCESS OF LOSS
REINSURANCE CONTRACT
(the "Contract")

between

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
including any and/or all of the subsidiary or affiliate companies that are now or may hereafter come under the ownership, management and/or control of the Company
(the "Company")

and

THE SUBSCRIBING REINSURER(S) EXECUTING THE INTERESTS AND LIABILITIES AGREEMENT(S) ATTACHED HERETO
(the "Reinsurer")

ARTICLE I

BUSINESS COVERED

By this Contract the Reinsurer agrees to reinsure the Company's liability under its Policies in force at the effective time and date hereof or issued or renewed at or after that time and date, and classified by the Company as Casualty, including but not limited to Liquor Liability, General Liability, Section II of Businessowners Policies, Workers' Compensation and Employer's Liability, and liability arising from Equipment Breakdown, Employment Benefits Liability and Umbrella business, subject to the terms, conditions, and limitations hereafter set forth.

ARTICLE II

COVERAGE

A. The Reinsurer shall be liable for the amount of Ultimate Net Loss in excess of the Company's retention, being $6,000,000 each Loss Occurrence, subject to a limit of liability to the Reinsurer of $5,000,000 each Loss Occurrence, but only if and to the extent that such Ultimate Net Loss exceeds the Company's retention in the aggregate under two or more Policies.

B. As respects the statutory portion of any Workers' Compensation Policy, the Reinsurer's liability shall not exceed $1,000,000 as respects any one Loss Occurrence.

C. As respects Primary Employer's Liability business subject hereto, the Reinsurer's liability shall not exceed $1,000,000 as respects any one Loss Occurrence.

D. The Workers Compensation and Employer's Liability business subject hereto is covered net of an inuring per occurrence Workers Compensation $9,000,000 excess of $1,000,000 contract, or so deemed.

E. Notwithstanding the foregoing, the two or more Policy requirement above shall not apply where the Ultimate Net Loss includes settlements for Extra Contractual Obligations and/or Loss in Excess of Policy Limits which, together with loss within the terms, conditions and limits of the original Policy, exceeds the Company's retention.

ARTICLE III

COMMENCEMENT AND EXPIRATION

A. This Contract shall apply to all Loss Occurrences during the term extending from January 1, 2016, 12:01 a.m. standard time (as set forth in the Company's Policies), to January 1, 2017, 12:01 a.m. standard time (as set forth in the Company's Policies), or until such time as this Contract is terminated in accordance with the provisions of the SPECIAL TERMINATION AND OTHER REMEDIES ARTICLE.

B. Upon expiration of this Contract, the Company shall have the option of requiring that the entire liability of the Reinsurer for Loss Occurrences subsequent to the date of expiration, except for Claims Made during an Extended Reporting Period in force at the expiration date, cease concurrently with the date of expiration of this Contract. The Company's option to exercise the cut off expiration must be formally notified to the Reinsurer as promptly as possible following Contract expiration.

C. Notwithstanding the above, upon expiration of this Contract, the Reinsurer shall remain liable under each Policy subject to this Contract that is in force on said expiration date in respect of all Loss Occurrences from the effective date of the Policy to the end of the runoff period. As respects each Policy ceded to this Contract, "run-off period" means the period from the expiration or termination (if applicable) of this Contract up to the first anniversary date, termination, or expiration date of such Policy, whichever occurs first. The premium for the run-off coverage shall be the rate specified in paragraph A of the REINSURANCE PREMIUM ARTICLE times the unearned subject premium for the Policies in force as of December 31, 2016. Additionally, the Reinsurer shall remain liable during any Extended Reporting Period on a Claims Made Policy that expires or is canceled during, or at the end of, the period of the Reinsurer's liability hereunder. Claims Made dates for claims first made during said Extended Reporting Period shall be deemed to be the last in force day of the original Policy period. The Reinsurer shall receive its share of any premium applicable to said Extended Reporting Period, which shall be considered fully earned by the Reinsurer on the last in force day of the original Policy period. However, should the Company elect termination or expiration on a "run-off" basis, in the event that any Policy subject to this Contract is required by statute, regulation or by order of an insurance department to be continued in force, the Reinsurer agrees to extend reinsurance coverage hereunder with respect to such Policy until such Policy may be canceled or non-renewed by the Company.

D. Notwithstanding the expiration or termination of the Reinsurer's participation hereon, the provisions of this Contract shall continue to apply to all obligations and liabilities of the parties incurred hereunder until all such obligations and liabilities are fully performed and discharged.

ARTICLE IV

SPECIAL TERMINATION AND OTHER REMEDIES

A. The Company may terminate the share of the Reinsurer and/or exercise any other provisions provided hereunder as respects said Reinsurer at any time, either during the term or after the expiration of this Contract, upon said Reinsurer's experiencing one or more Special Termination Event(s). A "Special Termination Event" shall be deemed to have occurred in the event of any of the following circumstances:

1. A State Insurance Department or other legal authority orders the Reinsurer to cease writing business;
2. The Reinsurer has voluntarily ceased assuming new and renewal reinsurance business for the lines of business covered hereunder;
3. The Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings 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;
4. For any period not exceeding 12 months, which commences no earlier than 12 months prior to the inception of this Contract, the Reinsurer's policyholders' surplus (or total stamp capacity by managing agent as respects Lloyd's of London syndicates), as reported in the financial statements of the Reinsurer, has been reduced by 20%;
5. The Reinsurer has become merged with, acquired or controlled by any company, corporation, or individual(s) not controlling the Reinsurer's operations previously;
6. The Reinsurer's A.M. Best's Financial Strength Rating has been assigned or downgraded below "A-";
7. The Reinsurer's Standard and Poor's Financial Strength Rating has been assigned or downgraded below "A-" or, as respects Lloyd's of London, the Standard and Poor's Rating of the Lloyd's Market has been assigned or downgraded below "A-";
8. The Reinsurer has reinsured its entire liability under this Contract without the Company's prior written consent;

9. The Reinsurer has transferred its claims-paying authority under this Contract to an unaffiliated entity or in any other way has assigned its interests or delegated its obligations under this Contract to an unaffiliated entity without the Company's prior written consent. Notwithstanding the foregoing, the transfer of claims-paying authority or administration to a third party, where the Reinsurer maintains control over claims settlement decisions, shall not constitute a transfer of its claims-paying authority for purposes of this subparagraph; or

10. The Reinsurer has failed to comply with the funding requirements set forth in the RESERVES AND FUNDING ARTICLE.

Unless it is prohibited by law from doing so, immediately upon the Reinsurer's knowledge of a Special Termination Event, the Reinsurer must notify the Company of such event in writing, by electronic mail, certified mail or a nationally or internationally recognized delivery service.

B. Where a Special Termination Event has taken place and after giving the Reinsurer 15 days' prior written notice by electronic mail, certified mail, or by a nationally or internationally recognized delivery service, the Company may invoke any one or a combination of the following:

1. The Company may terminate or reduce the Reinsurer's share hereunder effective as of the end of the 15-day notice period. In such event, the Company may elect that:

   a. As respects each Policy in force at the date of termination or reduction, the Reinsurer shall remain liable for all Loss Occurrences from the effective date of the Policy to the end of the run-off period, as provided in paragraph C of the COMMENCEMENT AND EXPIRATION ARTICLE. In such event, any minimum premium hereon, if applicable, shall be waived; or

   b. The entire liability of the Reinsurer for Loss Occurrences subsequent to the date of termination, except for Claims Made during an Extended Reporting Period in force at the termination date, shall cease concurrently with the date of termination. Any minimum premium, if applicable, shall be waived.

2. The Company may require that the Reinsurer commute all present and future liabilities under this Contract in return for a full and final release of all such liabilities. If the Company and Reinsurer cannot agree on the capitalized value of the Reinsurer's liabilities, they shall appoint an independent actuary. If the Company and Reinsurer cannot agree on an actuary, the Company and the Reinsurer shall each nominate three individuals, of whom the other shall decline two, and the final decision shall be made by drawing lots. All the actuaries selected shall be disinterested in the outcome of the commutation and shall be

Fellows of the Casualty Actuarial Society. The decision in writing of the appointed actuary, when filed with the parties hereto, shall be final and binding on both parties. The expense of the actuary and of the actuarial calculation shall be equally divided between the two parties. Said actuarial calculation shall take place in a location chosen by the Company. This commutation option is available to the Company at any time there remain any outstanding liabilities of the Reinsurer.

C. The Company may revoke its notice hereunder, during the aforementioned 15-day period, without prejudice to reinstitute later if it so chooses.

D. The Company's waiver of any rights provided in this Article is not a waiver of that right or other rights at a later date.

ARTICLE V

TERRITORY

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

ARTICLE VI

EXCLUSIONS

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

1. Liability assumed by the Company under any form of treaty reinsurance; however, group intra-company reinsurance (if applicable), local agency reinsurance accepted in the normal course of business, and/or policies written by another carrier at the Company's request and reinsured 100% by the Company shall not be excluded hereunder.

2. 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, howsoever denominated, established, or governed, that 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.

3. Nuclear Incident pursuant to the "Nuclear Incident Exclusion Clause – Liability – Reinsurance – U.S.A." attached hereto.

4. Loss caused directly or indirectly by war, whether or not declared, civil war, insurrection, rebellion, or revolution, or any act or condition incidental to any of the foregoing. This exclusion shall not apply to any Policy that contains a standard war exclusion.

5. Sanctions liability.

ARTICLE VII

SPECIAL ACCEPTANCES

A. Business that is not within the scope of this Contract may be submitted to the Reinsurer for special acceptance hereunder and such business, if accepted by the Reinsurer, shall be subject to all terms, conditions and limitations of this Contract, except as modified by the special acceptance. Should denial of a request for special acceptance not be received from the Reinsurer within four business days of the Reinsurer's receipt of said request, the special acceptance shall be deemed automatically agreed.

B. Any special acceptance business covered under the reinsurance contract being replaced by this Contract shall be automatically covered hereunder. Furthermore, should the Reinsurer become a party to this Contract subsequent to the acceptance of any business not normally covered hereunder, it shall automatically accept same as being part of this Contract.

ARTICLE VIII

REINSURANCE PREMIUM

A. As premium for the reinsurance provided hereunder, the Company shall pay the Reinsurer *% of its Net Earned Premium for the term of this Contract. In the event of termination of the Reinsurer's share pursuant to the provisions of the SPECIAL TERMINATION AND OTHER REMEDIES ARTICLE, for the purposes of this paragraph, the term of this Contact shall be deemed to be the period from its effective date to the effective date of such termination.

B. The Company shall pay the Reinsurer a deposit premium of $* in four equal installments of $* on January 1, April 1, July 1 and October 1, 2016.

C. Within 60 days after the expiration or termination of this Contract, and annually thereafter until all premiums subject hereto have been fully earned, the Company shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph A. Any premium due the Reinsurer, less amounts previously paid as deposits or otherwise, shall accompany said report or any premium received by the Reinsurer that is in excess of the Company's premium obligations hereunder shall be returned by the Reinsurer within 15 days of its receipt of said report.

* Confidential information has been omitted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

ARTICLE IX

REINSTATEMENT

A. Should all or any part of the Reinsurer's limit of liability be exhausted as a result of a Loss Occurrence, the sum so exhausted shall be reinstated from the date the Loss Occurrence commenced.

B. For each amount so reinstated, the Company agrees to pay an additional premium at the time of the Reinsurer's payment of the loss calculated in accordance with the following formula:

1. The amount of limit exhausted for the Loss Occurrence divided by $5,000,000.

2. The reinsurance premium paid or payable for the term of this Contract.

The dollar amount resulting from the multiplication of subparagraphs 1 and 2 above shall equal the reinstatement premium. If at the time of the Reinsurer's payment of a loss hereon, the reinsurance premium as calculated under this Contract is unknown, the calculation of the reinstatement premium shall be based upon the deposit premium subject to adjustment when the reinsurance premium is finally established.

C. Nevertheless, the Reinsurer's liability hereunder shall not exceed $5,000,000 in respect of any one Loss Occurrence, and shall be further limited to $10,000,000 in respect to all losses occurring during the term of this Contract.

ARTICLE X

DEFINITIONS

The terms set forth below, wherever they appear in this Contract and regardless of whether they appear in a singular or plural form, shall have the meanings given herein:

A. Claims Made

"Claims Made," except where otherwise defined in the Policies, shall mean those claims first reported to the Company during the Policy period and occurring on or after the Policy Retroactive Date (if any).

B. Common Cause

"Common Cause" means an injury or injuries sustained by one or more persons or organizations as the result of the selling, serving or furnishing of any alcoholic beverage to any one person, regardless of the number of Policies or insureds involved.

C. Declaratory Judgment Expense

"Declaratory Judgment Expense" shall mean all expenses incurred by the Company in connection with a declaratory judgment action brought to determine the Company's defense and/or indemnification obligations that are allocable to a specific claim subject to this Contract. Declaratory Judgment Expense shall be deemed to have been incurred on the date of the original loss giving rise to the declaratory judgment action.

D. Extended Reporting Period

"Extended Reporting Period" or any other synonymous term used in the Policies, except as otherwise defined in the Policies, shall mean a specific time period after a Policy's termination date and/or expiration date within which claims may be made with respect to events happening between the original Retroactive Date, if any, and the original termination date and/or expiration date of the Policy.

E. Extra Contractual Obligations/Loss in Excess of Policy Limits

1. Extra Contractual Obligations

"Extra Contractual Obligations" shall mean those liabilities not covered under any other provision of this Contract, including any punitive, exemplary, compensatory or consequential damages, which arise from the handling of any claim on business covered hereunder; such liabilities arising because of, but not limited to, the following: failure to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement, in preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action.

2. Loss in Excess of Policy Limits

"Loss in Excess of Policy Limits" shall mean amounts paid or damages payable by the Company in excess of the Policy limit as a result of alleged or actual negligence, fraud, or bad faith in failing to settle and/or rejecting a settlement within the Policy limit, in the preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action. Loss in Excess of Policy Limits is any amount for which the Company would have been contractually liable to pay had it not been for the limits of the reinsured Policy.

3. Coverage for Extra Contractual Obligations loss and/or Loss in Excess of Policy Limits shall not apply when such loss has been incurred due to an adjudicated finding of fraud committed by a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with a member of the Board of Directors or a corporate officer or a partner of any other corporation or partnership.

4. Any Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

5. In no event shall coverage be provided to the extent not permitted by law.

F. Loss Adjustment Expense

"Loss Adjustment Expense" shall mean all costs and expenses allocable to a specific claim that are incurred by the Company in the investigation, appraisal, adjustment, settlement, litigation, defense or appeal of a specific claim, including court costs and costs of supersedeas and appeal bonds, and including 1) prejudgment interest, unless included as part of the award or judgment; 2) post judgment interest; 3) legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including Declaratory Judgment Expense; and 4) a pro rata share of salaries and expenses of Company field employees, and expenses of other Company employees who have been temporarily diverted from their normal and customary duties and assigned to the field adjustment of losses covered by this Contract. Loss Adjustment Expense does not include salaries and expenses of employees, other than 4) above, and office and other overhead expenses.

G. Loss Occurrence

"Loss Occurrence" shall be defined as follows:

1. As respects losses other than those losses defined in subparagraphs (2) and (3) below, "Loss Occurrence" shall mean any one disaster or casualty or accident or loss or series of disasters or casualties or accidents or losses arising out of or caused by one event.

2. As respects Liquor Liability business, "Loss Occurrence" shall mean each disaster or casualty or a series of disasters or casualties arising out of an event and having a Common Cause.

3. As respects losses resulting from Occupational Disease or Other Disease or Cumulative Trauma, "Loss Occurrence" shall mean:

   a. Per Event Coverage. As respects losses arising from Occupational Disease or Other Disease, regardless of the specific kind or class, suffered by employees of one or more employers, all such losses sustained by the Company from one event not exceeding 72 hours in duration shall, together with losses not classified as Occupational Disease or Other Disease, be deemed to be a single "Loss Occurrence."

b. Per Employee Coverage. As respects losses arising from Occupational Disease or Other Disease or Cumulative Trauma suffered by a single employee, and not covered under subparagraph (a) above, the date that the Loss Occurrence commences shall be determined as follows:

i. If the case is compensable under the Workers' Compensation Law, the date of the beginning of the disability for which compensation is payable.

ii. If the case is not compensable under the Workers' Compensation Law, the date that disability due to said disease actually began.

iii. If the claim is made after employment has ceased, the date of cessation of such employment.

c. Per Employer Coverage. As respects losses arising from Occupational Disease or Other Disease or Cumulative Trauma of the same specific kind or class, suffered by multiple employees of the same employer, and not covered under subparagraphs (a) or (b) above, all such losses sustained by the Company within a Policy year shall be aggregated and considered as constituting one "Loss Occurrence" hereunder and the inception date of the Policy year in which losses occur shall be deemed to be the date of the Loss Occurrence.

4. Any Loss Occurrence, including loss arising from both (1) and (2) above, shall be treated as one Loss Occurrence for purposes of calculating the Ultimate Net Loss hereunder and in the event the Company's losses arising out of a single Loss Occurrence involve Policies providing different types of coverage such as an occurrence and a Claims Made Policy, all losses can be combined and submitted as a single Loss Occurrence utilizing the occurrence date of loss as determined by the Company for the purpose of reinsurance coverage.

H. Net Earned Premium

"Net Earned Premium" shall mean gross earned premium of the Company for the business reinsured hereunder, less cancellations and return premiums, and less earned premiums ceded by the Company for other reinsurance as provided in the OTHER REINSURANCE ARTICLE.

I. Occupational Disease or Other Disease and Cumulative Trauma

"Occupational Disease or Other Disease" and "Cumulative Trauma" shall be defined by applicable state or federal statutes, regulations or case law.

J. Policy

"Policy" shall mean the Company's binders, policies, endorsements and contracts, whether written or oral, providing insurance or reinsurance on the business covered under this Contract.

K. Retroactive Date

"Retroactive Date," except where otherwise defined in the Policy, shall refer to the date prescribed in a Claims Made Policy as the earliest date losses can actually occur for which an insured can claim coverage.

L. Ultimate Net Loss

"Ultimate Net Loss" shall mean the amount of any settlement, award, or judgment paid by the Company or for which the Company has become liable to pay, including 1) Loss Adjustment Expense, 2) any prejudgment interest that is included as part of an award or judgment, and 3) 90% of Loss in Excess of Policy Limits, 90% of Extra Contractual Obligations, after making deductions for all recoveries, salvages, and subrogations, which are actually recovered, and all claims on inuring reinsurance, whether collectible or not; provided, however, that in the event of the insolvency of the Company, payment by the Reinsurer shall be made in accordance with the provisions of the INSOLVENCY ARTICLE. In the event a verdict or judgment is reduced by appeal or a settlement, subsequent to the entry of the judgment, however, resulting in an ultimate saving on such verdict or judgment, or a judgment is reversed outright, the loss expense incurred in securing such final reduction or reversal will be prorated between the Reinsurers and the Company in the proportion that each benefits from such reduction or reversal. 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.

ARTICLE XI

NET RETAINED LINES

A. This Contract applies only to that portion of any Policy that the Company retains net for its own account (prior to deduction of any underlying reinsurance) 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 that 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 reinsurers, whether specific or general, any amounts that may have become due from such reinsurers, whether such inability arises from the insolvency of such other reinsurers or otherwise.

ARTICLE XII

LIABILITY OF THE REINSURER

All reinsurances for which the Reinsurer shall be liable by virtue of this Contract shall be subject in all respects to the same terms, conditions, interpretations and waivers and to the same modifications, alterations, and cancellations, as the respective Policies to which such reinsurances relate, the true intent of the parties to this Contract being that the Reinsurer shall follow the fortunes of the Company.

ARTICLE XIII

THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any other party have any rights under this Contract except as expressly provided otherwise in the INSOLVENCY ARTICLE.

ARTICLE XIV

NOTICE OF LOSS AND LOSS SETTLEMENTS

A. The Company shall advise the Reinsurer of all claims or losses that, in the opinion of the Company, may result in a claim hereunder. Furthermore, the Company shall notify the Reinsurer of all subsequent developments to any claims and losses that, in the opinion of the Company, may materially affect the position of the Reinsurer, such advices to include any loss for which the amount incurred is 50% or more of the Company's retention, but inadvertent omission in dispatching any notices shall in no way affect the obligations of the Reinsurer under this Contract, provided the Company informs the Reinsurer of such omission promptly upon discovery.

B. All loss settlements made by the Company that are within the terms and conditions of this Contract shall be binding upon the Reinsurer. Upon receipt of evidence of the amount paid or to be paid, the Reinsurer agrees to pay within five days of its receipt of such evidence or allow, as the case may be, its share of each such amount.

ARTICLE XV

OFFSET

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; however, in the event of the insolvency of any party hereto, offset shall be in accordance with applicable law.

ARTICLE XVI

CURRENCY

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 XVII

TERRORISM EXCESS RECOVERY

A. Any financial assistance the Company receives under the Terrorism Risk Insurance Act of 2002, and any other replacements, extensions or amendments thereto (the “Act”) shall apply as follows:

1. Except as provided in subparagraph 2 below, any such financial assistance shall inure solely to the benefit of the Company and shall be entirely disregarded in applying all of the provisions of this Contract.

2. If losses occurring hereunder result in recoveries made by the Company both under this Contract and under the Act, and such recoveries, together with any other reinsurance recoveries made by the Company applicable to said losses, exceed the total amount of the Company’s insured losses, any amount in excess thereof shall reduce the Ultimate Net Loss subject to this Contract for the losses to which the Act’s financial assistance applies. These recoveries shall be returned in proportion to each Reinsurer’s paid share of the loss.

B. Nothing herein shall be construed to mean that the losses under this Contract are not recoverable from the Reinsurer until the Company has received financial assistance under the Act.

ARTICLE XVIII

RESERVES AND FUNDING

(This Article shall not apply to a Reinsurer who has satisfied its funding obligations to a trust fund; however, in the instances where such funding requirements are reduced below 100%, then the provisions of this Article shall apply to such Reinsurers and funding shall be required for the difference between 100% of the “Reinsurer’s Obligations”, as defined in this Article, and the percentage of such Reinsurer’s Obligations funded to the respective trust fund.)

A. The Reinsurer shall provide funding under the terms of this Article only if the Company will be denied statutory credit for reinsurance ceded to that Reinsurer pursuant to the credit for reinsurance law or regulations of the regulatory authority having jurisdiction over the Company's reserves.

B. As regards Policies issued by the Company coming within the scope of this Contract, the Company agrees that, when it files with the insurance regulatory authority or sets up on its books reserves for liabilities which it is required by law to set up, it shall forward to the Reinsurer a report showing the proportion of such reserves which is applicable to the Reinsurer. The Reinsurer shall fund 100% of its portion of such reserves in respect of:

1. Loss and loss expense paid by the Company but not recovered from the Reinsurer;

2. Known outstanding losses that have been reported to the Reinsurer and loss expense relating thereto;

3. Reserves for loss and loss expense incurred but not reported;

4. Unearned premium (if applicable);

5. Other amounts recoverable reported in Schedule F of the Company's NAIC Statement;

as shown in the report prepared by the Company (hereinafter referred to as "Reinsurer's Obligations"). The Reinsurer's Obligations shall be funded by funds withheld, cash advances, escrow accounts for the benefit of the Company, Letters of Credit ("LOC"), Trust Account, or a combination thereof. The Reinsurer shall have the option of determining the method of funding, subject always to the provision that (a) the method of funding and (b) the terms and provisions of any such LOC or Trust Account and (c) the quality of assets in any Trust Account are all acceptable to the Company and also meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves. In the event a provision of any such funding instrument jeopardizes the Company's ability to obtain full credit for reinsurance, such provision shall be void and shall be amended to comply with applicable credit for reinsurance requirements. The Reinsurer shall provide funding and/or any adjustments thereto in time for the Company to meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves, provided that the Company sends the report of Reinsurer's Obligations at least 15 days prior to the date such funding is required.

C. When funding in whole or in part by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC dated on or before December 31 of the year in which the request is made (on or before the last day of the calendar quarter for any quarterly adjustment), issued by a member of the Federal Reserve System or any bank approved for use by the NAIC Securities

Valuation Office, and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves. Such LOC shall be issued for a period of not less than one year and shall include an "evergreen clause," which automatically extends the term for at least one additional year at each expiration date unless 60 days (or such other time period as may be required by the applicable insurance regulatory authorities) prior to any expiration date the issuing bank notifies the Company by certified or registered mail that the issuing bank elects not to consider the LOC extended for any additional period. If the issuing bank of the LOC is put under negative credit watch by a major rating agency or is removed from the list of banks approved by the NAIC Securities Valuation Office, the Company may require that a replacement LOC be issued by a bank acceptable to the Company, by providing the Reinsurer with written notice requesting such replacement LOC. If the Reinsurer fails to provide acceptable replacement security within 10 business days following receipt of the Company's notice, the Company may draw upon the existing LOC in amounts equal to the Reinsurer's Obligations.

D. The Reinsurer and Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company for the following purposes:

1. To reimburse the Company for the Reinsurer's share of unearned premium on Policies reinsured hereunder on account of cancellations of such Policies;

2. To reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and which has not been otherwise paid;

3. To make refund of any sum which is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of Reinsurer's Obligations, if funding is provided by a Trust Account);

4. To fund an account with the Company for the Reinsurer's Obligations if such LOC is under notice of non-renewal or not replaced by the Reinsurer within 10 days prior to its expiration. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer;

5. To pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

In the event the amount drawn by the Company on any funding provided by the Reinsurer is in excess of the actual amount required for subparagraph 1, 2 or 4 or, in the case of subparagraph 5, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

E. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

F. At annual intervals, or more frequently but never more frequently than quarterly, the Company shall prepare a specific report of the Reinsurer's Obligations, for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the report shows that the Reinsurer's Obligations exceed the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account as of the report date, the Reinsurer shall, within 30 days after receipt of notice of such excess, make an adjustment to increase the available balance of funds withheld and/or cash advances and/or LOC and/or Trust Account by the amount of such excess.

2. If, however, the report shows that the Reinsurer's Obligations are less than the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or 102% of the balance of the Trust Account if funding is provided by Trust Account, as of the report date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess funding by making or allowing an adjustment to the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account.

G. Should the Reinsurer be in breach of its obligations under this Article, notwithstanding anything to the contrary elsewhere in this Contract, the Company may seek relief in respect of said breach from any court having competent jurisdiction over the parties hereto.

ARTICLE XIX

TAXES

The Company shall pay applicable taxes (except Federal Excise Tax, if any) on premiums reported to the Reinsurer under this Contract.

ARTICLE XX

FEDERAL EXCISE TAX

A. The Reinsurer has agreed to allow the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) for the purpose of paying Federal Excise Tax to the extent such premium is subject to such tax. Should the Reinsurer claim exempt status from Federal Excise Tax, it shall provide to the Company, upon its request, proof that the exempt status adequately satisfies the rules as imposed under the Internal Revenue Code and any other applicable U.S. government authority.

B. In the event of any return premium becoming due hereunder, the Reinsurer shall deduct the applicable percentage from the return premium payable hereon and the Company or its agent shall recover such tax from the United States Government.

C. As respects premiums ceded to the Reinsurer under this Contract, the Reinsurer agrees to indemnify the Company for any liability, expense, interest, or penalty it may incur by reason of the Reinsurer's breach of this Article.

ARTICLE XXI

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

A. The Reinsurer hereby acknowledges the requirements of Sections 1471-1474 U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance issued from time to time thereunder ("FATCA") and the obligation to provide to the Company and the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") a valid Internal Revenue Service ("IRS") Form W8-BEN-E, W-9 or other documentation meeting the requirements of the FATCA regulations to establish the Reinsurer is not subject to any withholding requirement pursuant to FATCA (the "Required Documentation").

B. The Reinsurer shall notify the Company and Intermediary in writing (by electronic mail, certified mail or overnight mail using a nationally recognized overnight delivery service) in the event the Reinsurer is not compliant with FATCA. If the Reinsurer has not provided the Company and Intermediary with the Required Documentation thirty (30) days prior to any premium due date, or becomes non-compliant with FATCA at any later date, the Withholding Agent [as defined in U.S. Treasury Regulation Section 1.1471-1(b)(147)] shall withhold thirty percent (30%) of any premium payment to the Reinsurer under this Contract and shall promptly notify the Reinsurer of such withholding ("Withholding"). The Reinsurer hereby agrees to such Withholding.

C. In the event the Reinsurer is subject to Withholding as set forth under FATCA, the Reinsurer continues to remain fully liable for all of its obligations under this Contract. The Withholding under paragraph B above does not constitute a breach of contract, any premium payment condition, warranty or other clause of this Contract. Reinsurer(s) subject to Withholding may not terminate, cancel, revoke or restrict this Contract, may not terminate, cancel, revoke or restrict coverage under this Contract in any manner and may not deny, refuse, restrict or delay payment of any claim under this Contract or invoke any interest, penalty or other late payment provision hereunder, based on the Withholding. The Reinsurer subject to Withholding shall be liable under this Contract as if no Withholding had been made.

D. Amounts deducted or withheld as Withholding are not subject to offset. Offset rights, if any, under this Contract are hereby amended in accordance with the terms of this Article.

E. The Reinsurer shall indemnify the Company and its agents for any and all liability, expense, interest or penalty the Company and its agents incur, based upon, arising from or in connection with (i) any inaccurate or invalid Required Documentation; or (ii) any violation by the Reinsurer of FATCA. Such indemnity shall survive the expiration or termination of this Contract.

ARTICLE XXII

ACCESS TO RECORDS

A. The Reinsurer or its designated representative(s) approved by the Company, upon providing reasonable advance notice to the Company, shall have access at the offices of the Company or at a location to be mutually agreed, at a time to be mutually agreed, to inspect the Company's underwriting, accounting, or claim files pertaining to the subject matter of this Contract. The Company shall determine the manner in which files shall be accessed by the Reinsurer. The Reinsurer may, at its own expense, reasonably request copies of such files and agrees to pay the Company's reasonable costs (including staff expense and other overhead costs) incurred in procuring such copies.

B. The Reinsurer or its designated representative(s) shall not have access to Protected Records related to a claim ceded to this Contract; however, the Reinsurer shall be permitted to have access to those Protected Records described in subparagraph F.2 of this Article after the Company's final settlement or final adjudication of such underlying claim. If Protected Records are withheld, the Company shall advise the Reinsurer accordingly and the Company shall take reasonable steps to provide the Reinsurer with sufficient information to determine its liability hereunder. Further, the Reinsurer or its designated representative(s) shall not have access to any communications with any other reinsurer supporting the Company in respect of business subject to this Contract and shall not have access to Protected Records relating to any dispute between the Company and the Reinsurer.

C. If any undisputed amounts are overdue from the Reinsurer to the Company, the Reinsurer shall have access to such records only upon payment of all such overdue amounts.

D. Upon completion of the audit, the Reinsurer and its representative(s) shall consult with the Company promptly and in good faith, no later than 30 days after the completion of the audit unless otherwise agreed, with respect to any and all questions or issues raised by the audit. If, as a result of the Reinsurer's inspection of the Company's files, any claim is denied, contested, or disputed, the Reinsurer shall promptly provide the Company with a summary of any reports or analysis completed by the Reinsurer's personnel or by any third party on behalf of the Reinsurer outlining the findings of the inspection and identifying the reasons for contesting or disputing the subject claim.

E. Nothing in this Article requires the Company to maintain or to make available any document for longer than the period required by the Company's document retention policies and procedures or the period required by applicable statute or regulation, whichever is greater.

F. "Protected Records" are defined as communications, files, records, documents, or books:

1. Deemed by the Company to concern Trade Secrets of the Company (Trade Secrets shall have the meaning provided in Section 1839 of the United States Economic Espionage Act of 1996); or

2. Deemed by the Company to be subject to attorney-client privilege or work product rule protection; or

3. Concerning individual private information that as a matter of law cannot be disclosed by the Company.

ARTICLE XXIII

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information, and data provided to the Reinsurer by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract, inspection pursuant to the ACCESS TO RECORDS ARTICLE, or any other information relating to this Contract, ("Confidential Information") are proprietary and confidential to the Company.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except when:

1. The disclosure is to an authorized agent of the Reinsurer performing underwriting, claim handling, pricing, placement, and/or evaluation services for the Reinsurer; or

2. The Confidential Information is publicly known or has become publicly known through no unauthorized act of the Reinsurer; or

3. Required by retrocessionaires subject to the business ceded to this Contract; or

4. Required by regulators performing an audit of the Reinsurer's records and/or financial condition; or

5. Required by auditors performing an audit of the Reinsurer's records in the normal course of business; or

6. Required by legal counsel.

C. Further, the Reinsurer agrees not to use any Confidential Information for any purpose not permitted by this Contract or not related to the performance of their obligations or enforcement of their rights under this Contract.

D. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process, or any regulatory authority to release or disclose any Confidential Information, the Reinsurer agrees to provide the Company written notice of same prior to such release or disclosure and to use its reasonable best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

E. The provisions of this Article shall extend to the officers, directors, and employees of the Reinsurer and its affiliates, who have received Confidential Information in accordance with this Contract, and shall be binding upon their successors and assigns.

ARTICLE XXIV

DELAYS, OMISSIONS, OR ERRORS

Any inadvertent delay, omission or error shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such delay, omission or error had not been made, provided any omission or error is rectified upon discovery.

ARTICLE XXV

INSOLVENCY

A. In the event of the insolvency of the Company, this reinsurance shall be payable directly to the Company or to its liquidator, receiver, conservator, or statutory successor, with reasonable provision for verification, 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 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 proportionate share of the benefit that 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 agreed that, in the event of the insolvency of the Company, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Company or its liquidator, receiver, conservator, or statutory successor, 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 payee under such Policies and in substitution for the obligations of the Company to such payees.

D. In the event of the insolvency of any company or companies listed in the designation of "Company" under this Contract, this Article shall apply only to the insolvent company or companies.

E. In the event of the insolvency of any company or companies covered hereunder, the laws of the applicable domiciliary state(s) shall apply. In the event of a conflict between any provision of this Article and the laws of the domiciliary state of any company or companies covered hereunder, that domiciliary state's laws shall prevail.

ARTICLE XXVI

ARBITRATION

A. As a condition precedent to any right of action hereunder, any irreconcilable dispute arising out of the interpretation, performance, or breach of this Contract, including the formation or validity thereof, whether arising before or after the expiry or termination of the Contract, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent by certified mail, return receipt requested, or such reputable courier service as is capable of returning proof of receipt of such notice by the recipient to the party demanding arbitration.

B. One arbitrator shall be appointed by each party. If the responding party fails to appoint its arbitrator within 30 days after its receipt of the claimant party's notice requesting arbitration, the claimant party, after 10 days' notice by certified mail or reputable courier as provided above of its intention to do so, may appoint the second arbitrator.

C. The two arbitrators shall, before instituting the hearing, appoint an impartial third arbitrator who shall preside at the hearing. Should the two arbitrators fail to choose the third arbitrator within 30 days of the appointment of the second arbitrator, the parties shall appoint the third arbitrator pursuant to the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS) Umpire Selection Procedure. All arbitrators shall be disinterested active or former senior executives of insurance or reinsurance companies or

Underwriters at Lloyd's, London. In the event of the resignation or death of any arbitrator, a replacement shall be appointed in the same manner as the resigning or deceased arbitrator was appointed and the newly constituted panel shall take all necessary and/or reasonable measures to continue the arbitration proceedings without additional delay.

D. Within 30 days after notice of appointment of all arbitrators, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules for hearings. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Unless the panel agrees otherwise, arbitration shall take place in Rock Island, Illinois, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of Illinois. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

E. The panel shall make its decision as promptly as possible following the termination of the hearings, considering the terms and conditions expressed in this Contract and the custom and practice of the applicable insurance and reinsurance business. Judgment upon the award may be entered in any court having jurisdiction thereof.

F. Arbitration proceedings are subject to consolidation as follows:

1. Single contract, multiple reinsurers, common issue: If more than one Reinsurer is involved in arbitration where there are common questions of law or fact and a possibility of conflicting awards or inconsistent results, all such Reinsurers, at the Company's request, shall be joined in a single arbitration proceeding and 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 the one party; provided, however, that nothing therein 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 under the terms of this Contract from several to joint.

2. Single reinsurer, multiple contracts, common issue: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company, under which a dispute has arisen where there are common questions of law or fact with the dispute being arbitrated under this Contract and a possibility of conflicting awards or inconsistent results, the Reinsurer, at the Company's request, shall arbitrate all such reinsurance disputes involving the same loss or common questions of law or fact in one consolidated proceeding, subject to the provisions of this Article.

3. Single reinsurer, multiple contracts: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company and various disputes have arisen under such contracts, regardless of whether or not there are common questions of law or fact, if mutually agreed to by the parties hereto, the parties shall arbitrate all reinsurance disputes in one consolidated proceeding, subject to the provisions of this Article.

The agreement to consolidate disputes under this Contract and one or more other reinsurance contracts will supersede all other reinsurance contracts entered into between the Company and the Reinsurer, regardless of whether any other reinsurance contract may require or address consolidation.

G. Each party shall bear the expense of the arbitrator selected by or for it and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorney's fees, to the extent permitted by law.

ARTICLE XXVII

SERVICE OF SUIT

(This Article is 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. This Article is not intended to conflict with or override the obligation of the parties to arbitrate their disputes in accordance with the ARBITRATION ARTICLE.)

A. In the event of the failure of the Reinsurer to perform its obligations under this Contract, the Reinsurer, at the request of the Company, shall 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. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against it upon this Contract, and shall abide by the final decision of such court or of any appellate court in the event of an appeal. The validity and/or enforceability of any arbitration award or judgment obtained in the United States shall not be contested by the Reinsurer in any jurisdiction outside of the United States.

B. Service of process in such suit may be made upon the law firm of Mendes and Mount, 750 Seventh Avenue, New York, NY 10019, or another party specifically designated by the Reinsurer in its Interests and Liabilities Agreement attached hereto.

C. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceedings instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

D. The individual named in Paragraph C shall be deemed the Reinsurer's agent for the service of process:

1. where the address designated in, or pursuant to paragraph B is invalid; or

2. to the extent necessary to bring this Contract into conformity with the applicable law of a state with jurisdiction over the Company.

ARTICLE XXVIII

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation by the laws of the State of Illinois, exclusive of that state's rules with respect to conflicts of law.

ARTICLE XXIX

ENTIRE AGREEMENT

This Contract shall constitute the entire agreement between the parties with respect to the business being reinsured hereunder and no understandings exist between the parties other than those expressed in this Contract. Any change or modification to this Contract shall be null and void unless made by amendment to this Contract and signed by both parties. This Article shall not be construed as limiting in any way the admissibility, in the context of an arbitration or any other legal proceeding, of evidence regarding the formation, interpretation, purpose or intent of this Contract.

ARTICLE XXX

SALVAGE AND SUBROGATION

A. The Company, at its sole discretion, may enforce its right to salvage and/or subrogation and may prosecute all claims arising out of such right.

B. Amounts recovered from salvage and/or subrogation shall be used to reimburse the Company's excess reinsurers, including the Reinsurer hereon (and the Company, should it carry a portion of excess coverage net) in the reverse order of their participation in the

loss before being used in any way to reimburse the Company for its primary loss. The expense incurred by the Company in pursuing any such recovery shall be borne by each party in proportion to its benefit (if any) from the recovery. If the recovery expense exceeds the amount recovered, the amount recovered (if any) shall be applied to the reimbursement of recovery expense incurred by the Company and the remaining expense shall be included in Ultimate Net Loss.

ARTICLE XXXI

SEVERABILITY

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 XXXII

OTHER REINSURANCE

The Company is permitted to have other treaty reinsurance. The premium for any such reinsurance that inures to the benefit of this Contract shall not be included within the subject premium hereunder. Additionally, the Company may purchase facultative reinsurance on any subject risk it deems advisable, and the premium for that portion of the Company's Policy reinsured elsewhere shall not be included within the subject premium hereunder.

ARTICLE XXXIII

LATE PAYMENTS

(The provisions of this Article shall not be implemented unless specifically invoked by the Company in writing.)

A. In the event that any amount due the Company is not received by the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") by the payment due date, the Company may, by notifying the Intermediary in writing, require the Reinsurer to pay, and the Reinsurer 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 a rate equal to the U.S. Prime Rate as published in The Wall Street Journal on the first business day following the date a remittance becomes due plus 300 basis points; 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 has been received by the Intermediary.

B. The establishment of the payment due date shall, for purposes of this Article, be 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 Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 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 14 days after the proof of loss or demand for payment is transmitted to the Reinsurer by the Intermediary. If such loss or claim payment is not received within the 14 days, interest will accrue on the payment or amount overdue in accordance with paragraph A 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 the Company not otherwise provided for in subparagraphs 1 and 2 above, the due date shall be as provided for in the applicable Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 days following transmittal by the Intermediary 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.

C. The validity of any claim or payment may be contested under the provisions of this Contract. If the Reinsurer prevails in an arbitration, or any other proceeding, there shall be no interest penalty due. Otherwise, any interest shall be calculated and due as outlined above. Furthermore, if the Reinsurer pays any claim hereunder that it is contesting and prevails in such action, the Company shall return such payment plus pay interest on same, at a rate calculated as per the provisions of paragraph A, above; however, such calculation is to begin from the actual date of remittance of funds from the Reinsurer through the date the funds are returned.

D. If the interest rate provided under this Article exceeds the maximum interest rate allowed by applicable law, such interest rate shall be modified to the highest rate permitted by the applicable law.

ARTICLE XXXIV

MODE OF EXECUTION

This Contract may be executed either by an original written ink signature of paper documents, by an exchange of facsimile copies showing the original written ink signature of paper documents, or by electronic signature by either party employing appropriate software technology as to satisfy the parties at the time of execution that the version of the document agreed to by each party shall always be capable of authentication and satisfy the same rules of evidence as written signatures. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE XXXV

INTERMEDIARY

Willis Re Inc. is hereby recognized as the intermediary negotiating this Contract and through whom all communications relating thereto shall be transmitted to the Company or the Reinsurer. Payments by the Company to Willis Re Inc. shall be deemed to constitute payment to the Reinsurer and payments by the Reinsurer to Willis Re Inc. 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 specified below:

Signed this day of , 20 .

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)

/s/ Arron K. Sutherland
By

Arron K. Sutherland
Printed Name

President/CEO
Title

NUCLEAR INCIDENT EXCLUSION CLAUSE - LIABILITY - REINSURANCE - U.S.A.

(1) This reinsurance does not cover any loss or liability accruing to the Reassured as a member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.

(2) Without in any way restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinsurance all the original policies of the Reassured (new, renewal and replacement) of the classes specified in Clause II of this paragraph (2) from the time specified in Clause III in this paragraph (2) shall be deemed to include the following provision (specified as the Limited Exclusion Provision):

Limited Exclusion Provision.*

I. It is agreed that the policy does not apply under any liability coverage,

to (*injury, sickness, disease, death or destruction,*

(bodily injury or property damage

with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.

II. Family Automobile Policies (liability only), Special Automobile Policies (private passenger automobiles, liability only), Farmers Comprehensive Personal Liability Policies (liability only), Comprehensive Personal Liability Policies (liability only) or policies of a similar nature; and the liability portion of combination forms related to the four classes of policies stated above, such as the Comprehensive Dwelling Policy and the applicable types of Homeowners Policies.

III. The inception dates and thereafter of all original policies as described in II above, whether new, renewal or replacement, being policies which either

(a) become effective on or after 1st May, 1960, or

(b) become effective before that date and contain the Limited Exclusion Provision set out above; provided this paragraph (2) shall not be applicable to Family Automobile Policies, Special Automobile Policies, or policies or combination policies of a similar nature, issued by the Reassured on New York risks, until 90 days following approval of the Limited Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(3) Except for those classes of policies specified in Clause II of paragraph (2) and without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that for all purposes of this reinsurance the original liability policies of the Reassured (new, renewal and replacement) affording the following coverages:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability)

shall be deemed to include, with respect to such coverages, from the time specified in Clause V of this paragraph (3), the following provision (specified as the Broad Exclusion Provision):

Broad Exclusion Provision.*

It is agreed that the policy does not apply:

I. Under any Liability Coverage, to (*injury, sickness, disease, death or destruction*

(bodily injury or property damage

(a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision

Relating to (*immediate medical or surgical relief,*

(first aid,

to expenses incurred with respect

to (*bodily injury, sickness, disease or death*

(bodily injury

resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage to (*injury, sickness, disease, death or destruction*

(bodily injury or property damage

resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or

dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(c) the (*injury, sickness, disease, death or destruction*

(bodily injury or property damages

arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories, or possessions or Canada, this exclusion (c) applies only to

(*injury to or destruction of property at such nuclear facility*

(property damage to such nuclear facility and any property thereat.

IV. As used in this endorsement:

"**Hazardous properties**" include radioactive, toxic or explosive properties; "**nuclear material**" means source material, special nuclear material or byproduct material; "**source material**," "**special nuclear material**," and "**byproduct material**" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "**spent fuel**" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "**waste**" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; "**nuclear facility**" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "**nuclear reactor**" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

(*With respect to injury to or destruction of property, the word "injury" or "destruction"*

("property damage" includes all forms of radioactive contamination of property

(*includes all forms of radioactive contamination of property*.

V. The inception dates and thereafter of all original policies affording coverages specified in this paragraph (3), whether new, renewal or replacement, being policies which become effective on or after 1st May, 1960, provided this paragraph (3) shall not be applicable to

(i) Garage and Automobile Policies issued by the Reassured on New York risks, or

(ii) statutory liability insurance required under Chapter 90, General Laws of Massachusetts,

until 90 days following approval of the Broad Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(4) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original liability policies of the Reassured in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Energy Liability Exclusion Provisions adopted by the Canadian Underwriters' Association of the Independent Insurance Conference of Canada.

* NOTE: The words printed in italics in the Limited Exclusion Provision and in the Broad Exclusion Provision shall apply only in relation to original liability policies which include a Limited Exclusion Provision or a Broad Exclusion Provision containing those words.

21/9/67
N.M.A. 1590
BRMA 35A

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

ASPEN INSURANCE UK LIMITED
the "Subscribing Reinsurer")

with respect to the

CASUALTY CLASH EXCESS OF LOSS
REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have a 17.50% share in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company.

This Agreement shall commence at 12:01 a.m., Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this day of , 20 .

ASPEN RE AMERICA, INC.
on behalf of
ASPEN INSURANCE It LIMITED

By /s/ Thomas J. Luning
Printed Name Thomas J. Luning
Title Head of U.S. Regional

MRC Format Exempt – Client Requirement

WILLIS RE INC	**B1357WRI**
Contract Number:	**11343N16**
UMR:	**B135711343N16**
Reinsured:	**Illinois Casualty Company (A Mutual Insurance Company)**
Type of Agreement:	**Casualty Clash Excess of Loss**
Period:	**January 1, 2016 – January 1, 2017**

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

SECURITY DETAILS

REINSURERS LIABILITY:

Reinsurers Liability Clause LMA3333

Reinsurer's liability several not joint.

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

The proportion of liability under this contract underwritten by a Reinsurer (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 Reinsurer. 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 Reinsurer 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 Reinsurer (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 Reinsurer (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".

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

SECURITY DETAILS

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.

ORDER HEREON: 82.5%

BASIS OF WRITTEN LINES: Percentage of Whole

SIGNING PROVISIONS: In the event that the placement of this Reinsurance is not completed by the commencement date of the period of Reinsurance then all lines written by that date, at the Reinsured’s option, may be signed in full. If such written lines hereon exceed 100% of the order, all lines written will be signed down in equal proportions so that the aggregate signed lines are equal to 100% of the order.

Whether before or after inception of the period of Reinsurance, the Reinsured may elect for the disproportionate signing of Reinsurer’s lines without further specific agreement of Reinsurers.

LINE CONDITIONS: None unless specified individually by Reinsurers hereon under their written participations.

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

CONTRACT ADMINISTRATION AND ADVISORY SECTIONS

SUBSCRIPTION AGREEMENT

SUBSCRIPTION AGREEMENT BETWEEN THE BROKER AND THE INSURERS / REINSURERS WHICH WILL NOT FORM PART OF THIS AGREEMENT FOR CONTRACTUAL DOCUMENTATION PURPOSES

SLIP LEADER: **FDY 435** /s/ LB - 11/12/15

BASIS OF AGREEMENT TO CONTRACT CHANGES:

Reinsurers hereon authorise the Slip Leader to be the sole judge in determining whether any future alterations to this Reinsurance Agreement should be agreed by the Slip Leader only **and copied to other Reinsurers**, or agreed by all Reinsurers other than risks accepted pursuant to Special Acceptance Provision (if any).

Subject to the foregoing:

A. In respect of each Reinsurer which at any time has the ability to send and receive ACORD messages:

i. Any contract change will be submitted by Willis Re Inc for agreement via an 'ACORD message';

ii. any contract change which requires notification will be notified by Willis Re Inc via an 'ACORD message';

iii. It is understood and agreed that whilst any contract change may be negotiated and agreed in any legally effective manner (and will be binding at that stage), such agreement of any contract change will be confirmed by each such Reinsurer via an appropriate `ACORD message'. For the avoidance of any doubt, no further duty of disclosure arises in relation to any such confirmation.

B. In respect of each Reinsurer who does not have the ability to send and receive ACORD messages:

i. It is understood and agreed that whilst any contract change may be negotiated and agreed in any legally effective manner (and will be binding at that stage), any such contract change will be submitted/notified by Willis Re Inc electronically via email or other electronic means;

ii. Such binding agreement of any contract change will be confirmed by each such Reinsurer via email or other electronic means. For the avoidance of any doubt, no further duty of disclosure arises in relation to any such confirmation.

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

BASIS OF CLAIMS AGREEMENT:

Claims review, as required by Slip Leader for the benefit of and at the cost to current Reinsurers hereon. Settlement of fees will be by the parties authorising the claims review. In the event of cancellation of the Treaty, fees to be borne by final contract year.

Lloyd's Reinsurers:

Claims to be managed in accordance with The Lloyd's Claims Scheme (Combined), or as amended or any successor thereto

IUA Company Reinsurers:

Claims to be managed in accordance with IUA (or successor organisations) Claims Agreement practices.

Lloyd's Reinsurers / IUA Company Reinsurers:

In respect of any Bureau claims settlements hereunder, Reinsurers who made their acceptance under the Bureau schemes agree to claims on a projected payment basis on the agreement of the respective Bureau Leading Reinsurer only. Any further payments under this provision shall be agreed by the respective Bureau Leading Underwriter only. This will be binding on all following Lloyds and IUA Reinsurers and Xchanging Ins-sure Services (XIS) (or successor organisations).

Non-Bureaux Reinsurers:

All claims shall be agreed by each Reinsurer according to their own practices.

Reinsurers agree to arrange simultaneous settlement by money transfer to broker account three days before date Reinsured specifies they will settle, given seven days advance notice of same.

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

CLAIMS AGREEMENT PARTIES:

Lloyd's Reinsurers:

The Leading Lloyd's syndicate and, where required by the applicable Claims Scheme, the second Lloyd's syndicate and/or the Scheme Service Provider.

Lloyd's Leader: FDY 435 /s/ LB - 11/12/15

The second Lloyd's syndicate is: BRIT-2987

IUA Company Reinsurers:

Those companies acting in accordance with the IUA (or successor organisations) claims agreement practices.

Non-Bureaux Reinsurers:

All claims shall be agreed by each Reinsurer in respect of their own participation.

CLAIMS ADMINISTRATION:

Lloyd's Reinsurers:

Willis Re Inc and Reinsurers agree that any claims hereunder (including any claims related costs/fees) that are in scope and supported by Electronic Claims File (ECF) may be notified and administered via the Electronic Claims File (ECF) system with any payment(s) processed via CLASS.

Lloyd's Reinsurers authorise Xchanging Claims Services to waive the deferred settlement system in the event of presentation of settlement request with first advice.

IUA Company Reinsurers:

All IUA Company Reinsurers agree to respond to claims via CLASS (unless otherwise specified here).

Willis Re Inc and Reinsurers agree that any claims hereunder (including any claims related costs/fees) that are in scope and supported by Electronic Claims File (ECF) may be notified and administered via the Electronic Claims File (ECF) system with any payment(s) processed via CLASS.

Non-Bureaux Reinsurers:

Each Reinsurer agrees to receive all claims via Broker visit, email, repositories, facsimile or letter.

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

CONTRACT ADMINISTRATION AND ADVISORY SECTIONS

SUBSCRIPTION AGREEMENT

RULES AND EXTENT OF ANY OTHER DELEGATED CLAIMS AUTHORITY: None, unless otherwise specified.

SETTLEMENT DUE DATE: 28th February, 2016

INSTALLMENT PREMIUM PERIOD OF CREDIT: 30 days. **435** /s/ LB - 11/12/15

ADJUSTMENT PREMIUM PERIOD OF CREDIT: 90 days.

BUREAUX ARRANGEMENTS:

Processing Documents:

Xchanging Ins-sure Services (XIS) are authorised to accept Additional Premium, Return Premium, Premium Adjustment and Profit Commission figures, where applicable, without certification or production of letters or other documents and enter in accordance with the figures shown thereon, without Reinsurers agreement.

Reinsurers agree to the use of a copy (including a photocopy) or duplicate of the applicable Slip or Wording for the collection and taking down of Additional Premium(s), Return Premium(s), Premium Adjustment(s) and Profit Commission(s).

Presentation of premium documentation to XIS by the Settlement Due Date(s) is deemed to be in compliance with the payment provisions.

Reinsurers agree that Willis Re Inc. may pay de-linked premiums for this Agreement at different times.

Annual Re-Signing

To be re-signed annually by Lloyds Underwriters and XIS Company Reinsurers hereon.

Yes __/__ No _435_

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

Premium Processing Clause – LSW 3003 (14/12/09) – amended

Where the premium is to be paid through Xchanging Ins-sure Services (XIS), payment to Reinsurers will be deemed to occur on the day that a delinked premium is released for settlement by the Appointed Broker or in the case of non-delinked premiums, on the day that the error-free Premium Advice Note (PAN) is submitted to XIS.

Where premiums are to be paid by instalments under the Deferred Account Scheme, and the Appointed Broker does not receive the premium in time to comply with the agreed settlement date for the second or subsequent instalment, the Appointed Broker, if electing to suspend the automatic debiting of the relevant deferred instalment, shall advise the Slip Leader in writing and instruct XIS accordingly. XIS shall then notify Reinsurers.

Nothing in this clause shall be construed to override the teens of any Premium Payment Warranty or Clause or any Termination or Cancellation provision contained in this contract. Furthermore, any amendment to the Settlement Due Date of a premium instalment as a result of the operation of this Premium Processing Clause shall not amend the date that such instalment is deemed to be due for the purposes of such Premium Payment Warranty or Clause or Termination or Cancellation provision unless (Re)Insurers expressly agree otherwise.

Appointed Broker: Willis Re Inc
LSW 3003 14/12/09 (amended)

If the Settlement Due Date falls on a Saturday, a Sunday or a Bank Holiday, it is agreed that the Settlement Due Date shall be changed to the first following working day.

XIS are authorised to:

- sign policies in multiple copies

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

CONTRACT ADMINISTRATION AND ADVISORY SECTIONS

SUBSCRIPTION AGREEMENT

PAYMENT ADMINISTRATION CLAUSE:

Willis Limited is hereby recognized as the correspondent intermediary negotiating this Contract in respect of the Reinsurers identified on the Written Lines Pages attached hereto and through whom all communications relating thereto shall be transmitted to the Company or the aforementioned Reinsurers. However, all payments passing between the Company and the Reinsurer pursuant to this Contract shall be made not to or via Willis Limited, but always to the designated accounts of Willis Re Inc. Further, there shall be no set-off of any amounts due between Willis Limited and the Reinsurer insofar as such amounts are due to be paid pursuant to this Contract, as such set-off shall not constitute valid payment under this Contract. In the event that payments are made to Willis Limited in contravention of this clause, such payments shall not constitute payment either to the Reinsurer or to the Company and shall be returned to the payer.

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

CONTRACT ADMINISTRATION AND ADVISORY SECTIONS

FISCAL AND REGULATORY

TAXES PAYABLE BY REINSURER(S): 1% Federal Excise Tax where applicable or as statutorily required.

COUNTRY OF ORIGIN USA

OVERSEAS BROKER Direct Reinsured

U.S. CLASSIFICATION U.S. Reinsurance

NAIC CODES: 15571

ALLOCATION OF PREMIUM TO CODING: 100% **XF 435** /s/ LB - 11/12/15

REGULATORY CLIENT CLASSIFICATION: Reinsurance

FATCA INFORMATION: **LMA9107 (29/04/15) – amended**

Information regarding Lloyd's Syndicates compliance with the Foreign Account Tax Compliance Act ("FATCA") is available from the Lloyd's website http://www.lloyds.com/the-market/operating-at-lloyds/tax-department/foreign-account-tax-compliance-act-fatca

It is understood and agreed that the provision of this information is sufficient for the purposes of any obligation in this (re)insurance for Lloyd's syndicates to provide FATCA required documentation.

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

BROKER REMUNERATION AND DEDUCTIONS

FEE PAYABLE BY REINSURED / CLIENT? No

TOTAL BROKERAGE: 15% (Nil on Reinstatement) /s/ LB - 11/12/15

OTHER DEDUCTIONS FROM PREMIUM: None

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

WRITTEN LINES

B.I.P.A.R. Statement

In a co-reinsurance placement, following reinsurers may, but are not obliged to, follow the premium charged by the lead reinsurer.

Reinsurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

Reinsurer and Reference: **FDY 435 – FARADAY** /s/ LB - 11/12/15

Written line(s): **25%** **Ref.: BC215Q16A000**

Final signed line(s): **25%**

Line Condition(s):

Signed in this day of , 20 .

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

WRITTEN LINES

B.I.P.A.R. Statement

In a co-reinsurance placement, following reinsurers may, but are not obliged to, follow the premium charged by the lead reinsurer.

Reinsurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

Reinsurer and Reference: **BRIT – Global Specialty – BRT 2987**

Written line(s): **20%** **Ref.: BB484Q16A000**

Final signed line(s): **20%**

Line Condition(s):

Signed in London this 11th day of December , 2015.

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

WRITTEN LINES

B.I.P.A.R. Statement

In a co-reinsurance placement, following reinsurers may, but are not obliged to, follow the premium charged by the lead reinsurer.

Reinsurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

Reinsurer and Reference:	**Liberty Specialty Markets – LIB 4471**	10/12/15
Written line(s):	**15%**	**Ref.: 1221630116FC**
Final signed line(s):	**15%**	
Line Condition(s):		

Signed in Lloyd's this 10th day of December , 2015.

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

WRITTEN LINES

B.I.P.A.R. Statement

In a co-reinsurance placement, following reinsurers may, but are not obliged to, follow the premium charged by the lead reinsurer.

Reinsurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

Reinsurer and Reference: **ATRIUM XFXFXEX16AXX – AUW 609** **11/12/15**

Written line(s): **7.5%** **Ref.:**

Final signed line(s): **7.5%**

Line Condition(s):

Signed in this day of , 20 .

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

WRITTEN LINES

B.I.P.A.R. Statement

In a co-reinsurance placement, following reinsurers may, but are not obliged to, follow the premium charged by the lead reinsurer.

Reinsurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

Reinsurer and Reference: **SOMPO CANOPIUS RE – CNP 4444**
11/12/15

Written line(s): **5%** **Ref.: J18822CAA**

Final signed line(s): **5%**

Line Condition(s):

Signed in London this 11th day of December , 2015.

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

WRITTEN LINES

B.I.P.A.R. Statement

In a co-reinsurance placement, following reinsurers may, but are not obliged to, follow the premium charged by the lead reinsurer.

Reinsurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

Reinsurer and Reference:	**S.A.MEACOCK – SAM 727** **9N696X6351NA**	11/12/15
Written line(s):	**7.5%**	**Ref.:**
Final signed line(s):	**5%**	

Line Condition(s):

Signed in this day of , 20 .

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

WRITTEN LINES

B.I.P.A.R. Statement

In a co-reinsurance placement, following reinsurers may, but are not obliged to, follow the premium charged by the lead reinsurer.

Reinsurers may not seek to guarantee for themselves terms as favourable as those which others subsequently achieve during the placement.

Reinsurer and Reference:	**US Casualty – Aspen Insurance UK Ltd. – A8408 XIS** **ASPEN – ASPEN RE**	
Written line(s):	**10%**	**Ref.: U0A4FVT16A0Q**
Final signed line(s):	**5%**	
Line Condition(s):		

Signed in London this 11th day of December , 2015.

UMR :B135711343N16
Reinsured :Illinois Casualty Company (A Mutual Insurance Company)
Type :Casualty Clash Excess of Loss

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

WORKERS COMPENSATION FIRST EXCESS OF LOSS
REINSURANCE CONTRACT

Illinois Casualty Company
11403N16 (Eff: 1-1-16)
Workers Compensation First XOL 12-4-15

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WORKERS COMPENSATION FIRST EXCESS OF LOSS
REINSURANCE CONTRACT
(the "Contract")

between

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinoi
sincluding any and/or all of the subsidiary or affiliate companies that are now or may hereafter
come under the ownership, management and/or control of the Company
(the "Company")

and

THE SUBSCRIBING REINSURER(S) EXECUTING THE
INTERESTS AND LIABILITIES AGREEMENT(S)
ATTACHED HERETO
(the "Reinsurer")

ARTICLE I

BUSINESS COVERED

This Contract is to indemnify the Company in respect of the liability that may accrue to the Company as a result of loss or losses under Policies classified by the Company as Workers' Compensation and Employer's Liability, in force at the inception of this Contract, or written or renewed during the term of this Contract by or on behalf of the Company, subject to the terms and conditions herein contained.

ARTICLE II

RETENTION AND LIMIT

The Reinsurer shall be liable in respect of each Loss Occurrence, for the Ultimate Net Loss over and above an initial Ultimate Net Loss of $500,000 each Loss Occurrence, subject to a limit of liability to the Reinsurer of $500,000 each Loss Occurrence. The liability of the Reinsurer for Employer's Liability losses is further limited to $500,000 each Loss Occurrence.

ARTICLE III

COMMENCEMENT AND EXPIRATION

A. This Contract shall take effect at 12:01 a.m., Central Standard Time, January 1, 2016, and shall remain in effect until 12:01 a.m., Central Standard Time, January 1, 2017, applying to Loss Occurrences commencing during the term of this Contract.

B. The Reinsurer shall have no liability for Loss Occurrences commencing after expiration of this Contract.

C. However, at the Company's option, the Reinsurer shall remain liable hereunder in respect of Policies in force at expiration, until the earlier of the expiration or next renewal of such Policies. The Company's option to exercise the run-off expiration must be formally notified to the Reinsurer as promptly as possible following Contract expiration. In such event, the Company shall pay to the Reinsurer an additional premium equal to the rate set forth in the PREMIUM ARTICLE, multiplied by the Gross Net Earned Premium Income during the run-off period, payable within 30 days after the end of each quarter.

D. In the event this Contract expires on a run-off basis, the Reinsurer's liability hereunder shall continue if the Company is required by statute or regulation to continue coverage, until the earliest date on which the Company may cancel the Policy.

ARTICLE IV

SPECIAL TERMINATION

A. The Company may terminate a Reinsurer's percentage share in this Contract at any time by giving 30 days' prior written notice to the Reinsurer in the event of any of the following circumstances:

1. The Reinsurer ceases underwriting operations;

2. A state insurance department or other legal authority orders the Reinsurer to cease writing business, or the Reinsurer is placed under regulatory supervision;

3. The Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations;

4. The Reinsurer's policyholders' surplus (or the equivalent under the Reinsurer's accounting system) as reported in such financial statements of the Reinsurer as designated by the Company, has been reduced by 20% of the amount thereof at any date during the prior 12-month period (including the period prior to the inception of this Contract);

5. The Reinsurer has merged with or has become acquired or controlled by any company, corporation, or individual(s) not controlling the Reinsurer's operations at the inception of this Contract. However, this clause shall not apply where the acquiring or surviving company, corporation, or individual(s) have a Standard & Poor's and A.M. Best rating equal to, or higher than the Reinsurer had on the effective date of this Contract;

6. The Reinsurer has retroceded its entire liability under this Contract without the Company's prior written consent, except for retrocessions to members of the Reinsurer's holding company group;

7. The Reinsurer has been assigned an A.M. Best's rating of less than "A-" and/or a Standard & Poor's rating of less than "BBB+." However, as respects Underwriting Members of Lloyd's, London, a Lloyd's Market Rating of less than "A-" by A. M. Best and/or less than "BBB+" by Standard & Poor's shall apply; or

8. The Reinsurer has failed to comply with the funding requirements set forth in the RESERVES AND FUNDING ARTICLE.

B. Termination shall be effected on a run-off or cut-off basis as set forth in the Term Article, at the sole discretion of the Company. The reinsurance premium due the Reinsurer hereunder (including any minimum reinsurance premium) shall be pro-rated based on the period of the Reinsurer's participation hereon, and the Reinsurer shall immediately return any excess reinsurance premium received. Reinstatement premium, if any, shall be calculated based on the Reinsurer's reinsurance premium earned during the period of the Reinsurer's participation hereon.

ARTICLE V

TERRITORY

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

ARTICLE VI

EXCLUSIONS

A. This Contract shall not apply to and specifically excludes:

1. All reinsurance assumed by the Company.

2. 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, howsoever denominated, established or governed, that 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, that has been declared by any competent authority to be insolvent, or that is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.

3. Loss or liability excluded by the attached Nuclear Incident Exclusion Clause – Liability – Reinsurance – U. S.A.

4. Pools, associations and syndicates.
5. Risks having maritime exposures or risks having exposure under the U.S. Longshore and Harbor Workers' Compensation Act (USL&H), Jones Act and/or Federal Employers' Liability Act (except that individual risks with USL&H payroll comprising less than 10% of that individual risk's total payroll will not be excluded hereunder).
6. War and acts of war.
7. Aircraft owned, leased or operated by an insured.
8. Amusement Parks or devices and exhibitions including fireworks, carnivals or circuses.
9. Manufacturing, production and refining of petroleum and its products.
10. Professional sports teams.
11. Offshore drilling.
12. Tunneling operations.
13. Wrecking or demolition of buildings, structures or vessels.
14. The manufacturing, storage, or transportation of fireworks, ammunition, nitroglycerin or other explosive devices.
15. It is hereby understood and agreed that this Contract shall not apply to and does not cover any actual or alleged liability whatsoever for any claim or claims in respect of loss or losses directly or indirectly arising out of, resulting from or in consequence of asbestos, in whatever form or quantity.
16. Mining either above or below ground.
17. Manufacturing of any pharmaceutical or chemicals.
18. Caissons or coffer dam work, dams, dikes, locks or revetment construction.
19. Employees of an insured classed as roofers under a Roofing class code.
20. Assigned Risk plans.
21. Long Haul Trucking.
22. Railroad operations and construction.
23. Professional Employer Organizations or Employee Leasing.

24. Temporary Employment Agencies.

25. Losses from Acts of Terrorism resulting from the use of any biological, chemical, nuclear or radiological weapon(s).

26. Operations involving nuclear fission/fusion or handling of radioactive material.

27. Ex-gratia payments. “Ex-gratia payment” means a payment for which there is no possibility of legal obligation on the part of the Company under the terms and conditions of the Policy and which is made solely to maintain the good will of the original insured.

28. Excess Workers’ Compensation coverage for self-insured entities excess of a self-insured retention.

B. If the Company inadvertently issues a Policy falling within the scope of one or more of the preceding exclusions, except exclusions 1, 2, 4, 6, 9, 11, 14, 15, 16, 20, 23, 24, 25, 26 and 28, such Policy shall be covered hereunder, provided that the Company issues, or causes to be issued, the required notice of cancellation within 30 days after a member of the executive or managerial staff at the Company’s home office having underwriting authority in the class of business involved becomes aware that the Policy applies to excluded classes, unless the Company is prevented from canceling said Policy within such period by applicable statute or regulation, in which case such Policy shall be covered hereunder until the earliest date on which the Company may cancel.

ARTICLE VII

TRADE AND ECONOMIC SANCTIONS

Notwithstanding any other provision in the Contract to the contrary, if at any time should any receipt or payment of funds or any other contemplated transaction under the Contract constitute an actual or potential violation of any economic sanction, regulation or order which is applicable to either the Company or the Reinsurer, the party who becomes aware of the actual or potential violation shall as soon as commercially reasonable notify the other party of the actual or potential violation and the reasons therefore. Solely with respect to such receipt, payment or other transaction, the obligation of the parties under the Contract shall be suspended until such time as the Company or the Reinsurer are authorized by applicable law, regulation, or license to perform under the Contract. The obligations of the parties under the Contract shall remain in effect with respect to the receipt or payment of funds or any other contemplated transaction which would not constitute a violation of any economic sanction, regulation or order.

ARTICLE VIII

SPECIAL ACCEPTANCES

A. Business that is not within the scope of this Contract may be submitted to the Reinsurer for special acceptance hereunder and such business, if accepted by the Reinsurer, shall be subject to all terms, conditions and limitations of this Contract, except as modified by the special acceptance. Should denial of a request for special acceptance not be received from the Reinsurer within four business days of the Reinsurer's receipt of said request, the special acceptance shall be deemed automatically agreed.

B. Any special acceptance business covered under the reinsurance contract being replaced by this Contract shall be automatically covered hereunder. Furthermore, should the Reinsurer become a party to this Contract subsequent to the acceptance of any business not normally covered hereunder, it shall automatically accept same as being part of this Contract.

ARTICLE IX

REINSURANCE PREMIUM

A. As premium for the reinsurance provided hereunder, the Company shall pay the Reinsurer *% of its Net Earned Premium, less a ceding commission of *%, for the term of this Contract, subject to a gross minimum premium of $*. In the event of termination of the Reinsurer's share pursuant to the provisions of the SPECIAL TERMINATION ARTICLE, for the purposes of this paragraph, the term of this Contact shall be deemed to be the period from its effective date to the effective date of such termination.

B. The Company shall pay the Reinsurer a gross deposit premium of $* in four equal installments of $* on January 1, April 1, July 1 and October 1, 2016.

C. Within 60 days after the expiration or termination of this Contract, the Company shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph A. Any premium due the Reinsurer, less amounts previously paid as gross deposits or otherwise, shall accompany said report or any premium received by the Reinsurer that is in excess of the Company's premium obligations hereunder shall be returned by the Reinsurer within 15 days of its receipt of said report.

ARTICLE X

DEFINITIONS

The terms set forth below, wherever they appear in this Contract and regardless of whether they appear in a singular or plural form, shall have the meanings given herein:

A. Declaratory Judgment Expense

"Declaratory Judgment Expense" shall mean all expenses incurred by the Company in connection with a declaratory judgment action brought to determine the Company's defense and/or indemnification obligations that are allocable to a specific claim subject to this Contract. Declaratory Judgment Expense shall be deemed to have been incurred on the date of the original loss giving rise to the declaratory judgment action.

* Confidential information has been omitted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

B. Extra Contractual Obligations/Loss in Excess of Policy Limits

1. Extra Contractual Obligations

"Extra Contractual Obligations" shall mean those liabilities not covered under any other provision of this Contract, including any punitive, exemplary, compensatory or consequential damages, which arise from the handling of any claim on business covered hereunder; such liabilities arising because of, but not limited to, the following: failure to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement, in preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action.

2. Loss in Excess of Policy Limits

"Loss in Excess of Policy Limits" shall mean amounts paid or damages payable by the Company in excess of the Policy limit as a result of alleged or actual negligence, fraud, or bad faith in failing to settle and/or rejecting a settlement within the Policy limit, in the preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action. Loss in Excess of Policy Limits is any amount for which the Company would have been contractually liable to pay had it not been for the limits of the reinsured Policy.

3. Coverage for Extra Contractual Obligations loss and/or Loss in Excess of Policy Limits shall not apply when such loss has been incurred due to an adjudicated finding of fraud committed by a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with a member of the Board of Directors or a corporate officer or a partner of any other corporation or partnership.

4. Any Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

C. Insured Losses and Act of Terrorism

In respect of losses defined as "Insured Losses" in the Terrorism Risk Insurance Act of 2002, and any other replacements, extensions or amendments thereto (the "Act"), "Act of Terrorism" shall follow the definition provided in the Act and certified by the Secretary of the Treasury, in concurrence with the Secretary of Homeland Security and the Attorney General of the United States.

In respect to other losses, "Act of Terrorism" shall be defined as in the Company's original Policies or, if not defined therein, shall mean: the use of force or violence and/or the threat thereof committed for political, religious, or ideological purposes and with the intention to influence any government and/or to put the public, or section of the public, in fear.

D. Loss Adjustment Expense

"Loss Adjustment Expense" shall mean all costs and expenses allocable to a specific claim that are incurred by the Company in the investigation, appraisal, adjustment, settlement, litigation, defense or appeal of a specific claim, including court costs and costs of supersedeas and appeal bonds, and including 1) prejudgment interest, unless included as part of the award or judgment; 2) post judgment interest; 3) legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including Declaratory Judgment Expense; and 4) a pro rata share of salaries and expenses of Company field employees, and expenses of other Company employees who have been temporarily diverted from their normal and customary duties and assigned to the field adjustment of losses covered by this Contract. Loss Adjustment Expense does not include salaries and expenses of employees, other than 4) above, and office and other overhead expenses.

E. Loss Occurrence

"Loss Occurrence" shall be defined as follows:

1. "Loss Occurrence" means each and every disaster, casualty, accident, or loss or series of disasters, casualties, accidents or losses arising out of one event. The Company shall be the sole judge of what constitutes one event. As respects a Loss Occurrence involving Occupational Disease or Other Disease or Cumulative Trauma, the following shall apply:

   a. Per Event Coverage. As respects losses arising from Occupational Disease or Other Disease, regardless of the specific kind or class, suffered by employees of one or more employers, all such losses sustained by the Company from one event not exceeding 72 hours in duration shall, together with losses not classified as Occupational Disease or Other Disease, be deemed to be a single "Loss Occurrence."

   b. Per Employee Coverage. As respects losses arising from Occupational Disease or Other Disease or Cumulative Trauma suffered by a single employee, and not covered under subparagraph (a) above, the date that the Loss Occurrence commences shall be determined as follows:

1) If the case is compensable under the Workers' Compensation Law, the date of the beginning of the disability for which compensation is payable.

2) If the case is not compensable under the Workers' Compensation Law, the date that disability due to said disease actually began.

3) If the claim is made after employment has ceased, the date of cessation of such employment.

c. Per Employer Coverage. As respects losses arising from Occupational Disease or Other Disease or Cumulative Trauma of the same specific kind or class, suffered by multiple employees of the same employer, and not covered under subparagraphs (a) or (b) above, all such losses sustained by the Company within a Policy year shall be aggregated and considered as constituting one "Loss Occurrence" hereunder and the inception date of the Policy year in which losses occur shall be deemed to be the date of the Loss Occurrence.

F. Net Earned Premium

"Net Earned Premium" shall mean gross earned premium of the Company for the business reinsured hereunder, less cancellations and return premiums, and less earned premiums ceded by the Company for other reinsurance as provided in the OTHER REINSURANCE ARTICLE.

G. Occupational Disease or Other Disease and Cumulative Trauma

"Occupational Disease or Other Disease" and "Cumulative Trauma" shall be defined by applicable state or federal statutes, regulations or case law.

H. Policy

"Policy" shall mean the Company's binders, policies, endorsements and contracts, whether written or oral, providing insurance or reinsurance on the business covered under this Contract.

I. Ultimate Net Loss

"Ultimate Net Loss" shall mean the amount of any settlement, award, or judgment paid by the Company or for which the Company has become liable to pay, including 1) Loss Adjustment Expense, 2) any prejudgment interest that is included as part of an award or judgment, and 3) 90% of Loss in Excess of Policy Limits, 90% of Extra Contractual Obligations, after making deductions for all recoveries, salvages, and subrogations, which are actually recovered, and all claims on inuring reinsurance, whether collectible or not; provided, however, that in the event of the insolvency of the Company, payment by the Reinsurer shall be made in accordance with the provisions of the INSOLVENCY ARTICLE. In the event a verdict or judgment is reduced by appeal or a settlement, subsequent to the entry of the judgment, however, resulting in an ultimate saving on such verdict or judgment, or a judgment is reversed outright, the loss expense incurred in securing such final reduction or reversal will be prorated between the Reinsurers and the Company in the proportion that each benefits from such reduction or reversal. 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.

ARTICLE XI

NET RETAINED LINES

A. This Contract applies only to that portion of any Policy that the Company retains net for its own account (prior to deduction of any underlying reinsurance) 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 that 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 reinsurers, whether specific or general, any amounts that may have become due from such reinsurers, whether such inability arises from the insolvency of such other reinsurers or otherwise.

ARTICLE XII

LIABILITY OF THE REINSURER

All reinsurances for which the Reinsurer shall be liable by virtue of this Contract shall be subject in all respects to the same terms, conditions, interpretations and waivers and to the same modifications, alterations, and cancellations, as the respective Policies to which such reinsurances relate, the true intent of the parties to this Contract being that the Reinsurer shall follow the fortunes of the Company.

ARTICLE XIII

THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any other party have any rights under this Contract except as expressly provided otherwise in the INSOLVENCY ARTICLE.

ARTICLE XIV

NOTICE OF LOSS AND LOSS SETTLEMENTS

A. The Company shall advise the Reinsurer promptly of all losses which, in the opinion of the Company, may result in a claim hereunder and of all subsequent developments thereto which, in the opinion of the Company, may materially affect the position of the Reinsurer.

B. Such advices outlined in paragraph A. of this Article shall include any loss for which the reserve is 50% or more of the Company's retention and, irrespective of the reserve or any question on liability or coverage, any loss falling within the following categories:

1. Fatalities.

2. Bodily injuries involving:

   a. Brain injuries resulting in impairment of physical functions;

   b. Spinal injuries resulting in partial or total paralysis of upper or lower extremities;

   c. Amputations or permanent loss of use of upper or lower extremities;

   d. Severe burn cases;

   e. All other injuries likely to result in a permanent disability rating of 50% or more.

C. As respects losses subject to this Contract, all loss settlements made by the Company, whether under strict Policy terms or by way of compromise, and any Extra Contractual Obligations and/or Loss in Excess of Policy Limits, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay or allow, as the case may be, its share of each such settlement immediately upon receipt of proof of loss.

ARTICLE XV

COMMUTATION

A. As respects any loss or losses known to the Company that have not been finally settled and that may cause a claim under this Contract, the loss(es) may be commuted by mutual agreement of the Company and the Reinsurer not less than 84 months after expiration of this Contract. In such event, the Company and the Reinsurer shall capitalize the loss(es). In the event the Company and the Reinsurer cannot agree on the value of the loss(es), the Reinsurer and the Company shall mutually appoint an independent actuary who shall investigate and capitalize such loss(es). In the event the Reinsurer and the Company cannot reach an agreement on an independent actuary, each party shall appoint an actuary within 30 days after receipt of the written request for commutation. Upon such appointment, the two actuaries shall appoint a third actuary. If the two actuaries fail to agree on the selection of a third actuary within 30 days of their appointment, each of them shall name three individuals, of whom the other shall decline two, and the decision shall be made by drawing lots. The actuaries shall then investigate and capitalize such loss(es). All actuaries shall be fellows of the Casualty Actuarial Society or the American Academy of Actuaries, and shall be disinterested in the outcome of the commutation. If either party does not agree with the capitalized value of the losses, the commutation shall be abandoned.

B. The Reinsurer’s proportion of the amount so determined shall be considered the Reinsurer’s total liability for the loss(es) and the lump sum payment thereof shall constitute a complete release of the Reinsurer from liability for the loss(es).

ARTICLE XVI

OFFSET

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; however, in the event of the insolvency of any party hereto, offset shall be in accordance with applicable law.

ARTICLE XVII

CURRENCY

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 XVIII

TERRORISM EXCESS RECOVERY

A. Any financial assistance the Company receives under the Terrorism Risk Insurance Act of 2002, and any other replacements, extensions or amendments thereto (the “Act”) shall apply as follows:

   1. Except as provided in subparagraph 2 below, any such financial assistance shall inure solely to the benefit of the Company and shall be entirely disregarded in applying all of the provisions of this Contract.

   2. If losses occurring hereunder result in recoveries made by the Company both under this Contract and under the Act, and such recoveries, together with any other reinsurance recoveries made by the Company applicable to said losses, exceed the total amount of the Company’s insured losses, any amount in excess thereof shall reduce the Ultimate Net Loss subject to this Contract for the losses to which the Act’s financial assistance applies. These recoveries shall be returned in proportion to each Reinsurer’s paid share of the loss.

B. Nothing herein shall be construed to mean that the losses under this Contract are not recoverable from the Reinsurer until the Company has received financial assistance under the Act.

ARTICLE XIX

RESERVES AND FUNDING

A. The Reinsurer shall provide funding under the terms of this Article only if the Company will be denied statutory credit for reinsurance ceded to that Reinsurer pursuant to the credit for reinsurance law or regulations of the regulatory authority having jurisdiction over the Company's reserves.

B. As regards Policies issued by the Company coming within the scope of this Contract, the Company agrees that, when it files with the insurance regulatory authority or sets up on its books reserves for liabilities which it is required by law to set up, it shall forward to the Reinsurer a report showing the proportion of such reserves which is applicable to the Reinsurer. The Reinsurer shall fund 100% of its portion of such reserves in respect of:

1. Loss and loss expense paid by the Company but not recovered from the Reinsurer;
2. Known outstanding losses that have been reported to the Reinsurer and loss expense relating thereto;
3. Reserves for loss and loss expense incurred but not reported;
4. Unearned premium (if applicable);
5. Other amounts recoverable reported in Schedule F of the Company's NAIC Statement;

as shown in the report prepared by the Company (hereinafter referred to as "Reinsurer's Obligations"). The Reinsurer's Obligations shall be funded by funds withheld, cash advances, escrow accounts for the benefit of the Company, Letters of Credit ("LOC"), Trust Account, or a combination thereof. The Reinsurer shall have the option of determining the method of funding, subject always to the provision that (a) the method of funding and (b) the terms and provisions of any such LOC or Trust Account and (c) the quality of assets in any Trust Account are all acceptable to the Company and also meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves. In the event a provision of any such funding instrument jeopardizes the Company's ability to obtain full credit for reinsurance, such provision shall be void and shall be amended to comply with applicable credit for reinsurance requirements. The Reinsurer shall provide funding and/or any adjustments thereto in time for the Company to meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves, provided that the Company sends the report of Reinsurer's Obligations at least 15 days prior to the date such funding is required.

C. When funding in whole or in part by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC dated on or before December 31 of the year in which the request is made (on or before

the last day of the calendar quarter for any quarterly adjustment), issued by a member of the Federal Reserve System or any bank approved for use by the NAIC Securities Valuation Office, and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves. Such LOC shall be issued for a period of not less than one year and shall include an "evergreen clause," which automatically extends the term for at least one additional year at each expiration date unless 60 days (or such other time period as may be required by the applicable insurance regulatory authorities) prior to any expiration date the issuing bank notifies the Company by certified or registered mail that the issuing bank elects not to consider the LOC extended for any additional period. If the issuing bank of the LOC is put under negative credit watch by a major rating agency or is removed from the list of banks approved by the NAIC Securities Valuation Office, the Company may require that a replacement LOC be issued by a bank acceptable to the Company, by providing the Reinsurer with written notice requesting such replacement LOC. If the Reinsurer fails to provide acceptable replacement security within 10 business days following receipt of the Company's notice, the Company may draw upon the existing LOC in amounts equal to the Reinsurer's Obligations.

D. The Reinsurer and Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company for the following purposes:

1. To reimburse the Company for the Reinsurer's share of unearned premium on Policies reinsured hereunder on account of cancellations of such Policies;

2. To reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and which has not been otherwise paid;

3. To make refund of any sum which is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of Reinsurer's Obligations, if funding is provided by a Trust Account);

4. To fund an account with the Company for the Reinsurer's Obligations if such LOC is under notice of non-renewal or not replaced by the Reinsurer within 10 days prior to its expiration. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer;

5. To pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

In the event the amount drawn by the Company on any funding provided by the Reinsurer is in excess of the actual amount required for subparagraph 1, 2 or 4 or, in the case of subparagraph 5, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

E. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

F. At annual intervals, or more frequently but never more frequently than quarterly, the Company shall prepare a specific report of the Reinsurer's Obligations, for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the report shows that the Reinsurer's Obligations exceed the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account as of the report date, the Reinsurer shall, within 30 days after receipt of notice of such excess, make an adjustment to increase the available balance of funds withheld and/or cash advances and/or LOC and/or Trust Account by the amount of such excess.

2. If, however, the report shows that the Reinsurer's Obligations are less than the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or 102% of the balance of the Trust Account if funding is provided by Trust Account, as of the report date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess funding by making or allowing an adjustment to the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account.

G. Should the Reinsurer be in breach of its obligations under this Article, notwithstanding anything to the contrary elsewhere in this Contract, the Company may seek relief in respect of said breach from any court having competent jurisdiction over the parties hereto.

ARTICLE XX

TAXES

The Company shall pay applicable taxes (except Federal Excise Tax, if any) on premiums reported to the Reinsurer under this Contract.

ARTICLE XXI

FEDERAL EXCISE TAX

A. The Reinsurer has agreed to allow the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) for the purpose of paying Federal Excise Tax to the extent such premium is subject to such tax. Should the Reinsurer claim exempt status from Federal Excise Tax, it shall provide to the Company, upon its request, proof that the exempt status adequately satisfies the rules as imposed under the Internal Revenue Code and any other applicable U.S. government authority.

B. In the event of any return premium becoming due hereunder, the Reinsurer shall deduct the applicable percentage from the return premium payable hereon and the Company or its agent shall recover such tax from the United States Government.

C. As respects premiums ceded to the Reinsurer under this Contract, the Reinsurer agrees to indemnify the Company for any liability, expense, interest, or penalty it may incur by reason of the Reinsurer's breach of this Article.

ARTICLE XXII

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

A. The Reinsurer hereby acknowledges the requirements of Sections 1471-1474 U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance issued from time to time thereunder ("FATCA") and the obligation to provide to the Company and the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") a valid Internal Revenue Service ("IRS") Form W8- BEN-E, W-9 or other documentation meeting the requirements of the FATCA regulations to establish the Reinsurer is not subject to any withholding requirement pursuant to FATCA (the "Required Documentation").

B. The Reinsurer shall notify the Company and Intermediary in writing (by electronic mail, certified mail or overnight mail using a nationally recognized overnight delivery service) in the event the Reinsurer is not compliant with FATCA. If the Reinsurer has not provided the Company and Intermediary with the Required Documentation thirty (30) days prior to any premium due date, or becomes non-compliant with FATCA at any later date, the Withholding Agent [as defined in U.S. Treasury Regulation Section 1.1471-1(b)(147)] shall withhold thirty percent (30%) of any premium payment to the Reinsurer under this Contract and shall promptly notify the Reinsurer of such withholding ("Withholding"). The Reinsurer hereby agrees to such Withholding.

C. In the event the Reinsurer is subject to Withholding as set forth under FATCA, the Reinsurer continues to remain fully liable for all of its obligations under this Contract. The Withholding under paragraph B above does not constitute a breach of contract, any premium payment condition, warranty or other clause of this Contract. Reinsurer(s) subject to Withholding may not terminate, cancel, revoke or restrict this Contract, may not terminate, cancel, revoke or restrict coverage under this Contract in any manner and may not deny, refuse, restrict or delay payment of any claim under this Contract or invoke any interest, penalty or other late payment provision hereunder, based on the Withholding. The Reinsurer subject to Withholding shall be liable under this Contract as if no Withholding had been made.

D. Amounts deducted or withheld as Withholding are not subject to offset. Offset rights, if any, under this Contract are hereby amended in accordance with the terms of this Article.

E. The Reinsurer shall indemnify the Company and its agents for any and all liability, expense, interest or penalty the Company and its agents incur, based upon, arising from or in connection with (i) any inaccurate or invalid Required Documentation; or (ii) any violation by the Reinsurer of FATCA. Such indemnity shall survive the expiration or termination of this Contract.

ARTICLE XXIII

ACCESS TO RECORDS

The Reinsurer or its duly authorized representatives shall have the right to visit the offices of the Company to inspect, examine, audit, and verify any of the Policy, accounting or claim files ("Records") relating to business reinsured under this Contract during regular business hours after giving five working days' prior notice. This right shall be exercisable during the term of this Contract or after the expiration of this Contract. Notwithstanding the above, the Reinsurer shall not have any right of access to the Records of the Company if it is not current in all undisputed payments due the Company.

ARTICLE XXIV

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information, and data provided to the Reinsurer by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract, inspection pursuant to the ACCESS TO RECORDS ARTICLE, or any other information relating to this Contract, ("Confidential Information") are proprietary and confidential to the Company.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except when:

1. The disclosure is to an authorized agent of the Reinsurer performing underwriting, claim handling, pricing, placement, and/or evaluation services for the Reinsurer; or
2. The Confidential Information is publicly known or has become publicly known through no unauthorized act of the Reinsurer; or
3. Required by retrocessionaires subject to the business ceded to this Contract; or
4. Required by regulators performing an audit of the Reinsurer's records and/or financial condition; or

5. Required by auditors performing an audit of the Reinsurer's records in the normal course of business; or

6. Required by legal counsel.

C. Further, the Reinsurer agrees not to use any Confidential Information for any purpose not permitted by this Contract or not related to the performance of their obligations or enforcement of their rights under this Contract.

D. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process, or any regulatory authority to release or disclose any Confidential Information, the Reinsurer agrees to provide the Company written notice of same prior to such release or disclosure and to use its reasonable best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

E. The provisions of this Article shall extend to the officers, directors, and employees of the Reinsurer and its affiliates, who have received Confidential Information in accordance with this Contract, and shall be binding upon their successors and assigns.

ARTICLE XXV

INDEMNIFICATION AND ERRORS AND OMISSIONS

A. The Reinsurer is reinsuring, subject to the terms and conditions of this Contract, the obligations of the Company under any Policy. The Company shall be the sole judge as to:

1. what shall constitute a claim or loss covered under any Policy;

2. the Company's liability thereunder;

3. the amount or amounts that it shall be proper for the Company to pay thereunder.

B. The Reinsurer shall be bound by the judgment of the Company as to the obligation(s) and liability(ies) of the Company under any Policy.

C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE XXVI

INSOLVENCY

A. In the event of the insolvency of the Company, this reinsurance shall be payable directly to the Company or to its liquidator, receiver, conservator, or statutory successor, with

reasonable provision for verification, 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 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 proportionate share of the benefit that 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 agreed that, in the event of the insolvency of the Company, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Company or its liquidator, receiver, conservator, or statutory successor, 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 payee under such Policies and in substitution for the obligations of the Company to such payees.

D. In the event of the insolvency of any company or companies listed in the designation of “Company” under this Contract, this Article shall apply only to the insolvent company or companies.

E. In the event of the insolvency of any company or companies covered hereunder, the laws of the applicable domiciliary state(s) shall apply. In the event of a conflict between any provision of this Article and the laws of the domiciliary state of any company or companies covered hereunder, that domiciliary state’s laws shall prevail.

ARTICLE XXVII

ARBITRATION

A. As a condition precedent to any right of action hereunder, any irreconcilable dispute arising out of the interpretation, performance, or breach of this Contract, including the formation or validity thereof, whether arising before or after the expiry or termination of the Contract, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent by certified mail, return receipt requested, or such reputable courier service as is capable of returning proof of receipt of such notice by the recipient to the party demanding arbitration.

B. Notwithstanding the provisions of the foregoing paragraph, the Company shall have the option to either litigate or arbitrate any dispute in which the Reinsurer makes any allegation of misrepresentation, non-disclosure, concealment, fraud, or bad faith and/or where the Reinsurer has experienced any of the circumstances in paragraph A. of the SPECIAL TERMINATION ARTICLE.

C. One arbitrator shall be appointed by each party. If the responding party fails to appoint its arbitrator within 30 days after its receipt of the claimant party's notice requesting arbitration, the claimant party, after 10 days' notice by certified mail or reputable courier as provided above of its intention to do so, may appoint the second arbitrator.

D. The two arbitrators shall, before instituting the hearing, appoint an impartial third arbitrator who shall preside at the hearing. Should the two arbitrators fail to choose the third arbitrator within 30 days of the appointment of the second arbitrator, the parties shall appoint the third arbitrator pursuant to the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS) Umpire Selection Procedure. All arbitrators shall be disinterested active or former senior executives of insurance or reinsurance companies or Underwriters at Lloyd's, London. In the event of the resignation or death of any arbitrator, a replacement shall be appointed in the same manner as the resigning or deceased arbitrator was appointed and the newly constituted panel shall take all necessary and/or reasonable measures to continue the arbitration proceedings without additional delay.

E. Within 30 days after notice of appointment of all arbitrators, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules for hearings. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Unless the panel agrees otherwise, arbitration shall take place in Rock Island, Illinois, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of Illinois. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

F. The panel shall make its decision as promptly as possible following the termination of the hearings, considering the terms and conditions expressed in this Contract and the custom and practice of the applicable insurance and reinsurance business. Judgment upon the award may be entered in any court having jurisdiction thereof.

G. Arbitration proceedings are subject to consolidation as follows:

1. Single contract, multiple reinsurers, common issue: If more than one Reinsurer is involved in arbitration where there are common questions of law or fact and a possibility of conflicting awards or inconsistent results, all such Reinsurers, at the Company's request, shall be joined in a single arbitration proceeding and 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 the one party; provided, however, that nothing therein 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 under the terms of this Contract from several to joint.

2. Single reinsurer, multiple contracts, common issue: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company, under which a dispute has arisen where there are common questions of law or fact with the dispute being arbitrated under this Contract and a possibility of conflicting awards or inconsistent results, the Reinsurer, at the Company's request, shall arbitrate all such reinsurance disputes involving the same loss or common questions of law or fact in one consolidated proceeding, subject to the provisions of this Article.

3. Single reinsurer, multiple contracts: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company and various disputes have arisen under such contracts, regardless of whether or not there are common questions of law or fact, if mutually agreed to by the parties hereto, the parties shall arbitrate all reinsurance disputes in one consolidated proceeding, subject to the provisions of this Article.

The agreement to consolidate disputes under this Contract and one or more other reinsurance contracts will supersede all other reinsurance contracts entered into between the Company and the Reinsurer, regardless of whether any other reinsurance contract may require or address consolidation.

H. Each party shall bear the expense of the arbitrator selected by or for it and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorneys fees, to the extent permitted by law.

ARTICLE XXVIII

SERVICE OF SUIT

(This Article is 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. This Article is not intended to conflict with or override the obligation of the parties to arbitrate their disputes in accordance with the ARBITRATION ARTICLE.)

A. In the event of the failure of the Reinsurer to perform its obligations under this Contract, the Reinsurer, at the request of the Company, shall 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. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against it upon this Contract, and shall abide by the final decision of such court or of any appellate court in the event of an appeal. The validity and/or enforceability of any arbitration award or judgment obtained in the United States shall not be contested by the Reinsurer in any jurisdiction outside of the United States.

B. Service of process in such suit may be made upon the law firm of Mendes and Mount, 750 Seventh Avenue, New York, NY 10019, or another party specifically designated by the Reinsurer in its Interests and Liabilities Agreement attached hereto.

C. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceedings instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

D. The individual named in Paragraph C shall be deemed the Reinsurer's agent for the service of process:

1. where the address designated in, or pursuant to paragraph B is invalid; or

2. to the extent necessary to bring this Contract into conformity with the applicable law of a state with jurisdiction over the Company.

ARTICLE XXIX

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation by the laws of the State of Illinois, exclusive of that state's rules with respect to conflicts of law.

ARTICLE XXX

ENTIRE AGREEMENT

This Contract shall constitute the entire agreement between the parties with respect to the business being reinsured hereunder and no understandings exist between the parties other than those expressed in this Contract. Any change or modification to this Contract shall be null and void unless made by amendment to this Contract and signed by both parties. This Article shall not be construed as limiting in any way the admissibility, in the context of an arbitration or any other legal proceeding, of evidence regarding the formation, interpretation, purpose or intent of this Contract.

ARTICLE XXXI

SALVAGE AND SUBROGATION

A. The Company, at its sole discretion, may enforce its right to salvage and/or subrogation and may prosecute all claims arising out of such right.

B. Amounts recovered from salvage and/or subrogation shall be used to reimburse the Company's excess reinsurers, including the Reinsurer hereon (and the Company, should it carry a portion of excess coverage net) in the reverse order of their participation in the loss before being used in any way to reimburse the Company for its primary loss. The expense incurred by the Company in pursuing any such recovery shall be borne by each party in proportion to its benefit (if any) from the recovery. If the recovery expense exceeds the amount recovered, the amount recovered (if any) shall be applied to the reimbursement of recovery expense incurred by the Company and the remaining expense shall be included in Ultimate Net Loss.

ARTICLE XXXII

SEVERABILITY

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 XXXIII

OTHER REINSURANCE

The Company is permitted to have other treaty reinsurance. The premium for any such reinsurance that inures to the benefit of this Contract shall not be included within the subject premium hereunder. Additionally, the Company may purchase facultative reinsurance on any subject risk it deems advisable, and the premium for that portion of the Company's Policy reinsured elsewhere shall not be included within the subject premium hereunder.

ARTICLE XXXIV

LATE PAYMENTS

(The provisions of this Article shall not be implemented unless specifically invoked by the Company in writing.)

A. In the event that any amount due the Company is not received by the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") by the payment due date, the Company may, by notifying the Intermediary in writing, require the Reinsurer to pay, and the Reinsurer 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 a rate equal to the U.S. Prime Rate as published in *The Wall Street Journal* on the first business day following the date a remittance becomes due plus 300 basis points; 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 has been received by the Intermediary.

B. The establishment of the payment due date shall, for purposes of this Article, be 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 Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 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 14 days after the proof of loss or demand for payment is transmitted to the Reinsurer by the Intermediary. If such loss or claim payment is not received within the 14 days, interest will accrue on the payment or amount overdue in accordance with paragraph A 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 the Company not otherwise provided for in subparagraphs 1 and 2 above, the due date shall be as provided for in the applicable Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 days following transmittal by the Intermediary 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.

C. The validity of any claim or payment may be contested under the provisions of this Contract. If the Reinsurer prevails in an arbitration, or any other proceeding, there shall be no interest penalty due. Otherwise, any interest shall be calculated and due as outlined above. Furthermore, if the Reinsurer pays any claim hereunder that it is contesting and prevails in such action, the Company shall return such payment plus pay interest on same, at a rate calculated as per the provisions of paragraph A, above; however, such calculation is to begin from the actual date of remittance of funds from the Reinsurer through the date the funds are returned.

D. If the interest rate provided under this Article exceeds the maximum interest rate allowed by applicable law, such interest rate shall be modified to the highest rate permitted by the applicable law.

ARTICLE XXXV

MODE OF EXECUTION

This Contract may be executed either by an original written ink signature of paper documents, by an exchange of facsimile copies showing the original written ink signature of paper documents, or by electronic signature by either party employing appropriate software technology as to satisfy the parties at the time of execution that the version of the document agreed to by each party shall always be capable of authentication and satisfy the same rules of evidence as written signatures. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE XXXVI

INTERMEDIARY

Willis Re Inc. is hereby recognized as the intermediary negotiating this Contract and through whom all communications relating thereto shall be transmitted to the Company or the Reinsurer. Payments by the Company to Willis Re Inc. shall be deemed to constitute payment to the Reinsurer and payments by the Reinsurer to Willis Re Inc. 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 specified below:

Signed this _____ day of _____, 2015.

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)

By /s/ Arron K. Sutherland

Printed Name Arron K. Sutherland
Title President/CEO

NUCLEAR INCIDENT EXCLUSION CLAUSE - LIABILITY - REINSURANCE - U.S.A.

(1) This reinsurance does not cover any loss or liability accruing to the Reassured as a member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.

(2) Without in any way restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinsurance all the original policies of the Reassured (new, renewal and replacement) of the classes specified in Clause II of this paragraph (2) from the time specified in Clause III in this paragraph (2) shall be deemed to include the following provision (specified as the Limited Exclusion Provision):

Limited Exclusion Provision.*

I. It is agreed that the policy does not apply under any liability coverage,
to (*injury, sickness, disease, death or destruction,*
(bodily injury or property damage

with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.

II. Family Automobile Policies (liability only), Special Automobile Policies (private passenger automobiles, liability only), Farmers Comprehensive Personal Liability Policies (liability only), Comprehensive Personal Liability Policies (liability only) or policies of a similar nature; and the liability portion of combination forms related to the four classes of policies stated above, such as the Comprehensive Dwelling Policy and the applicable types of Homeowners Policies.

III. The inception dates and thereafter of all original policies as described in II above, whether new, renewal or replacement, being policies which either

(a) become effective on or after 1st May, 1960, or

(b) become effective before that date and contain the Limited Exclusion Provision set out above; provided this paragraph (2) shall not be applicable to Family Automobile Policies, Special Automobile Policies, or policies or combination policies of a similar nature, issued by the Reassured on New York risks, until 90 days following approval of the Limited Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(3) Except for those classes of policies specified in Clause II of paragraph (2) and without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that for all purposes of this reinsurance the original liability policies of the Reassured (new, renewal and replacement) affording the following coverages:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability)

shall be deemed to include, with respect to such coverages, from the time specified in Clause V of this paragraph (3), the following provision (specified as the Broad Exclusion Provision):

Broad Exclusion Provision.*

It is agreed that the policy does not apply:

I. Under any Liability Coverage, to (*injury, sickness, disease, death or destruction*
(bodily injury or property damage

(a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision
relating to (*immediate medical or surgical relief,*
(first aid,
to expenses incurred with respect
to (*bodily injury, sickness, disease or death*
(bodily injury resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage to (*injury, sickness, disease, death or destruction*
(bodilyinjury or property damage
resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(c) the (*injury, sickness, disease, death or destruction*
(bodily injury or property damages
arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories, or possessions or Canada, this exclusion (c) applies only to
(*injury to or destruction of property at such nuclear facility*
(property damage to such nuclear facility and any property thereat.

IV. As used in this endorsement:

"**Hazardous properties**" include radioactive, toxic or explosive properties; "**nuclear material**" means source material, special nuclear material or byproduct material; "**source material**," "**special nuclear material**," and "**byproduct material**" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "**spent fuel**" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "**waste**" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; "**nuclear facility**" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

(*With respect to injury to or destruction of property, the word "injury" or "destruction"*
("property damage" includes all forms of radioactive contamination of property
(*includes all forms of radioactive contamination of property*.

V. The inception dates and thereafter of all original policies affording coverages specified in this paragraph (3), whether new, renewal or replacement, being policies which become effective on or after 1st May, 1960, provided this paragraph (3) shall not be applicable to

(i) Garage and Automobile Policies issued by the Reassured on New York risks, or

(ii) statutory liability insurance required under Chapter 90, General Laws of Massachusetts, until 90 days following approval of the Broad Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(4) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original liability policies of the Reassured in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Energy Liability Exclusion Provisions adopted by the Canadian Underwriters' Association of the Independent Insurance Conference of Canada.

* NOTE: The words printed in italics in the Limited Exclusion Provision and in the Broad Exclusion Provision shall apply only in relation to original liability policies which include a Limited Exclusion Provision or a Broad Exclusion Provision containing those words.

21/9/67
N.M.A. 1590
BRMA 35A

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

SWISS REINSURANCE AMERICA CORPORATION
(the "Subscribing Reinsurer")

with respect to the

WORKERS COMPENSATION FIRST EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have a 100.00% share in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company.

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this _____ day of _____, 20____.

SWISS REINSURANCE AMERICA CORPORATION

By _____
Printed Name _____
Title _____

Illinois Casualty Company
11403N16 (Eff: 1-1-16)
Casualty 1st XOL I&L

Digitally signed by Jay Benton
Date: 2015.12.17 09:52:29 -06'00'

Digitally signed by Jeff Wittlich
Date: 2015.12.17 09:56:20 -06'00'

Exhibit 10.14

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois

WORKERS COMPENSATION SECOND EXCESS OF LOSS
REINSURANCE CONTRACT

Illinois Casualty Company
11402N16 (Eff: 1-1-16)
Workers Compensation Second XOL 12-4-15

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WORKERS COMPENSATION SECOND EXCESS OF LOSS
REINSURANCE CONTRACT
(the "Contract")

between

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
including any and/or all of the subsidiary or affiliate companies that are now or may hereafter come under the ownership, management and/or control of the Company
(the "Company")

and

THE SUBSCRIBING REINSURER(S) EXECUTING THE INTERESTS AND LIABILITIES AGREEMENT(S) ATTACHED HERETO
(the "Reinsurer")

ARTICLE I

BUSINESS COVERED

This Contract is to indemnify the Company in respect of the liability that may accrue to the Company as a result of loss or losses under Policies classified by the Company as Workers' Compensation and Employer's Liability, in force at the inception of this Contract, or written or renewed during the term of this Contract by or on behalf of the Company, subject to the terms and conditions herein contained.

ARTICLE II

RETENTION AND LIMIT

A. The Reinsurer shall be liable in respect of each Loss Occurrence, for the Ultimate Net Loss over and above an initial Ultimate Net Loss of $1,000,000 each Loss Occurrence, subject to a limit of liability to the Reinsurer of $9,000,000 each Loss Occurrence. The liability of the Reinsurer for Employer's Liability losses is further limited to $2,000,000 each Loss Occurrence.

B. The liability of the Reinsurer for all losses hereunder during the term of this Contract as a result of Acts of Terrorism shall not exceed $9,000,000.

ARTICLE III

COMMENCEMENT AND EXPIRATION

A. This Contract shall take effect at 12:01 a.m., Central Standard Time, January 1, 2016, and shall remain in effect until 12:01 a.m., Central Standard Time, January 1, 2017, applying to Loss Occurrences commencing during the term of this Contract.

B. The Reinsurer shall have no liability for Loss Occurrences commencing after expiration of this Contract.

C. However, at the Company's option, the Reinsurer shall remain liable hereunder in respect of Policies in force at expiration, until the earlier of the expiration or next renewal of such Policies. The Company's option to exercise the run-off expiration must be formally notified to the Reinsurer as promptly as possible following Contract expiration. In such event, the Company shall pay to the Reinsurer an additional premium equal to the rate set forth in the PREMIUM ARTICLE, multiplied by the Gross Net Earned Premium Income during the run-off period, payable within 30 days after the end of each quarter.

D. In the event this Contract expires on a run-off basis, the Reinsurer's liability hereunder shall continue if the Company is required by statute or regulation to continue coverage, until the earliest date on which the Company may cancel the Policy.

ARTICLE IV

SPECIAL TERMINATION

A. The Company may terminate a Reinsurer's percentage share in this Contract at any time by giving 30 days' prior written notice to the Reinsurer in the event of any of the following circumstances:

1. The Reinsurer ceases underwriting operations;

2. A state insurance department or other legal authority orders the Reinsurer to cease writing business, or the Reinsurer is placed under regulatory supervision;

3. The Reinsurer has become insolvent or has been placed into liquidation or receivership (whether voluntary or involuntary), or there have been instituted against it proceedings for the appointment of a receiver, liquidator, rehabilitator, conservator, trustee in bankruptcy, or other agent known by whatever name, to take possession of its assets or control of its operations;

4. The Reinsurer's policyholders' surplus (or the equivalent under the Reinsurer's accounting system) as reported in such financial statements of the Reinsurer as designated by the Company, has been reduced by 20% of the amount thereof at any date during the prior 12-month period (including the period prior to the inception of this Contract);

5. The Reinsurer has merged with or has become acquired or controlled by any company, corporation, or individual(s) not controlling the Reinsurer's operations at the inception of this Contract. However, this clause shall not apply where the acquiring or surviving company, corporation, or individual(s) have a Standard & Poor's and A.M. Best rating equal to, or higher than the Reinsurer had on the effective date of this Contract;

6. The Reinsurer has retroceded its entire liability under this Contract without the Company's prior written consent, except for retrocessions to members of the Reinsurer's holding company group;

7. The Reinsurer has been assigned an A.M. Best's rating of less than "A-" and/or a Standard & Poor's rating of less than "BBB+." However, as respects Underwriting Members of Lloyd's, London, a Lloyd's Market Rating of less than "A-" by A. M. Best and/or less than "BBB+" by Standard & Poor's shall apply; or

8. The Reinsurer has failed to comply with the funding requirements set forth in the RESERVES AND FUNDING ARTICLE.

B. Termination shall be effected on a run-off or cut-off basis as set forth in the Term Article, at the sole discretion of the Company. The reinsurance premium due the Reinsurer hereunder (including any minimum reinsurance premium) shall be pro-rated based on the period of the Reinsurer's participation hereon, and the Reinsurer shall immediately return any excess reinsurance premium received. Reinstatement premium, if any, shall be calculated based on the Reinsurer's reinsurance premium earned during the period of the Reinsurer's participation hereon.

C. Additionally, in the event of any of the circumstances listed in paragraph A. of this Article, the Reinsurer's liability for losses on Policies covered by this Contract may be commuted by mutual agreement of the Company and the Reinsurer. In the event the Company and the Reinsurer cannot agree on the commutation amount, they shall appoint an actuary and/or appraiser to assess such amount and shall share equally any expense of the actuary and/or appraiser. If the Company and the Reinsurer cannot agree on an actuary and/or appraiser, the Company and the Reinsurer each shall nominate three individuals, of whom the other shall decline two, and the final appointment shall be made by drawing lots. Payment by the Reinsurer of the amount of liability ascertained shall constitute a complete and final release of both parties in respect of liability arising from the Reinsurer's participation under this Contract.

D. The option to commute this Contract in accordance with paragraph C. above shall survive the termination or expiration of this Contract.

ARTICLE V

TERRITORY

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

ARTICLE VI

EXCLUSIONS

A. This Contract shall not apply to and specifically excludes:

1. All reinsurance assumed by the Company.
2. 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, howsoever denominated, established or governed, that 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, that has been declared by any competent authority to be insolvent, or that is otherwise deemed unable to meet any claim, debt, charge, fee or other obligation in whole or in part.
3. Loss or liability excluded by the attached Nuclear Incident Exclusion Clause – Liability – Reinsurance – U. S.A.
4. Pools, associations and syndicates.
5. Risks having maritime exposures or risks having exposure under the U.S. Longshore and Harbor Workers' Compensation Act (USL&H), Jones Act and/or Federal Employers' Liability Act (except that individual risks with USL&H payroll comprising less than 10% of that individual risk's total payroll will not be excluded hereunder).
6. War and acts of war.
7. Aircraft owned, leased or operated by an insured.
8. Amusement Parks or devices and exhibitions including fireworks, carnivals or circuses.
9. Manufacturing, production and refining of petroleum and its products.
10. Professional sports teams.
11. Offshore drilling.

12. Tunneling operations.
13. Wrecking or demolition of buildings, structures or vessels.
14. The manufacturing, storage, or transportation of fireworks, ammunition, nitroglycerin or other explosive devices.
15. Anyone in the business of asbestos-related work.
16. Mining either above or below ground.
17. Manufacturing of any pharmaceutical or chemicals.
18. Caissons or coffer dam work, dams, dikes, locks or revetment construction.
19. Employees of an insured classed as roofers under a Roofing class code.
20. Assigned Risk plans.
21. Long Haul Trucking.
22. Railroad operations and construction.
23. Professional Employer Organizations or Employee Leasing.
24. Temporary Employment Agencies.
25. Losses from Acts of Terrorism resulting from the use of any biological, chemical, nuclear or radiological weapon(s).
26. Operations involving nuclear fission/fusion or handling of radioactive material.
27. Ex-gratia payments. “Ex-gratia payment” means a payment for which there is no possibility of legal obligation on the part of the Company under the terms and conditions of the Policy and which is made solely to maintain the good will of the original insured.
28. Excess Workers’ Compensation coverage for self-insured entities excess of a self-insured retention.

B. If the Company inadvertently issues a Policy falling within the scope of one or more of the preceding exclusions, except exclusions 1, 2, 4, 6, 9, 11, 14, 15, 16, 20, 23, 24, 25, 26 and 28, such Policy shall be covered hereunder, provided that the Company issues, or causes to be issued, the required notice of cancellation within 30 days after a member of the executive or managerial staff at the Company’s home office having underwriting authority in the class of business involved becomes aware that the Policy applies to excluded classes, unless the Company is prevented from canceling said Policy within such period by applicable statute or regulation, in which case such Policy shall be covered hereunder until the earliest date on which the Company may cancel.

ARTICLE VII

SPECIAL ACCEPTANCES

A. Business that is not within the scope of this Contract may be submitted to the Reinsurer for special acceptance hereunder and such business, if accepted by the Reinsurer, shall be subject to all terms, conditions and limitations of this Contract, except as modified by the special acceptance. Should denial of a request for special acceptance not be received from the Reinsurer within four business days of the Reinsurer's receipt of said request, the special acceptance shall be deemed automatically agreed.

B. Any special acceptance business covered under the reinsurance contract being replaced by this Contract shall be automatically covered hereunder. Furthermore, should the Reinsurer become a party to this Contract subsequent to the acceptance of any business not normally covered hereunder, it shall automatically accept same as being part of this Contract.

ARTICLE VIII

REINSURANCE PREMIUM

A. As premium for the reinsurance provided hereunder, the Company shall pay the Reinsurer *% of its Net Earned Premium for the term of this Contract, subject to a minimum premium of $*. In the event of termination of the Reinsurer's share pursuant to the provisions of the SPECIAL TERMINATION ARTICLE, for the purposes of this paragraph, the term of this Contact shall be deemed to be the period from its effective date to the effective date of such termination.

B. The Company shall pay the Reinsurer a deposit premium of $* in four equal installments of $* on January 1, April 1, July 1 and October 1, 2016.

C. Within 60 days after the expiration or termination of this Contract, the Company shall provide a report to the Reinsurer setting forth the premium due hereunder, computed in accordance with paragraph A. Any premium due the Reinsurer, less amounts previously paid as deposits or otherwise, shall accompany said report or any premium received by the Reinsurer that is in excess of the Company's premium obligations hereunder shall be returned by the Reinsurer within 15 days of its receipt of said report.

* Confidential information has been omitted pursuant to a request for confidential treatment and filed separately with the Securities and Exchange Commission.

ARTICLE IX

DEFINITIONS

The terms set forth below, wherever they appear in this Contract and regardless of whether they appear in a singular or plural form, shall have the meanings given herein:

A. Declaratory Judgment Expense

"Declaratory Judgment Expense" shall mean all expenses incurred by the Company in connection with a declaratory judgment action brought to determine the Company's defense and/or indemnification obligations that are allocable to a specific claim subject to this Contract. Declaratory Judgment Expense shall be deemed to have been incurred on the date of the original loss giving rise to the declaratory judgment action.

B. Extra Contractual Obligations/Loss in Excess of Policy Limits

1. Extra Contractual Obligations

"Extra Contractual Obligations" shall mean those liabilities not covered under any other provision of this Contract, including any punitive, exemplary, compensatory or consequential damages, which arise from the handling of any claim on business covered hereunder; such liabilities arising because of, but not limited to, the following: failure to settle within the Policy limit, or by reason of alleged or actual negligence, fraud or bad faith in rejecting an offer of settlement, in preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action.

2. Loss in Excess of Policy Limits

"Loss in Excess of Policy Limits" shall mean amounts paid or damages payable by the Company in excess of the Policy limit as a result of alleged or actual negligence, fraud, or bad faith in failing to settle and/or rejecting a settlement within the Policy limit, in the preparation of the defense, in the trial of any action against its insured, reinsured, its insured's or reinsured's assignee or a third party claimant, or in the preparation or prosecution of an appeal consequent upon such action. Loss in Excess of Policy Limits is any amount for which the Company would have been contractually liable to pay had it not been for the limits of the reinsured Policy.

3. Coverage for Extra Contractual Obligations loss and/or Loss in Excess of Policy Limits shall not apply when such loss has been incurred due to an adjudicated finding of fraud committed by a member of the Board of Directors or a corporate officer of the Company acting individually or collectively or in collusion with a member of the Board of Directors or a corporate officer or a partner of any other corporation or partnership.

4. Any Extra Contractual Obligations and/or Loss in Excess of Policy Limits shall be deemed to have occurred on the same date as the loss covered or alleged to be covered under the Policy.

C. Insured Losses and Act of Terrorism

In respect of losses defined as "Insured Losses" in the Terrorism Risk Insurance Act of 2002, and any other replacements, extensions or amendments thereto (the "Act"), "Act of Terrorism" shall follow the definition provided in the Act and certified by the Secretary of the Treasury, in concurrence with the Secretary of Homeland Security and the Attorney General of the United States.

In respect to other losses, "Act of Terrorism" shall be defined as in the Company's original Policies or, if not defined therein, shall mean: the use of force or violence and/or the threat thereof committed for political, religious, or ideological purposes and with the intention to influence any government and/or to put the public, or section of the public, in fear.

D. Loss Adjustment Expense

"Loss Adjustment Expense" shall mean all costs and expenses allocable to a specific claim that are incurred by the Company in the investigation, appraisal, adjustment, settlement, litigation, defense or appeal of a specific claim, including court costs and costs of supersedeas and appeal bonds, and including 1) prejudgment interest, unless included as part of the award or judgment; 2) post judgment interest; 3) legal expenses and costs incurred in connection with coverage questions and legal actions connected thereto, including Declaratory Judgment Expense; and 4) a pro rata share of salaries and expenses of Company field employees, and expenses of other Company employees who have been temporarily diverted from their normal and customary duties and assigned to the field adjustment of losses covered by this Contract. Loss Adjustment Expense does not include salaries and expenses of employees, other than 4) above, and office and other overhead expenses.

E. Loss Occurrence

"Loss Occurrence" shall be defined as follows:

1. "Loss Occurrence" means each and every disaster, casualty, accident, or loss or series of disasters, casualties, accidents or losses arising out of one event. The Company shall be the sole judge of what constitutes one event. As respects a Loss Occurrence involving Occupational Disease or Other Disease or Cumulative Trauma, the following shall apply:

a. Per Event Coverage. As respects losses arising from Occupational Disease or Other Disease, regardless of the specific kind or class, suffered by employees of one or more employers, all such losses sustained by the Company from one event not exceeding 72 hours in duration shall, together with losses not classified as Occupational Disease or Other Disease, be deemed to be a single "Loss Occurrence."

b. Per Employee Coverage. As respects losses arising from Occupational Disease or Other Disease or Cumulative Trauma suffered by a single employee, and not covered under subparagraph (a) above, the date that the Loss Occurrence commences shall be determined as follows:

i. If the case is compensable under the Workers' Compensation Law, the date of the beginning of the disability for which compensation is payable.

ii. If the case is not compensable under the Workers' Compensation Law, the date that disability due to said disease actually began.

iii. If the claim is made after employment has ceased, the date of cessation of such employment.

c. Per Employer Coverage. As respects losses arising from Occupational Disease or Other Disease or Cumulative Trauma of the same specific kind or class, suffered by multiple employees of the same employer, and not covered under subparagraphs (a) or (b) above, all such losses sustained by the Company within a Policy year shall be aggregated and considered as constituting one "Loss Occurrence" hereunder and the inception date of the Policy year in which losses occur shall be deemed to be the date of the Loss Occurrence.

F. Net Earned Premium

"Net Earned Premium" shall mean gross earned premium of the Company for the business reinsured hereunder, less cancellations and return premiums, and less earned premiums ceded by the Company for other reinsurance as provided in the OTHER REINSURANCE ARTICLE.

G. Occupational Disease or Other Disease and Cumulative Trauma

"Occupational Disease or Other Disease" and "Cumulative Trauma" shall be defined by applicable state or federal statutes, regulations or case law.

H. Policy

"Policy" shall mean the Company's binders, policies, endorsements and contracts, whether written or oral, providing insurance or reinsurance on the business covered under this Contract.

I. Ultimate Net Loss

"Ultimate Net Loss" shall mean the amount of any settlement, award, or judgment paid by the Company or for which the Company has become liable to pay, including 1) Loss Adjustment Expense, 2) any prejudgment interest that is included as part of an award or judgment, and 3) 90% of Loss in Excess of Policy Limits, 90% of Extra Contractual Obligations, after making deductions for all recoveries, salvages, and subrogations, which are actually recovered, and all claims on inuring reinsurance, whether collectible or not; provided, however, that in the event of the insolvency of the Company, payment by the Reinsurer shall be made in accordance with the provisions of the INSOLVENCY ARTICLE. In the event a verdict or judgment is reduced by appeal or a settlement, subsequent to the entry of the judgment, however, resulting in an ultimate saving on such verdict or judgment, or a judgment is reversed outright, the loss expense incurred in securing such final reduction or reversal will be prorated between the Reinsurers and the Company in the proportion that each benefits from such reduction or reversal. 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.

ARTICLE X

NET RETAINED LINES

A. This Contract applies only to that portion of any Policy that the Company retains net for its own account (prior to deduction of any underlying reinsurance) 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 that 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 reinsurers, whether specific or general, any amounts that may have become due from such reinsurers, whether such inability arises from the insolvency of such other reinsurers or otherwise.

ARTICLE XI

LIABILITY OF THE REINSURER

All reinsurances for which the Reinsurer shall be liable by virtue of this Contract shall be subject in all respects to the same terms, conditions, interpretations and waivers and to the same modifications, alterations, and cancellations, as the respective Policies to which such reinsurances relate, the true intent of the parties to this Contract being that the Reinsurer shall follow the fortunes of the Company.

ARTICLE XII

THIRD PARTY RIGHTS

This Contract is solely between the Company and the Reinsurer, and in no instance shall any other party have any rights under this Contract except as expressly provided otherwise in the INSOLVENCY ARTICLE.

ARTICLE XIII

NOTICE OF LOSS AND LOSS SETTLEMENTS

A. The Company shall advise the Reinsurer promptly of all losses which, in the opinion of the Company, may result in a claim hereunder and of all subsequent developments thereto which, in the opinion of the Company, may materially affect the position of the Reinsurer.

B. Such advices outlined in paragraph A. of this Article shall include any loss for which the reserve is 50% or more of the Company's retention and, irrespective of the reserve or any question on liability or coverage, any loss falling within the following categories:

1. Fatalities.
2. Bodily injuries involving:
    a. Brain injuries resulting in impairment of physical functions;
    b. Spinal injuries resulting in partial or total paralysis of upper or lower extremities;
    c. Amputations or permanent loss of use of upper or lower extremities;
    d. Severe burn cases;
    e. All other injuries likely to result in a permanent disability rating of 50% or more.

C. As respects losses subject to this Contract, all loss settlements made by the Company, whether under strict Policy terms or by way of compromise, and any Extra Contractual Obligations and/or Loss in Excess of Policy Limits, shall be binding upon the Reinsurer, and the Reinsurer agrees to pay or allow, as the case may be, its share of each such settlement immediately upon receipt of proof of loss.

ARTICLE XIV

COMMUTATION

A. As respects any loss or losses known to the Company that have not been finally settled and that may cause a claim under this Contract, the loss(es) may be commuted by mutual agreement of the Company and the Reinsurer not less than 84 months after expiration of this Contract. In such event, the Company and the Reinsurer shall capitalize the loss(es). In the event the Company and the Reinsurer cannot agree on the value of the loss(es), the Reinsurer and the Company shall mutually appoint an independent actuary who shall investigate and capitalize such loss(es). In the event the Reinsurer and the Company cannot reach an agreement on an independent actuary, each party shall appoint an actuary within 30 days after receipt of the written request for commutation. Upon such appointment, the two actuaries shall appoint a third actuary. If the two actuaries fail to agree on the selection of a third actuary within 30 days of their appointment, each of them shall name three individuals, of whom the other shall decline two, and the decision shall be made by drawing lots. The actuaries shall then investigate and capitalize such loss(es). All actuaries shall be fellows of the Casualty Actuarial Society or the American Academy of Actuaries, and shall be disinterested in the outcome of the commutation. If either party does not agree with the capitalized value of the losses, the commutation shall be abandoned.

B. The Reinsurer's proportion of the amount so determined shall be considered the Reinsurer's total liability for the loss(es) and the lump sum payment thereof shall constitute a complete release of the Reinsurer from liability for the loss(es).

ARTICLE XV

OFFSET

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; however, in the event of the insolvency of any party hereto, offset shall be in accordance with applicable law.

ARTICLE XVI

CURRENCY

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 XVII

TERRORISM EXCESS RECOVERY

A. Any financial assistance the Company receives under the Terrorism Risk Insurance Act of 2002, and any other replacements, extensions or amendments thereto (the "Act") shall apply as follows:

1. Except as provided in subparagraph 2 below, any such financial assistance shall inure solely to the benefit of the Company and shall be entirely disregarded in applying all of the provisions of this Contract.

2. If losses occurring hereunder result in recoveries made by the Company both under this Contract and under the Act, and such recoveries, together with any other reinsurance recoveries made by the Company applicable to said losses, exceed the total amount of the Company's insured losses, any amount in excess thereof shall reduce the Ultimate Net Loss subject to this Contract for the losses to which the Act's financial assistance applies. These recoveries shall be returned in proportion to each Reinsurer's paid share of the loss.

B. Nothing herein shall be construed to mean that the losses under this Contract are not recoverable from the Reinsurer until the Company has received financial assistance under the Act.

ARTICLE XVIII

RESERVES AND FUNDING

A. The Reinsurer shall provide funding under the terms of this Article only if the Company will be denied statutory credit for reinsurance ceded to that Reinsurer pursuant to the credit for reinsurance law or regulations of the regulatory authority having jurisdiction over the Company's reserves.

B. As regards Policies issued by the Company coming within the scope of this Contract, the Company agrees that, when it files with the insurance regulatory authority or sets up on its books reserves for liabilities which it is required by law to set up, it shall forward to the Reinsurer a report showing the proportion of such reserves which is applicable to the Reinsurer. The Reinsurer shall fund 100% of its portion of such reserves in respect of:

1. Loss and loss expense paid by the Company but not recovered from the Reinsurer;

2. Known outstanding losses that have been reported to the Reinsurer and loss expense relating thereto;

3. Reserves for loss and loss expense incurred but not reported;

4. Unearned premium (if applicable);

5. Other amounts recoverable reported in Schedule F of the Company's NAIC Statement;

as shown in the report prepared by the Company (hereinafter referred to as "Reinsurer's Obligations"). The Reinsurer's Obligations shall be funded by funds withheld, cash advances, escrow accounts for the benefit of the Company, Letters of Credit ("LOC"), Trust Account, or a combination thereof. The Reinsurer shall have the option of determining the method of funding, subject always to the provision that (a) the method of funding and (b) the terms and provisions of any such LOC or Trust Account and (c) the quality of assets in any Trust Account are all acceptable to the Company and also meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves. In the event a provision of any such funding instrument jeopardizes the Company's ability to obtain full credit for reinsurance, such provision shall be void and shall be amended to comply with applicable credit for reinsurance requirements. The Reinsurer shall provide funding and/or any adjustments thereto in time for the Company to meet the requirements of each applicable insurance regulatory authority having jurisdiction over the Company's reserves, provided that the Company sends the report of Reinsurer's Obligations at least 15 days prior to the date such funding is required.

C. When funding in whole or in part by an LOC, the Reinsurer agrees to apply for and secure timely delivery to the Company of a clean, irrevocable and unconditional LOC dated on or before December 31 of the year in which the request is made (on or before the last day of the calendar quarter for any quarterly adjustment), issued by a member of the Federal Reserve System or any bank approved for use by the NAIC Securities Valuation Office, and containing provisions acceptable to the insurance regulatory authorities having jurisdiction over the Company's reserves. Such LOC shall be issued for a period of not less than one year and shall include an "evergreen clause," which automatically extends the term for at least one additional year at each expiration date unless 60 days (or such other time period as may be required by the applicable insurance regulatory authorities) prior to any expiration date the issuing bank notifies the Company by certified or registered mail that the issuing bank elects not to consider the LOC extended for any additional period. If the issuing bank of the LOC is put under negative credit watch by a major rating agency or is removed from the list of banks approved by the NAIC Securities Valuation Office, the Company may require that a replacement LOC be issued by a bank acceptable to the Company, by providing the Reinsurer with written notice requesting such replacement LOC. If the Reinsurer fails to provide acceptable replacement security within 10 business days following receipt of the Company's notice, the Company may draw upon the existing LOC in amounts equal to the Reinsurer's Obligations.

D. The Reinsurer and Company agree that any funding provided by the Reinsurer pursuant to the provisions of this Contract may be drawn upon at any time, notwithstanding any other provision of this Contract, and be utilized by the Company or any successor, by operation of law, of the Company including, without limitation, any liquidator, rehabilitator, receiver or conservator of the Company for the following purposes:

1. To reimburse the Company for the Reinsurer's share of unearned premium on Policies reinsured hereunder on account of cancellations of such Policies;

2. To reimburse the Company for the Reinsurer's Obligations, the payment of which is due under the terms of this Contract and which has not been otherwise paid;

3. To make refund of any sum which is in excess of the actual amount required to pay the Reinsurer's Obligations under this Contract (or in excess of 102% of Reinsurer's Obligations, if funding is provided by a Trust Account);

4. To fund an account with the Company for the Reinsurer's Obligations if such LOC is under notice of non-renewal or not replaced by the Reinsurer within 10 days prior to its expiration. Such cash deposit shall be held in an interest bearing account separate from the Company's other assets, and interest thereon not in excess of the prime rate shall accrue to the benefit of the Reinsurer;

5. To pay the Reinsurer's share of any other amounts the Company claims are due under this Contract.

In the event the amount drawn by the Company on any funding provided by the Reinsurer is in excess of the actual amount required for subparagraph 1, 2 or 4 or, in the case of subparagraph 5, the actual amount determined to be due, the Company shall promptly return to the Reinsurer the excess amount so drawn. All of the foregoing shall be applied without diminution because of insolvency on the part of the Company or the Reinsurer.

E. The issuing bank shall have no responsibility whatsoever in connection with the propriety of withdrawals made by the Company or the disposition of funds withdrawn, except to ensure that withdrawals are made only upon the order of properly authorized representatives of the Company.

F. At annual intervals, or more frequently but never more frequently than quarterly, the Company shall prepare a specific report of the Reinsurer's Obligations, for the sole purpose of amending the LOC or other method of funding, in the following manner:

1. If the report shows that the Reinsurer's Obligations exceed the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account as of the report date, the Reinsurer shall, within 30 days after receipt of notice of such excess, make an adjustment to increase the available balance of funds withheld and/or cash advances and/or LOC and/or Trust Account by the amount of such excess.

2. If, however, the report shows that the Reinsurer's Obligations are less than the available balance of the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or 102% of the balance of the Trust Account if funding is provided by Trust Account, as of the report date, the Company shall, within 30 days after receipt of written request from the Reinsurer, release such excess funding by making or allowing an adjustment to the funds withheld and/or cash advances and/or escrow accounts and/or LOC and/or Trust Account.

G. Should the Reinsurer be in breach of its obligations under this Article, notwithstanding anything to the contrary elsewhere in this Contract, the Company may seek relief in respect of said breach from any court having competent jurisdiction over the parties hereto.

ARTICLE XIX

TAXES

The Company shall pay applicable taxes (except Federal Excise Tax, if any) on premiums reported to the Reinsurer under this Contract.

ARTICLE XX

FEDERAL EXCISE TAX

A. The Reinsurer has agreed to allow the applicable percentage of the premium payable hereon (as imposed under the Internal Revenue Code) for the purpose of paying Federal Excise Tax to the extent such premium is subject to such tax. Should the Reinsurer claim exempt status from Federal Excise Tax, it shall provide to the Company, upon its request, proof that the exempt status adequately satisfies the rules as imposed under the Internal Revenue Code and any other applicable U.S. government authority.

B. In the event of any return premium becoming due hereunder, the Reinsurer shall deduct the applicable percentage from the return premium payable hereon and the Company or its agent shall recover such tax from the United States Government.

C. As respects premiums ceded to the Reinsurer under this Contract, the Reinsurer agrees to indemnify the Company for any liability, expense, interest, or penalty it may incur by reason of the Reinsurer's breach of this Article.

ARTICLE XXI

FOREIGN ACCOUNT TAX COMPLIANCE ACT ("FATCA")

A. The Reinsurer hereby acknowledges the requirements of Sections 1471-1474 U.S. Internal Revenue Code of 1986, as amended, and the Treasury regulations and other guidance issued from time to time thereunder ("FATCA") and the obligation to provide to the Company and the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") a valid Internal Revenue Service ("IRS") Form W8-BEN-E, W-9 or other documentation meeting the requirements of the FATCA regulations to establish the Reinsurer is not subject to any withholding requirement pursuant to FATCA (the "Required Documentation").

B. The Reinsurer shall notify the Company and Intermediary in writing (by electronic mail, certified mail or overnight mail using a nationally recognized overnight delivery service) in the event the Reinsurer is not compliant with FATCA. If the Reinsurer has not provided the Company and Intermediary with the Required Documentation thirty (30) days prior to any premium due date, or becomes non-compliant with FATCA at any later date, the Withholding Agent [as defined in U.S. Treasury Regulation Section 1.1471-1(b)(147)] shall withhold thirty percent (30%) of any premium payment to the Reinsurer under this Contract and shall promptly notify the Reinsurer of such withholding ("Withholding"). The Reinsurer hereby agrees to such Withholding.

C. In the event the Reinsurer is subject to Withholding as set forth under FATCA, the Reinsurer continues to remain fully liable for all of its obligations under this Contract. The Withholding under paragraph B above does not constitute a breach of contract, any premium payment condition, warranty or other clause of this Contract. Reinsurer(s) subject to Withholding may not terminate, cancel, revoke or restrict this Contract, may not terminate, cancel, revoke or restrict coverage under this Contract in any manner and may not deny, refuse, restrict or delay payment of any claim under this Contract or invoke any interest, penalty or other late payment provision hereunder, based on the Withholding. The Reinsurer subject to Withholding shall be liable under this Contract as if no Withholding had been made.

D. Amounts deducted or withheld as Withholding are not subject to offset. Offset rights, if any, under this Contract are hereby amended in accordance with the terms of this Article.

E. The Reinsurer shall indemnify the Company and its agents for any and all liability, expense, interest or penalty the Company and its agents incur, based upon, arising from or in connection with (i) any inaccurate or invalid Required Documentation; or (ii) any violation by the Reinsurer of FATCA. Such indemnity shall survive the expiration or termination of this Contract.

ARTICLE XXII

ACCESS TO RECORDS

The Reinsurer or its duly authorized representatives shall have the right to visit the offices of the Company to inspect, examine, audit, and verify any of the Policy, accounting or claim files ("Records") relating to business reinsured under this Contract during regular business hours after giving five working days' prior notice. This right shall be exercisable during the term of this Contract or after the expiration of this Contract. Notwithstanding the above, the Reinsurer shall not have any right of access to the Records of the Company if it is not current in all undisputed payments due the Company.

ARTICLE XXIII

CONFIDENTIALITY

A. The Reinsurer hereby acknowledges that the documents, information, and data provided to the Reinsurer by the Company, whether directly or through an authorized agent, in connection with the placement and execution of this Contract, inspection pursuant to the ACCESS TO RECORDS ARTICLE, or any other information relating to this Contract, ("Confidential Information") are proprietary and confidential to the Company.

B. Absent the written consent of the Company, the Reinsurer shall not disclose any Confidential Information to any third parties, including any affiliated companies, except when:

   1. The disclosure is to an authorized agent of the Reinsurer performing underwriting, claim handling, pricing, placement, and/or evaluation services for the Reinsurer; or

   2. The Confidential Information is publicly known or has become publicly known through no unauthorized act of the Reinsurer; or

   3. Required by retrocessionaires subject to the business ceded to this Contract; or

   4. Required by regulators performing an audit of the Reinsurer's records and/or financial condition; or

   5. Required by auditors performing an audit of the Reinsurer's records in the normal course of business; or

   6. Required by legal counsel.

C. Further, the Reinsurer agrees not to use any Confidential Information for any purpose not permitted by this Contract or not related to the performance of their obligations or enforcement of their rights under this Contract.

D. Notwithstanding the above, in the event that the Reinsurer is required by court order, other legal process, or any regulatory authority to release or disclose any Confidential Information, the Reinsurer agrees to provide the Company written notice of same prior to such release or disclosure and to use its reasonable best efforts to assist the Company in maintaining the confidentiality provided for in this Article.

E. The provisions of this Article shall extend to the officers, directors, and employees of the Reinsurer and its affiliates, who have received Confidential Information in accordance with this Contract, and shall be binding upon their successors and assigns.

ARTICLE XXIV

INDEMNIFICATION AND ERRORS AND OMISSIONS

A. The Reinsurer is reinsuring, subject to the terms and conditions of this Contract, the obligations of the Company under any Policy. The Company shall be the sole judge as to:

1. what shall constitute a claim or loss covered under any Policy;
2. the Company's liability thereunder;
3. the amount or amounts that it shall be proper for the Company to pay thereunder.

B. The Reinsurer shall be bound by the judgment of the Company as to the obligation(s) and liability(ies) of the Company under any Policy.

C. Any inadvertent error, omission or delay in complying with the terms and conditions of this Contract shall not be held to relieve either party hereto from any liability that would attach to it hereunder if such error, omission or delay had not been made, provided such error, omission or delay is rectified immediately upon discovery.

ARTICLE XXV

INSOLVENCY

A. In the event of the insolvency of the Company, this reinsurance shall be payable directly to the Company or to its liquidator, receiver, conservator, or statutory successor, with reasonable provision for verification, 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 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 proportionate share of the benefit that 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 agreed that, in the event of the insolvency of the Company, the reinsurance under this Contract shall be payable directly by the Reinsurer to the Company or its liquidator, receiver, conservator, or statutory successor, 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 payee under such Policies and in substitution for the obligations of the Company to such payees.

D. In the event of the insolvency of any company or companies listed in the designation of "Company" under this Contract, this Article shall apply only to the insolvent company or companies.

E. In the event of the insolvency of any company or companies covered hereunder, the laws of the applicable domiciliary state(s) shall apply. In the event of a conflict between any provision of this Article and the laws of the domiciliary state of any company or companies covered hereunder, that domiciliary state's laws shall prevail.

ARTICLE XXVI

ARBITRATION

A. As a condition precedent to any right of action hereunder, any irreconcilable dispute arising out of the interpretation, performance, or breach of this Contract, including the formation or validity thereof, whether arising before or after the expiry or termination of the Contract, shall be submitted for decision to a panel of three arbitrators. Notice requesting arbitration shall be in writing and sent by certified mail, return receipt requested, or such reputable courier service as is capable of returning proof of receipt of such notice by the recipient to the party demanding arbitration.

B. Notwithstanding the provisions of the foregoing paragraph, the Company shall have the option to either litigate or arbitrate any dispute in which the Reinsurer makes any allegation of misrepresentation, non-disclosure, concealment, fraud, or bad faith and/or where the Reinsurer has experienced any of the circumstances in paragraph A. of the SPECIAL TERMINATION ARTICLE.

C. One arbitrator shall be appointed by each party. If the responding party fails to appoint its arbitrator within 30 days after its receipt of the claimant party's notice requesting arbitration, the claimant party, after 10 days' notice by certified mail or reputable courier as provided above of its intention to do so, may appoint the second arbitrator.

D. The two arbitrators shall, before instituting the hearing, appoint an impartial third arbitrator who shall preside at the hearing. Should the two arbitrators fail to choose the third arbitrator within 30 days of the appointment of the second arbitrator, the parties shall appoint the third arbitrator pursuant to the AIDA Reinsurance and Insurance Arbitration Society – U.S. (ARIAS) Umpire Selection Procedure. All arbitrators shall be disinterested active or former senior executives of insurance or reinsurance companies or Underwriters at Lloyd's, London. In the event of the resignation or death of any arbitrator, a replacement shall be appointed in the same manner as the resigning or deceased arbitrator was appointed and the newly constituted panel shall take all necessary and/or reasonable measures to continue the arbitration proceedings without additional delay.

E. Within 30 days after notice of appointment of all arbitrators, the panel shall meet and determine timely periods for briefs, discovery procedures and schedules for hearings. The panel shall be relieved of all judicial formality and shall not be bound by the strict rules of procedure and evidence. Unless the panel agrees otherwise, arbitration shall take place in Rock Island, Illinois, but the venue may be changed when deemed by the panel to be in the best interest of the arbitration proceeding. Insofar as the arbitration panel looks to substantive law, it shall consider the law of the State of Illinois. The decision of any two arbitrators when rendered in writing shall be final and binding. The panel is empowered to grant interim relief as it may deem appropriate.

F. The panel shall make its decision as promptly as possible following the termination of the hearings, considering the terms and conditions expressed in this Contract and the custom and practice of the applicable insurance and reinsurance business. Judgment upon the award may be entered in any court having jurisdiction thereof.

G. Arbitration proceedings are subject to consolidation as follows:

1. Single contract, multiple reinsurers, common issue: If more than one Reinsurer is involved in arbitration where there are common questions of law or fact and a possibility of conflicting awards or inconsistent results, all such Reinsurers, at the Company's request, shall be joined in a single arbitration proceeding and 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 the one party; provided, however, that nothing therein 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 under the terms of this Contract from several to joint.

2. Single reinsurer, multiple contracts, common issue: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company, under which a dispute has arisen where there are common questions of law or fact with the dispute being arbitrated under this Contract and a possibility of conflicting awards or inconsistent results, the Reinsurer, at the Company's request, shall arbitrate all such reinsurance disputes involving the same loss or common questions of law or fact in one consolidated proceeding, subject to the provisions of this Article.

3. Single reinsurer, multiple contracts: If any Reinsurer to this Contract has subscribed to other reinsurance contracts with the Company and various disputes have arisen under such contracts, regardless of whether or not there are common questions of law or fact, if mutually agreed to by the parties hereto, the parties shall arbitrate all reinsurance disputes in one consolidated proceeding, subject to the provisions of this Article.

The agreement to consolidate disputes under this Contract and one or more other reinsurance contracts will supersede all other reinsurance contracts entered into between the Company and the Reinsurer, regardless of whether any other reinsurance contract may require or address consolidation.

H. Each party shall bear the expense of the arbitrator selected by or for it and shall jointly and equally bear with the other party the cost of the third arbitrator. The remaining costs of the arbitration shall be allocated by the panel. The panel may, at its discretion, award such further costs and expenses as it considers appropriate, including but not limited to attorney's fees, to the extent permitted by law.

ARTICLE XXVII

SERVICE OF SUIT

(This Article is 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. This Article is not intended to conflict with or override the obligation of the parties to arbitrate their disputes in accordance with the ARBITRATION ARTICLE.)

A. In the event of the failure of the Reinsurer to perform its obligations under this Contract, the Reinsurer, at the request of the Company, shall 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. The Reinsurer, once the appropriate court is selected, whether such court is the one originally chosen by the Company and accepted by the Reinsurer or is determined by removal, transfer, or otherwise, as provided for above, shall comply with all requirements necessary to give said court jurisdiction and, in any suit instituted against it upon this Contract, and shall abide by the final decision of such court or of any appellate court in the event of an appeal. The validity and/or enforceability of any arbitration award or judgment obtained in the United States shall not be contested by the Reinsurer in any jurisdiction outside of the United States.

B. Service of process in such suit may be made upon the law firm of Mendes and Mount, 750 Seventh Avenue, New York, NY 10019, or another party specifically designated by the Reinsurer in its Interests and Liabilities Agreement attached hereto.

C. Further, pursuant to any statute of any state, territory or district of the United States that makes provision therefor, the Reinsurer hereby designates the Superintendent, Commissioner or Director of Insurance, or other officer specified for that purpose in the statute, or his/her successor or successors in office, as its true and lawful attorney upon whom may be served any lawful process in any action, suit or proceedings instituted by or on behalf of the Company or any beneficiary hereunder arising out of this Contract, and hereby designates the above-named as the person to whom the said officer is authorized to mail such process or a true copy thereof.

D. The individual named in Paragraph C shall be deemed the Reinsurer's agent for the service of process:

1. where the address designated in, or pursuant to paragraph B is invalid; or

2. to the extent necessary to bring this Contract into conformity with the applicable law of a state with jurisdiction over the Company.

ARTICLE XXVIII

GOVERNING LAW

This Contract shall be governed as to performance, administration and interpretation by the laws of the State of Illinois, exclusive of that state's rules with respect to conflicts of law.

ARTICLE XXIX

ENTIRE AGREEMENT

This Contract shall constitute the entire agreement between the parties with respect to the business being reinsured hereunder and no understandings exist between the parties other than those expressed in this Contract. Any change or modification to this Contract shall be null and void unless made by amendment to this Contract and signed by both parties. This Article shall not be construed as limiting in any way the admissibility, in the context of an arbitration or any other legal proceeding, of evidence regarding the formation, interpretation, purpose or intent of this Contract.

ARTICLE XXX

SALVAGE AND SUBROGATION

A. The Company, at its sole discretion, may enforce its right to salvage and/or subrogation and may prosecute all claims arising out of such right.

B. Amounts recovered from salvage and/or subrogation shall be used to reimburse the Company's excess reinsurers, including the Reinsurer hereon (and the Company, should it carry a portion of excess coverage net) in the reverse order of their participation in the loss before being used in any way to reimburse the Company for its primary loss. The expense incurred by the Company in pursuing any such recovery shall be borne by each party in proportion to its benefit (if any) from the recovery. If the recovery expense exceeds the amount recovered, the amount recovered (if any) shall be applied to the reimbursement of recovery expense incurred by the Company and the remaining expense shall be included in Ultimate Net Loss.

ARTICLE XXXI

SEVERABILITY

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 XXXII

OTHER REINSURANCE

The Company is permitted to have other treaty reinsurance. The premium for any such reinsurance that inures to the benefit of this Contract shall not be included within the subject premium hereunder. Additionally, the Company may purchase facultative reinsurance on any subject risk it deems advisable, and the premium for that portion of the Company's Policy reinsured elsewhere shall not be included within the subject premium hereunder.

ARTICLE XXXIII

LATE PAYMENTS

(The provisions of this Article shall not be implemented unless specifically invoked by the Company in writing.)

A. In the event that any amount due the Company is not received by the intermediary named in the INTERMEDIARY ARTICLE (hereinafter referred to as the "Intermediary") by the payment due date, the Company may, by notifying the Intermediary in writing, require the Reinsurer to pay, and the Reinsurer 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 a rate equal to the U.S. Prime Rate as published in The Wall Street Journal on the first business day following the date a remittance becomes due plus 300 basis points; 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 has been received by the Intermediary.

B. The establishment of the payment due date shall, for purposes of this Article, be 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 Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 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 14 days after the proof of loss or demand for payment is transmitted to the Reinsurer by the Intermediary. If such loss or claim payment is not received within the 14 days, interest will accrue on the payment or amount overdue in accordance with paragraph A 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 the Company not otherwise provided for in subparagraphs 1 and 2 above, the due date shall be as provided for in the applicable Article of this Contract. In the event a due date is not specifically stated for a given payment, it shall be deemed due 14 days following transmittal by the Intermediary 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.

C. The validity of any claim or payment may be contested under the provisions of this Contract. If the Reinsurer prevails in an arbitration, or any other proceeding, there shall be no interest penalty due. Otherwise, any interest shall be calculated and due as outlined above. Furthermore, if the Reinsurer pays any claim hereunder that it is contesting and prevails in such action, the Company shall return such payment plus pay interest on same, at a rate calculated as per the provisions of paragraph A, above; however, such calculation is to begin from the actual date of remittance of funds from the Reinsurer through the date the funds are returned.

D. If the interest rate provided under this Article exceeds the maximum interest rate allowed by applicable law, such interest rate shall be modified to the highest rate permitted by the applicable law.

ARTICLE XXXIV

MODE OF EXECUTION

This Contract may be executed either by an original written ink signature of paper documents, by an exchange of facsimile copies showing the original written ink signature of paper documents, or by electronic signature by either party employing appropriate software technology as to satisfy the parties at the time of execution that the version of the document agreed to by each party shall always be capable of authentication and satisfy the same rules of evidence as written signatures. The use of any one or a combination of these methods of execution shall constitute a legally binding and valid signing of this Contract. This Contract may be executed in one or more counterparts, each of which, when duly executed, shall be deemed an original.

ARTICLE XXXV

INTERMEDIARY

Willis Re Inc. is hereby recognized as the intermediary negotiating this Contract and through whom all communications relating thereto shall be transmitted to the Company or the Reinsurer. Payments by the Company to Willis Re Inc. shall be deemed to constitute payment to the Reinsurer and payments by the Reinsurer to Willis Re Inc. 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 specified below:

Signed this 15th day of December , 2015.

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)

/s/ Arron K. Sutherland
By

Arron K. Sutherland
Print Name

President/CEO
Title

NUCLEAR INCIDENT EXCLUSION CLAUSE - LIABILITY - REINSURANCE - U.S.A.

(1) This reinsurance does not cover any loss or liability accruing to the Reassured as a member of, or subscriber to, any association of insurers or reinsurers formed for the purpose of covering nuclear energy risks or as a direct or indirect reinsurer of any such member, subscriber or association.

(2) Without in any way restricting the operation of paragraph (1) of this Clause it is understood and agreed that for all purposes of this reinsurance all the original policies of the Reassured (new, renewal and replacement) of the classes specified in Clause II of this paragraph (2) from the time specified in Clause III in this paragraph (2) shall be deemed to include the following provision (specified as the Limited Exclusion Provision):

Limited Exclusion Provision.*

I. It is agreed that the policy does not apply under any liability coverage,
to *(injury, sickness, disease, death or destruction,*
(bodily injury or property damage

with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability.

II. Family Automobile Policies (liability only), Special Automobile Policies (private passenger automobiles, liability only), Farmers Comprehensive Personal Liability Policies (liability only), Comprehensive Personal Liability Policies (liability only) or policies of a similar nature; and the liability portion of combination forms related to the four classes of policies stated above, such as the Comprehensive Dwelling Policy and the applicable types of Homeowners Policies.

III. The inception dates and thereafter of all original policies as described in II above, whether new, renewal or replacement, being policies which either

(a) become effective on or after 1st May, 1960, or

(b) become effective before that date and contain the Limited Exclusion Provision set out above; provided this paragraph (2) shall not be applicable to Family Automobile Policies, Special Automobile Policies, or policies or combination policies of a similar nature, issued by the Reassured on New York risks, until 90 days following approval of the Limited Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(3) Except for those classes of policies specified in Clause II of paragraph (2) and without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that for all purposes of this reinsurance the original liability policies of the Reassured (new, renewal and replacement) affording the following coverages:

Owners, Landlords and Tenants Liability, Contractual Liability, Elevator Liability, Owners or Contractors (including railroad) Protective Liability, Manufacturers and Contractors Liability, Product Liability, Professional and Malpractice Liability, Storekeepers Liability, Garage Liability, Automobile Liability (including Massachusetts Motor Vehicle or Garage Liability)
shall be deemed to include, with respect to such coverages, from the time specified in Clause V of this paragraph (3), the following provision (specified as the Broad Exclusion Provision):

Broad Exclusion Provision.*

It is agreed that the policy does not apply:

I. Under any Liability Coverage, to *(injury, sickness, disease, death or destruction*
(bodily injury or property damage

(a) with respect to which an insured under the policy is also an insured under a nuclear energy liability policy issued by Nuclear Energy Liability Insurance Association, Mutual Atomic Energy Liability Underwriters or Nuclear Insurance Association of Canada, or would be an insured under any such policy but for its termination upon exhaustion of its limit of liability; or

(b) resulting from the hazardous properties of nuclear material and with respect to which (1) any person or organization is required to maintain financial protection pursuant to the Atomic Energy Act of 1954, or any law amendatory thereof, or (2) the insured is, or had this policy not been issued would be, entitled to indemnity from the United States of America, or any agency thereof, under any agreement entered into by the United States of America, or any agency thereof, with any person or organization.

II. Under any Medical Payments Coverage, or under any Supplementary Payments Provision
Relating to (*immediate medical or surgical relief,*
(first aid,
to expenses incurred with respect
to (*bodily injury, sickness, disease or death*
(bodily injury

resulting from the hazardous properties of nuclear material and arising out of the operation of a nuclear facility by any person or organization.

III. Under any Liability Coverage to *(injury, sickness, disease, death or destruction*
(bodily injury or property damage

resulting from the hazardous properties of nuclear material, if

(a) the nuclear material (1) is at any nuclear facility owned by, or operated by or on behalf of, an insured or (2) has been discharged or dispersed therefrom;

(b) the nuclear material is contained in spent fuel or waste at any time possessed, handled, used, processed, stored, transported or disposed of by or on behalf of an insured; or

(c) the *(injury, sickness, disease, death or destruction*
(bodily injury or property damages

arises out of the furnishing by an insured of services, materials, parts or equipment in connection with the planning, construction, maintenance, operation or use of any nuclear facility, but if such facility is located within the United States of America, its territories, or possessions or Canada, this exclusion (c) applies only to

(*injury to or destruction of property at such nuclear facility*
(property damage to such nuclear facility and any property thereat.

IV. As used in this endorsement:

"**Hazardous properties**" include radioactive, toxic or explosive properties; "**nuclear material**" means source material, special nuclear material or byproduct material; "**source material**," "**special nuclear material**," and "**byproduct material**" have the meanings given them in the Atomic Energy Act of 1954 or in any law amendatory thereof; "**spent fuel**" means any fuel element or fuel component, solid or liquid, which has been used or exposed to radiation in a nuclear reactor; "**waste**" means any waste material (1) containing byproduct material and (2) resulting from the operation by any person or organization of any nuclear facility included within the definition of nuclear facility under paragraph (a) or (b) thereof; "**nuclear facility**" means

(a) any nuclear reactor,

(b) any equipment or device designed or used for (1) separating the isotopes of uranium or plutonium, (2) processing or utilizing spent fuel, or (3) handling, processing or packaging waste,

(c) any equipment or device used for the processing, fabricating or alloying of special nuclear material if at any time the total amount of such material in the custody of the insured at the premises where such equipment or device is located consists of or contains more than 25 grams of plutonium or uranium 233 or any combination thereof, or more than 250 grams of uranium 235,

(d) any structure, basin, excavation, premises or place prepared or used for the storage or disposal of waste, and includes the site on which any of the foregoing is located, all operations conducted on such site and all premises used for such operations; "nuclear reactor" means any apparatus designed or used to sustain nuclear fission in a self-supporting chain reaction or to contain a critical mass of fissionable material;

(With respect to injury to or destruction of property, the word "injury" or "destruction"
("property damage" includes all forms of radioactive contamination of property
(*includes all forms of radioactive contamination of property*.

V. The inception dates and thereafter of all original policies affording coverages specified in this paragraph (3), whether new, renewal or replacement, being policies which become effective on or after 1st May, 1960, provided this paragraph (3) shall not be applicable to

(i) Garage and Automobile Policies issued by the Reassured on New York risks, or

(ii) statutory liability insurance required under Chapter 90, General Laws of Massachusetts,
until 90 days following approval of the Broad Exclusion Provision by the Governmental Authority having jurisdiction thereof.

(4) Without in any way restricting the operation of paragraph (1) of this Clause, it is understood and agreed that paragraphs (2) and (3) above are not applicable to original liability policies of the Reassured in Canada and that with respect to such policies this Clause shall be deemed to include the Nuclear Energy Liability Exclusion Provisions adopted by the Canadian Underwriters' Association of the Independent Insurance Conference of Canada.

* NOTE: The words printed in italics in the Limited Exclusion Provision and in the Broad Exclusion Provision shall apply only in relation to original liability policies which include a Limited Exclusion Provision or a Broad Exclusion Provision containing those words.

21/9/67
N.M.A. 1590
BRMA 35A

INTERESTS AND LIABILITIES AGREEMENT
(the "Agreement")

of

SAFETY NATIONAL CASUALTY CORPORATION
(the "Subscribing Reinsurer")

with respect to the

WORKERS COMPENSATION SECOND EXCESS OF LOSS REINSURANCE CONTRACT
(the "Contract")

issued to

ILLINOIS CASUALTY COMPANY (A MUTUAL INSURANCE COMPANY)
Rock Island, Illinois
(the "Company")

The Subscribing Reinsurer shall have a 100.00% share in the interests and liabilities of the "Reinsurer" as set forth in the Contract attached hereto and executed by the Company.

This Agreement shall commence at 12:01 a.m., Central Standard Time, January 1, 2016, and shall continue in force until 12:01 a.m., Central Standard Time, January 1, 2017, unless earlier terminated in accordance with the attached Contract.

The share of the Subscribing Reinsurer in the interests and liabilities of the "Reinsurer" shall be several and not joint with the share of any other subscribing reinsurer. In no event shall the Subscribing Reinsurer participate in the interests and liabilities of the other subscribing reinsurers.

IN WITNESS WHEREOF, the Subscribing Reinsurer by its duly authorized representative has executed this Agreement as of the date specified below:

Signed this 18th day of December , 2015.

SAFETY NATIONAL CASUALTY CORPORATION

By /s/ Joy N. Edler
Printed Name Joy N. Edler
Title Director