

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For the quarterly period ended March 31, 2022

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934  
For transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission File Number: 001-38046

**ICC Holdings, Inc.**

(Exact name of registrant as specified in its charter)

**Pennsylvania**  
(State or other jurisdiction of  
incorporation or organization)  
**225 20th Street, Rock Island, Illinois**  
(Address of principal executive offices)

**81-3359409**  
(I.R.S. Employer  
Identification No.)

**61201**  
(Zip Code)

**(309) 793-1700**  
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	ICCH	The NASDAQ Stock Market LLC

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

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the Registrant was required to submit such files). Yes  No

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

Large accelerated filer   
Non-accelerated filer

Accelerated filer   
Smaller reporting company   
Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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

The number of shares of the registrant's common stock outstanding as of May 3, 2022 was 3,296,896.

**Table of Contents**

	<u>Page</u>
<b>PART I</b>	
Item 1. <a href="#">Financial Statements</a>	
<a href="#">Condensed Consolidated Balance Sheets as of March 31, 2022 (unaudited) and December 31, 2021</a>	3
<a href="#">Condensed Consolidated Statements of Earnings and Comprehensive Earnings for the Three-Month Periods Ended March 31, 2022 and 2021 (unaudited)</a>	4
<a href="#">Condensed Consolidated Statements of Stockholders Equity for the Three-Month Periods Ended March 31, 2022 and 2021 (unaudited)</a>	5
<a href="#">Condensed Consolidated Statements of Cash Flows for the Three-Month Periods Ended March 31, 2022 and 2021 (unaudited)</a>	6
<a href="#">Notes to Unaudited Condensed Consolidated Financial Statements</a>	7
Item 2. <a href="#">Management's Discussion and Analysis of Financial Condition and Results of Operations</a>	18
Item 3. <a href="#">Quantitative and Qualitative Disclosures about Market Risk</a>	30
Item 4. <a href="#">Controls and Procedures</a>	31
<b>PART II</b>	
Item 1. <a href="#">Legal Proceedings</a>	31
Item 1A. <a href="#">Risk Factors</a>	31
Item 2. <a href="#">Unregistered Sales of Equity Securities and Use of Proceeds</a>	31
Item 3. <a href="#">Default Upon Senior Securities</a>	32
Item 4. <a href="#">Mine Safety Disclosures</a>	32
Item 5. <a href="#">Other Information</a>	32
Item 6. <a href="#">Exhibits</a>	33
<a href="#">Signatures</a>	34

**PART I — FINANCIAL INFORMATION**
**Item 1. Financial Statements**
**ICC Holdings, Inc. and Subsidiaries  
Condensed Consolidated Balance Sheets**

	As of	
	March 31, 2022 (Unaudited)	December 31, 2021
<b>Assets</b>		
Investments and cash:		
Fixed maturity securities (amortized cost of \$104,466,061 at 3/31/2022 and \$102,145,223 at 12/31/2021)	\$ 101,872,420	\$ 105,841,543
Common stocks at fair value	22,795,115	23,608,197
Preferred stocks at fair value	2,858,036	2,780,450
Other invested assets	3,175,674	3,086,568
Property held for investment, at cost, net of accumulated depreciation of \$504,718 at 3/31/2022 and \$464,713 at 12/31/2021	5,871,484	5,509,114
Cash and cash equivalents	4,580,287	4,606,378
<b>Total investments and cash</b>	<b>141,153,016</b>	<b>145,432,250</b>
Accrued investment income	726,561	659,413
Premiums and reinsurance balances receivable, net of allowances for uncollectible amounts of \$100,000 at 3/31/2022 and 12/31/2021	27,410,129	27,199,804
Ceded unearned premiums	948,000	967,022
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of \$0 at 3/31/2022 and 12/31/2021	16,088,694	14,521,219
Federal income taxes	631,825	195,694
Deferred policy acquisition costs, net	7,156,770	6,538,844
Property and equipment, at cost, net of accumulated depreciation of \$6,302,395 at 3/31/2022 and \$6,243,055 at 12/31/2021	3,189,728	3,144,218
Other assets	1,305,288	1,343,504
<b>Total assets</b>	<b>\$ 198,610,011</b>	<b>\$ 200,001,968</b>
<b>Liabilities and Equity</b>		
Liabilities:		
Unpaid losses and settlement expenses	\$ 67,407,376	\$ 61,834,809
Unearned premiums	37,509,068	36,212,266
Reinsurance balances payable	503,656	1,368,294
Corporate debt	18,452,288	18,455,342
Accrued expenses	4,174,785	5,441,611
Income taxes - deferred	—	954,862
Other liabilities	872,609	1,030,870
<b>Total liabilities</b>	<b>128,919,782</b>	<b>125,298,054</b>
Equity:		
Common stock <sup>1</sup>	35,000	35,000
Treasury stock, at cost <sup>2</sup>	(3,122,492)	(3,155,399)
Additional paid-in capital	32,989,963	32,965,136
Accumulated other comprehensive earnings, net of tax	(2,049,042)	2,920,027
Retained earnings	44,122,755	44,282,895
Less: Unearned Employee Stock Ownership Plan shares at cost <sup>3</sup>	(2,285,955)	(2,343,745)
<b>Total equity</b>	<b>69,690,229</b>	<b>74,703,914</b>
<b>Total liabilities and equity</b>	<b>\$ 198,610,011</b>	<b>\$ 200,001,968</b>

<sup>1</sup>Par value \$0.01; authorized: 2022 - 10,000,000 shares and 2021 - 10,000,000 shares; issued: 2022 - 3,500,000 shares and 2021 - 3,500,000 shares; outstanding: 2022 - 3,293,811 and 2021 - 3,291,852 shares

<sup>2</sup>2022 -206,189 shares and 2021 -208,148 shares

<sup>3</sup>2022 -228,595 shares and 2021 -234,374 shares

See accompanying notes to consolidated financial statements.

**ICC Holdings, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Earnings and Comprehensive Earnings (Unaudited)**

	For the Three-Months Ended	
	March 31,	
	2022	2021
Net premiums earned	\$ 16,016,677	\$ 12,048,713
Net investment income	917,081	801,406
Net realized investment gains	207,585	186,709
Net unrealized (losses) gains on equity securities	(1,292,692)	876,316
Other income	159,431	46,716
Consolidated revenues	<u>16,008,082</u>	<u>13,959,860</u>
Losses and settlement expenses	10,195,201	7,802,706
Policy acquisition costs and other operating expenses	5,772,400	4,467,578
Interest expense on debt	61,011	53,702
General corporate expenses	189,415	163,982
Total expenses	<u>16,218,027</u>	<u>12,487,968</u>
(Loss) earnings before income taxes	(209,945)	1,471,892
Total income tax (benefit) expense	(49,805)	309,951
Net (loss) earnings	<u>\$ (160,140)</u>	<u>\$ 1,161,941</u>
Other comprehensive loss, net of tax	(4,969,069)	(2,226,522)
Comprehensive loss	<u>\$ (5,129,209)</u>	<u>\$ (1,064,581)</u>
Earnings per share:		
Basic:		
Basic net (loss) earnings per share	\$ (0.05)	\$ 0.38
Diluted:		
Diluted net (loss) earnings per share	\$ (0.05)	\$ 0.38
Weighted average number of common shares outstanding:		
Basic	3,060,208	3,034,233
Diluted	3,072,176	3,044,479

See accompanying notes to consolidated financial statements.

**ICC Holdings, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Stockholders' Equity (Unaudited)**

	Common stock	Treasury stock	Unearned ESOP	Additional paid-in capital	Retained earnings	Accumulated other comprehensive earnings (loss)	Total equity
<b>Balance, January 1, 2021</b>	\$ 35,000	\$ (3,153,838)	\$ (2,578,115)	\$ 32,780,436	\$ 40,140,115	\$ 5,520,091	\$ 72,743,689
Purchase of treasury stock	—	(19,174)	—	—	—	—	(19,174)
Net earnings	—	—	—	—	1,161,941	—	1,161,941
Other comprehensive loss, net of tax	—	—	—	—	—	(2,226,522)	(2,226,522)
Restricted stock unit expense	—	77,947 <sup>1</sup>	—	(39,831)	—	—	38,116
ESOP compensation expense	—	—	57,790	24,960	—	—	82,750
<b>Balance, March 31, 2021</b>	<u>\$ 35,000</u>	<u>\$ (3,095,065)</u>	<u>\$ (2,520,325)</u>	<u>\$ 32,765,565</u>	<u>\$ 41,302,055</u>	<u>\$ 3,293,569</u>	<u>\$ 71,780,799</u>

	Common stock	Treasury stock	Unearned ESOP	Additional paid-in capital	Retained earnings	Accumulated other comprehensive earnings (loss)	Total equity
<b>Balance, January 1, 2022</b>	\$ 35,000	\$ (3,155,399)	\$ (2,343,745)	\$ 32,965,136	\$ 44,282,895	\$ 2,920,027	\$ 74,703,914
Purchase of treasury stock	—	(25,574)	—	—	—	—	(25,574)
Net loss	—	—	—	—	(160,140)	—	(160,140)
Other comprehensive loss, net of tax	—	—	—	—	—	(4,969,069)	(4,969,069)
Restricted stock unit expense	—	58,481 <sup>1</sup>	—	(13,977)	—	—	44,504
ESOP compensation expense	—	—	57,790	38,804	—	—	96,594
<b>Balance, March 31, 2022</b>	<u>\$ 35,000</u>	<u>\$ (3,122,492)</u>	<u>\$ (2,285,955)</u>	<u>\$ 32,989,963</u>	<u>\$ 44,122,755</u>	<u>\$ (2,049,042)</u>	<u>\$ 69,690,229</u>

<sup>1</sup>Amount represents restricted stock units that have fully vested in the period.

See accompanying notes to consolidated financial statements.

**ICC Holdings, Inc. and Subsidiaries**  
**Condensed Consolidated Statements of Cash Flows (Unaudited)**

	Three-Month Periods Ended March 31,	
	2022	2021
<b>Cash flows from operating activities:</b>		
Net (loss) earnings	\$ (160,140)	\$ 1,161,941
Adjustments to reconcile net (loss) earnings to net cash (used in) provided by operating activities		
Net realized investment gains	(207,585)	(186,709)
Net unrealized losses (gains) on equity securities	1,292,692	(876,316)
Depreciation	159,695	159,680
Deferred income tax	(234,026)	271,546
Amortization of bond premium and discount	62,566	67,997
Stock-based compensation expense	141,098	120,866
Change in:		
Accrued investment income	(67,148)	(39,360)
Premiums and reinsurance balances receivable	(210,325)	908,120
Ceded unearned premiums	19,022	(1,009)
Reinsurance balances payable	(864,638)	(23,689)
Reinsurance balances recoverable	(1,567,475)	(991,294)
Deferred policy acquisition costs	(617,926)	(291,657)
Unpaid losses and settlement expenses	5,572,567	232,302
Unearned premiums	1,296,802	679,060
Accrued expenses	(1,266,826)	(450,758)
Current federal income tax	163,924	34,078
Other	(118,260)	(292,181)
Net cash provided by operating activities	<u>3,394,017</u>	<u>482,617</u>
<b>Cash flows from investing activities:</b>		
Purchases of:		
Fixed maturity securities, available-for-sale	(4,818,111)	(2,494,500)
Common stocks	(709,822)	(3,310,389)
Preferred stocks	(651,918)	(81,953)
Other invested assets	(100,000)	—
Property held for investment	(402,375)	(30,018)
Property and equipment	(170,989)	(80,497)
Proceeds from sales, maturities and calls of:		
Fixed maturity securities, available-for-sale	2,445,125	3,484,432
Common stocks	636,104	687,015
Preferred stocks	365,508	78,469
Other invested assets	9,209	—
Property held for investment	—	243,588
Property and equipment	5,789	1,007
Net cash used in investing activities	<u>(3,391,480)</u>	<u>(1,502,846)</u>
<b>Cash flows from financing activities:</b>		
Repayments of borrowed funds	(3,054)	(2,960)
Purchase of treasury stock	(25,574)	(19,174)
Net cash used in financing activities	<u>(28,628)</u>	<u>(22,134)</u>
Net decrease in cash and cash equivalents	<u>(26,091)</u>	<u>(1,042,363)</u>
Cash and cash equivalents at beginning of year	4,606,378	6,598,842
Cash and cash equivalents at end of period	<u>\$ 4,580,287</u>	<u>\$ 5,556,479</u>
<b>Supplemental information:</b>		
Interest paid	\$ 59,900	\$ 52,600

See accompanying notes to consolidated financial statements.

## Notes to Unaudited Condensed Consolidated Financial Statements

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### A. DESCRIPTION OF BUSINESS

ICC Holdings, Inc. is a Pennsylvania corporation that was organized in 2016. As used in this Form 10-Q, references to the “Company,” “we,” “us,” and “our” refer to the consolidated group. On a stand-alone basis ICC Holdings, Inc. is referred to as the “Parent Company.” The consolidated group consists of the holding company, ICC Holdings, Inc.; ICC Realty, LLC, a real estate services and holding company; Beverage Insurance Agency, Inc., a non-insurance subsidiary; Estrella Innovative Solutions, Inc., an outsourcing company; Southern Hospitality Education, LLC, dba Katkin, a full-service food safety and education company; and Illinois Casualty Company (ICC), an operating insurance company that is the parent company of ICC Properties, LLC, a real estate series limited liability company. Both ICC and ICC Properties, LLC are Illinois domiciled companies.

We are a specialty insurance carrier primarily underwriting commercial multi-peril, liquor liability, workers’ compensation, and umbrella liability coverages for the food and beverage industry through our subsidiary insurance company, ICC. ICC writes business in Arizona, Colorado, Illinois, Indiana, Iowa, Kansas, Michigan, Minnesota, Missouri, Ohio, Pennsylvania, and Wisconsin and markets through independent agents. Approximately 23.3% and 24.8% of the premium is written in Illinois for the three months ended March 31, 2022 and 2021, respectively. The Company operates as one segment.

#### B. PRINCIPLES OF CONSOLIDATION AND 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 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 Annual Report on Form 10-K, for the year ended December 31, 2021 (the “2021 10-K”). 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 March 31, 2022, 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. SIGNIFICANT ACCOUNTING POLICIES

The Company reported its significant accounting policies in the 2021 10-K.

#### D. PROSPECTIVE ACCOUNTING STANDARDS

For information regarding accounting standards that the Company has not yet adopted, see the “Prospective Accounting Standards” in *Note 1 – Summary of Significant Accounting Policies* in the 2021 10-K. The Company maintains its status as an “emerging growth company,” as defined in the Jumpstart Our Business Startups Act of 2012 (the “JOBS Act”). We have taken advantage of the extended transition period provided by Section 107 of the JOBS Act. We decided to comply with the effective dates for financial accounting standards applicable to emerging growth companies later in compliance with the requirements in Sections 107(b)(2) and (3) of the JOBS Act. Such decision is irrevocable.

### E. PROPERTY AND EQUIPMENT

Annually, the Company reviews the major asset classes of property and equipment held for impairment. For the periods ended March 31, 2022 and 2021, the Company recognized no impairments. Property and equipment are summarized as follows:

	As of	
	March 31, 2022	December 31, 2021
Automobiles	\$ 495,182	\$ 507,889
Furniture and fixtures	504,177	512,268
Computer equipment and software	4,475,766	4,350,118
Home office	4,016,998	4,016,998
Total cost	9,492,123	9,387,273
Accumulated depreciation	(6,302,395)	(6,243,055)
Net property and equipment	\$ 3,189,728	\$ 3,144,218

### F. COMPREHENSIVE EARNINGS

Comprehensive earnings (loss) include net earnings (loss) 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 21% tax rate. Other comprehensive earnings, as shown in the consolidated statements of earnings and comprehensive earnings, is net of tax (benefit) of \$(1,320,893) and \$(591,860) for the three months ended March 31, 2022 and 2021, respectively.

The following table presents changes in accumulated other comprehensive earnings for unrealized gains and losses on available-for-sale securities:

	Three-Months Ended March 31,	
	2022	2021
Beginning balance	\$ 2,920,027	\$ 5,520,091
Other comprehensive loss before reclassification	(4,961,385)	(2,225,503)
Amount reclassified from accumulated other comprehensive loss	(7,684)	(1,019)
Net current period other comprehensive loss	(4,969,069)	(2,226,522)
Ending balance	\$ (2,049,042)	\$ 3,293,569

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 March 31,					
	2022			2021		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Other comprehensive loss, net of tax						
Unrealized gains and losses on AFS investments:						
Unrealized holding losses arising during the period	\$ (6,280,235)	\$ 1,318,850	\$ (4,961,385)	\$ (2,817,092)	\$ 591,589	\$ (2,225,503)
Reclassification adjustment for gains included in net earnings	(9,727)	2,043	(7,684)	(1,290)	271	(1,019)
Total other comprehensive loss	\$ (6,289,962)	\$ 1,320,893	\$ (4,969,069)	\$ (2,818,382)	\$ 591,860	\$ (2,226,522)



The following table provides the reclassifications from accumulated other comprehensive earnings for the periods presented:

Details about Accumulated Other Comprehensive Earnings Component	Amounts Reclassified from Accumulated Other Comprehensive Earnings		Affected Line Item in the Statement where Net Earnings is Presented
	Three-Month Periods Ended		
	2022	2021	
Unrealized (gains) on AFS investments:			
	\$ (9,727)	\$ (1,290)	Net realized investment (gains)
	2,043	271	Income tax expense
Total reclassification adjustment, net of tax	<u>\$ (7,684)</u>	<u>\$ (1,019)</u>	

## G. RISKS AND UNCERTAINTIES

Certain risks and uncertainties are inherent to our day-to-day operations. Adverse changes in the economy could lower demand for our insurance products or negatively impact our investment results, both of which could have an adverse effect on the revenue and profitability of our operations. The ongoing COVID-19 pandemic has resulted in, and could continue to result in, significant disruptions in economic activity and financial markets. The cumulative effects of COVID-19 on the Company, and the effect of any other public health outbreak, cannot be predicted, but could reduce demand for our insurance policies, result in increased level of losses, settlement expenses or other operating costs, or reduce the market value of invested assets held by the Company.

## 2. INVESTMENTS

The Company's investments are primarily composed of fixed income debt securities and common and preferred stock equity securities. We carry our equity securities at fair value and categorize all our fixed maturity debt securities as available-for-sale (AFS), 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 – 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.

### Available-for-Sale Fixed Maturity and Equity Securities

The following tables are a summary of the proceeds from sales, maturities, and calls of AFS fixed maturity and equity securities and the related gross realized gains and losses.

	For the Three-Months Ended March 31,			
	Proceeds	Gains	Losses	Net Realized Gains (Losses)
<b>2022</b>				
Fixed maturity securities	\$ 2,445,125	\$ 9,727	\$ —	\$ 9,727
Common stocks	636,104	204,190	(8,070)	196,120
Preferred stocks	365,508	7,745	(6,007)	1,738
<b>2021</b>				
Fixed maturity securities	\$ 3,484,432	\$ 1,319	\$ (29)	\$ 1,290
Common stocks	687,015	212,361	(32,397)	179,964
Preferred stocks	78,469	5,455	—	5,455

The amortized cost and estimated fair value of fixed income securities at March 31, 2022, by contractual maturity, are shown as follows:

	Amortized Cost	Fair Value
Due in one year or less	\$ 2,096,646	\$ 2,126,660
Due after one year through five years	15,916,814	15,824,375
Due after five years through 10 years	17,443,937	16,883,168
Due after 10 years	28,207,144	27,379,734
Asset and mortgage backed securities without a specific due date	40,585,715	39,433,239
Redeemable preferred stocks	215,805	225,244
<b>Total fixed maturity securities</b>	<b>\$ 104,466,061</b>	<b>\$ 101,872,420</b>

Expected maturities may differ from contractual maturities due to call provisions on some existing securities.

The following table is a schedule of amortized cost and estimated fair values of investments in securities classified as available for sale at March 31, 2022 and December 31, 2021:

	Amortized Cost	Fair Value	Gross Unrealized	
			Gains	Losses
<b>2022</b>				
Fixed maturity securities:				
U.S. Treasury	\$ 1,353,485	\$ 1,293,070	\$ —	\$ (60,415)
MBS/ABS/CMBS	40,585,715	39,433,239	69,792	(1,222,268)
Corporate	39,892,850	39,267,144	652,554	(1,278,260)
Municipal	22,418,206	21,653,723	321,137	(1,085,621)
Redeemable preferred stock	215,805	225,244	9,439	—
<b>Total fixed maturity securities</b>	<b>\$ 104,466,061</b>	<b>\$ 101,872,420</b>	<b>\$ 1,052,922</b>	<b>\$ (3,646,564)</b>

	Amortized Cost	Fair Value	Gross Unrealized	
			Gains	Losses
<b>2021</b>				
Fixed maturity securities:				
U.S. Treasury	\$ 1,352,044	\$ 1,345,992	\$ 11,276	\$ (17,328)
MBS/ABS/CMBS	40,712,275	41,023,871	607,483	(295,887)
Corporate	38,959,905	41,206,964	2,434,738	(187,679)
Municipal	20,905,194	22,031,831	1,149,998	(23,361)
Redeemable preferred stock	215,805	232,885	17,080	—
<b>Total fixed maturity securities</b>	<b>\$ 102,145,223</b>	<b>\$ 105,841,543</b>	<b>\$ 4,220,575</b>	<b>\$ (524,255)</b>

All the Company's collateralized securities carry an average credit rating of AA+ by one or more major rating agencies and continue to pay according to contractual terms. Included within MBS/ABS/CMBS, as defined in *Note 3 – Fair Value Disclosures*, are asset backed securities with fair values of \$13,743,581 and \$14,351,099, residential mortgage backed securities of \$14,488,268 and \$14,975,101, and commercial mortgage backed securities of \$11,201,390 and \$11,697,671 at March 31, 2022 and December 31, 2021, respectively.

## ANALYSIS

The following tables are also used as part of the impairment analysis and displays the total value of securities that were in an unrealized loss position as of March 31, 2022 and December 31, 2021. The tables segregate the securities based on type, noting the fair value, 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.

	March 31, 2022			December 31, 2021		
	< 12 Months	12 Months & Greater	Total	< 12 Months	12 Months & Greater	Total
<b>Fixed Maturity Securities:</b>						
<b>U.S. Treasury</b>						
Fair value	\$ 638,508	\$ 654,563	\$ 1,293,071	\$ 391,250	\$ 291,891	\$ 683,141
Amortized cost	653,051	700,435	1,353,486	400,408	300,061	700,469
Unrealized loss	(14,543)	(45,872)	(60,415)	(9,158)	(8,170)	(17,328)
<b>MBS/ABS/CMBS</b>						
Fair value	27,475,180	6,371,179	33,846,359	20,403,757	1,124,095	21,527,852
Amortized cost	28,108,983	6,959,644	35,068,627	20,647,568	1,176,171	21,823,739
Unrealized loss	(633,803)	(588,465)	(1,222,268)	(243,811)	(52,076)	(295,887)
<b>Corporate</b>						
Fair value	17,256,927	2,067,868	19,324,795	6,428,166	995,235	7,423,401
Amortized cost	18,335,521	2,267,534	20,603,055	6,590,227	1,020,853	7,611,080
Unrealized loss	(1,078,594)	(199,666)	(1,278,260)	(162,061)	(25,618)	(187,679)
<b>Municipal</b>						
Fair value	12,131,067	231,406	12,362,473	2,676,052	269,247	2,945,299
Amortized cost	13,174,815	273,279	13,448,094	2,695,269	273,391	2,968,660
Unrealized loss	(1,043,748)	(41,873)	(1,085,621)	(19,217)	(4,144)	(23,361)
<b>Total</b>						
Fair value	57,501,682	9,325,016	66,826,698	29,899,225	2,680,468	32,579,693
Amortized cost	60,272,370	10,200,892	70,473,262	30,333,472	2,770,476	33,103,948
Unrealized loss	\$ (2,770,688)	\$ (875,876)	\$ (3,646,564)	\$ (434,247)	\$ (90,008)	\$ (524,255)

The fixed income portfolio contained 146 securities in an unrealized loss position as of March 31, 2022. Of these 146 securities, 18 have been in an unrealized loss position for 12 consecutive months or longer and represent \$875,876 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 other-than-temporary impairment losses recognized in net earnings during the first three months ended March 31, 2022. For all fixed income securities at a loss at March 31, 2022, 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 for each security, which may be at maturity. The fixed income securities in an unrealized loss position were not other-than-temporarily impaired at March 31, 2022 and December 31, 2021.

## UNREALIZED GAINS AND LOSSES ON EQUITY SECURITIES

Net unrealized (losses) for the three months ended March 31, 2022 for equity securities held as of March 31, 2022 were \$(1,292,692). Net unrealized gains for the three months ended March 31, 2021 for equity securities held as of March 31, 2021 were \$876,316.

## Other Invested Assets

Other invested assets as of March 31, 2022 and December 31, 2021 were \$3,175,674 and \$3,086,568, respectively.

Other invested assets include membership in the Federal Home Loan Bank of Chicago (FHLBC), which occurred in February 2018. As of March 31, 2022 and December 31, 2021, our investment in FHLBC stock was carried at cost of \$300,000 and \$300,000, respectively. Due to the nature of our membership in the FHLBC, the carrying amount approximates fair value.

In addition, other invested assets as of March 31, 2022 include privately held investments of \$1,816,228 and notes receivable of \$1,059,446, compared to \$1,720,502 and \$1,066,066, respectively, at December 31, 2021. The notes bear interest

between 3.9% and 6.5%. As of March 31, 2022, \$9,209 in note payments were received and \$2,588 in accrued escrow and interest receivable was recorded. Comparatively, as of March 31, 2021, no note payments were received and \$4,325 in accrued escrow and interest receivable was recorded. The Company had no allowance recorded related to uncollectible note receivables at March 31, 2022 and December 31, 2021.

In November 2021, we agreed to commit up to \$10.0 million to a private investment fund, subject to regulatory approval, which may be callable from time to time by such fund. As of March 31, 2022 and December 31, 2021, no calls were received.

### 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), Commercial Mortgage-backed Securities (CMBS) 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, CMBS, CMO and ABS with corroborated and observable inputs are classified as Level 2. All MBS, CMBS, CMO and ABS holdings are deemed Level 2.

**U.S. Treasury Bonds, Common Stocks and Exchange Traded Funds**—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.

**Preferred Stock**—Preferred stocks do not have readily observable prices, but do have quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets in markets that are not active; and inputs other than quoted prices and are classified as Level 2. All preferred stock holdings are deemed Level 2.

## [Table of Contents](#)

Due to the relatively short-term nature of cash and cash equivalents, their carrying amounts are reasonable estimates of fair value. Other invested assets as well as debt obligations 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.

Assets measured at fair value on a recurring basis as of March 31, 2022, are summarized below:

	Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>AFS securities</b>				
<b>Fixed maturity securities</b>				
U.S. treasury	\$ 1,293,070	\$ —	\$ —	\$ 1,293,070
MBS/ABS/CMBS	—	39,433,239	—	39,433,239
Corporate	—	39,267,144	—	39,267,144
Municipal	—	21,653,723	—	21,653,723
Redeemable preferred stocks	—	225,244	—	225,244
Total fixed maturity securities	1,293,070	100,579,350	—	101,872,420
<b>Equity securities</b>				
Common stocks	22,795,115	—	—	22,795,115
Perpetual preferred stocks	—	2,858,036	—	2,858,036
Total equity securities	22,795,115	2,858,036	—	25,653,151
<b>Total marketable investments measured at fair value</b>	<b>\$ 24,088,185</b>	<b>\$ 103,437,386</b>	<b>\$ —</b>	<b>\$ 127,525,571</b>

Assets measured at fair value on a recurring basis as of December 31, 2021, are summarized below:

	Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
<b>AFS securities</b>				
<b>Fixed maturity securities</b>				
U.S. treasury	\$ 1,345,992	\$ —	\$ —	\$ 1,345,992
MBS/ABS/CMBS	—	41,023,871	—	41,023,871
Corporate	—	41,206,964	—	41,206,964
Municipal	—	22,031,831	—	22,031,831
Redeemable preferred stocks	—	232,885	—	232,885
Total fixed maturity securities	1,345,992	104,495,551	—	105,841,543
<b>Equity securities</b>				
Common stocks	23,608,197	—	—	23,608,197
Perpetual preferred stocks	—	2,780,450	—	2,780,450
Total equity securities	23,608,197	2,780,450	—	26,388,647
<b>Total marketable investments measured at fair value</b>	<b>\$ 24,954,189</b>	<b>\$ 107,276,001</b>	<b>\$ —</b>	<b>\$ 132,230,190</b>

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 March 31, 2022 and December 31, 2021. Additionally, there were no securities transferred in or out of Levels 1 or 2 during the three month periods ended March 31, 2022 and 2021.

## 4. DEBT

### Debt Obligation

ICC Holdings, Inc. secured a loan with a commercial bank in March 2017 in the amount of \$3.5 million and used the proceeds to repay ICC for the money borrowed by the ESOP. The term of the loan is five years bearing interest at 3.65%. The Company pledged stock and \$1.0 million of marketable assets as collateral for the loan. The Company paid off this loan in April 2022.

The Company also has borrowing capacity up to approximately \$37 million in the aggregate from its membership with the Federal Home Loan Bank of Chicago (FHLBC).

As part of the Company's response to COVID-19, the Company obtained, in March 2020, a \$6.0 million loan from the FHLBC as a precautionary measure to increase its cash position, to provide increased liquidity, and to compensate for potential reductions in premium receivable collections. The term of the loan is five years bearing interest at 1.4%. The Company pledged \$6.8 million of fixed income securities as collateral for this loan.

In May 2021, the Company entered into a \$4.0 million, 0.74% fixed interest, one year FHLBC loan. Collateral totaling \$7.4 million supports both the \$6.0 million and \$4.0 million outstanding FHLBC loans and consists of fixed income securities.

A one year FHLBC loan for \$5.0 million, 0% interest was entered into in May 2021. Upon maturity in May 2022, this loan will rollover to a \$5.0 million, 1.36% fixed interest loan. Collateral totaling \$5.8 million supports this new FHLBC loan and consists of fixed income securities.

The total balance of the debt agreements at March 31, 2022 and December 31, 2021 was \$18,452,288 and \$18,455,342, respectively. The average interest rate on remaining debt was 1.3% as of March 31, 2022 and 1.3% as of December 31, 2021.

### Revolving Line of Credit

We maintain a revolving line of credit with a commercial bank which permits borrowing up to an aggregate principal amount of \$2.0 million. This line of credit is priced at Prime plus 0.5% and renews annually with a current expiration date of July 2022. The Company pledged \$2.0 million of business assets in the event the Company draws down on the line of credit. This agreement includes an annually calculated financial debt covenant requiring a minimum total adjusted capital of \$21.0 million. As of December 31, 2021, the Company was in compliance with its financial debt covenant.

There was no interest paid on the line of credit during the three months ended March 31, 2022 and 2021.

## 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.

Through the purchase of reinsurance, the Company also generally limits its net loss on any individual risk to a maximum of \$1,000,000 for casualty and workers' compensation business and \$750,000 for property, although certain treaties contain an annual aggregate deductible before reinsurance applies.

Premiums, written and earned, along with losses and settlement expenses incurred for the periods presented is summarized as follows:

	Three-Month Periods Ended March 31,	
	2022	2021
<b>WRITTEN</b>		
Direct	\$ 19,566,183	\$ 15,172,035
Reinsurance assumed	36,948	27,898
Reinsurance ceded	(2,270,628)	(2,473,168)
Net	<u>\$ 17,332,503</u>	<u>\$ 12,726,765</u>
<b>EARNED</b>		
Direct	\$ 18,264,700	\$ 14,482,050
Reinsurance assumed	41,628	38,822
Reinsurance ceded	(2,289,651)	(2,472,159)
Net	<u>\$ 16,016,677</u>	<u>\$ 12,048,713</u>
<b>LOSS AND SETTLEMENT EXPENSES INCURRED</b>		
Direct	\$ 12,613,142	\$ 10,767,434
Reinsurance assumed	45,409	25,445
Reinsurance ceded	(2,463,350)	(2,990,173)
Net	<u>\$ 10,195,201</u>	<u>\$ 7,802,706</u>

## 6. UNPAID LOSSES AND SETTLEMENT EXPENSES

The following table is a reconciliation of the Company's unpaid losses and settlement expenses:

	For the Three-Months Ended March 31,	
	2022	2021
<i>(In thousands)</i>		
Unpaid losses and settlement expense - beginning of the period:		
Gross	\$ 61,835	\$ 61,576
Less: Ceded	14,521	13,020
Net	47,314	48,556
Increase in incurred losses and settlement expense:		
Current year	7,525	7,142
Prior years	2,670	661
Total incurred	10,195	7,803
Deduct: Loss and settlement expense payments for claims incurred:		
Current year	1,389	1,288
Prior years	4,802	7,274
Total paid	6,191	8,562
Net unpaid losses and settlement expense - end of the period	51,318	47,797
Plus: Reinsurance recoverable on unpaid losses	16,089	14,011
Gross unpaid losses and settlement expense - end of the period	<u>\$ 67,407</u>	<u>\$ 61,808</u>

For the three months ended March 31, 2022 and 2021, we experienced unfavorable development of \$2,670,000 and \$661,000, respectively. The unfavorable development for the three months ended March 31, 2022 was primarily driven by new claims and additional information received in the current quarter for a handful of prior year claims in the following lines of business and denoted accident years: Business Owners Liability (2020; one claim), Liquor Liability (2021; seven claims), and Business Owners Property (2021; five claims). The Workers' Compensation line of business was the primary driver of adverse development for the three months ended March 31, 2021.

**7. INCOME TAXES**

The Company's effective tax rate for the three month periods ended March 31, 2022 was 23.7% compared to 21.1% for the same period in 2021. Effective rates are dependent upon components of pretax earnings and losses and the related tax effects.

Income tax expense for the three month periods ended March 31, 2022 and 2021 differed from the amounts computed by applying the U.S. federal tax rate of 21% to pretax income from continuing operations as demonstrated in the following table:

	For the Three-Months Ended March 31,	
	2022	2021
Provision for income taxes at the statutory federal tax rates	\$ (44,088)	\$ 309,097
Increase (reduction) in taxes resulting from:		
Dividends received deduction	(11,281)	(8,108)
Tax-exempt interest income	(13,351)	(14,794)
Proration of tax-exempt interest and dividends received deduction	5,970	5,564
Nondeductible expenses	17,292	18,026
Officer life insurance, net	(4,347)	166
Total	\$ (49,805)	\$ 309,951

Management believes it is more likely than not that all deferred tax assets will be recovered as the result of future operations, which will generate sufficient taxable income to realize the deferred tax asset.

As of March 31, 2022 and December 31, 2021, the Company does not have any capital or operating loss carryforwards. Periods still subject to IRS audit include 2018 through current year. There are currently no open tax exams.

**8. EMPLOYEE BENEFITS****ESOP**

In connection with our conversion and public offering, we established an ESOP. The ESOP borrowed from the Company to purchase 350,000 shares in the offering. The issuance of the shares to the ESOP resulted in a contra account established in the equity section of the balance sheet for the unallocated shares at an amount equal to their \$10.00 per share purchase price.

The Company may make discretionary contributions to the ESOP and pay dividends on unallocated shares to the ESOP. ICC makes annual contributions to the ESOP sufficient to repay the loan. When loan payments are made, ESOP shares are allocated to participants based on relative compensation. No contributions to the ESOP were made during the three months ended March 31, 2022 and 2021, respectively.

A compensation expense charge is booked monthly during each year for the shares committed to be allocated to participants that year, determined with reference to the fair market value of our stock at the time the commitment to allocate the shares is accrued and recognized. For the three months ended March 31, 2022, we recognized compensation expense of \$96,594 related to 5,779 shares of our common stock that are committed to be released to participants' accounts at December 31, 2022. Of the 5,779 shares committed to be released, 1,926 shares were committed on March 31, 2022 and had no impact on the weighted average common shares outstanding for the three months ended March 31, 2022. For the three months ended March 31, 2021, we recognized compensation expense of \$82,750 related to 5,779 shares of our common stock that were committed to be released to participants' accounts at December 31, 2021. Of the 5,779 shares committed to be released at December 31, 2021, 1,991 shares were committed on March 31, 2021 and had no impact on the weighted average common shares outstanding for the three months ended March 31, 2021.

**RESTRICTED STOCK UNITS**

Restricted stock units (RSUs) were granted for the first time in February 2018 with additional RSUs granted in March 2019, April 2020, and April 2021. RSUs have a grant date value equal to the closing price of the Company's stock on the dates the shares are granted. The RSUs vest one third over three years beginning the first anniversary of the date of grant.



As of March 31, 2022, 11,700, 13,071, 18,040, and 15,000 RSUs have been granted at a fair market value of \$15.10, \$13.70, \$11.03, and \$14.78 per share, respectively. As of March 31, 2021, 11,700, 13,071, and 18,040 RSUs have been granted at a fair market value of \$15.10, \$13.70, and \$11.03 per share, respectively. We recognized \$44,504 and \$38,116 of expense on these units in the three months ended March 31, 2022 and 2021, respectively. Total unrecognized compensation expense relating to outstanding and unvested RSUs was \$214,555 as of March 31, 2022, which will be recognized over the remainder of their respective three years of vesting.

## **9. SUBSEQUENT EVENTS**

Subsequent events have been evaluated through the date the financial statements were issued.

On April 1, 2022, the Company granted 12,900 RSUs to members of executive staff.

## Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations

The Private Securities Litigation Reform Act of 1995 (the “Reform Act”) provides a safe harbor for forward-looking statements made by or on behalf of ICC Holdings, Inc. ICC Holdings, Inc. and its representatives may, from time to time, make written or verbal forward-looking statements, including statements contained in ICC Holdings, Inc.’s filings with the Securities and Exchange Commission (SEC) and its reports to shareholders. Generally, the inclusion of the words “anticipates,” “believe,” “estimate,” “expect,” “future,” “intend,” “may,” “plans,” “seek,” “will,” or the negative of such terms and similar expressions identify statements that constitute “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934 and that are intended to come within the safe harbor protection provided by those sections. All statements addressing operating performance, events, or developments that ICC Holdings, Inc. expects or anticipates will occur in the future, including statements relating to sales growth, earnings or earnings per share growth, and market share, as well as statements expressing optimism or pessimism about future operating results, are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are and will be based on management’s then-current beliefs and assumptions regarding future events and operating performance and on information currently available to management, and are applicable only as of the dates of such statements.

Forward-looking statements involve risks, uncertainties and assumptions, including, among other things, the factors discussed under the heading “Item 1A. Risk Factors” of ICC Holdings, Inc.’s Annual Report on Form 10-K and those listed below. Although we do not make forward-looking statements unless we believe we have a reasonable basis for doing so, we cannot guarantee their accuracy. Actual results may differ materially from those expressed in these forward-looking statements due to several uncertainties and risks, including the risks described in this Quarterly Report on Form 10-Q and other unforeseen risks. Readers should not put undue reliance on any forward-looking statements. These statements speak only as of the date of this Quarterly Report on Form 10-Q, even if subsequently made available by us on our website or otherwise, and we undertake no obligation to update or revise these statements to reflect events or circumstances occurring after the date of this Quarterly Report on Form 10-Q.

All of these factors are difficult to predict and many are beyond our control. These important factors include those discussed under “Item 1A. Risk Factors” of ICC Holdings, Inc.’s 2021 Annual Report on Form 10-K 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, including those related to health emergencies and the spread of infectious diseases and pandemics;
- 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, inflation 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;
- actual claims may exceed our best estimate of ultimate insurance losses incurred through March 31, 2022 resulting directly from the COVID-19 pandemic and consequent economic crises;
- our reserves at March 31, 2022 could change including as a result of, among other things, the impact of legislative or regulatory actions taken in response to COVID-19;
- the continued impact of COVID-19, its variants and related risks, including from shelter-in-place and other restrictive orders, unemployment, supply chain disruptions, and the financial market volatility, could continue to adversely impact our results, including premiums written and investment income;
- infection rates, severity of pandemics, including COVID-19 and its variants, civil unrest and their effects on our business operations and claims activity, and any adverse impact to our insureds, brokers, agents, and employees;
- 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 settlement 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;
- ☐ litigation tactics and developments, including those related to business interruption claims; 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 Holdings, Inc. or any person acting on our behalf is expressly qualified in its entirety by the cautionary statement contained or referred to in this section.

## Overview

ICC 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 mutual-to-public company conversion, ICC became a wholly owned subsidiary of ICC Holdings, Inc.

For the three months ended March 31, 2022, we had direct written premiums of \$19,566,000, net premiums earned of \$16,017,000, and net loss of \$160,000. For the three months ended March 31, 2021, we had direct premiums written of \$15,172,000, net premiums earned of \$12,049,000, and net earnings of \$1,162,000. At March 31, 2022, we had total assets of \$198,610,000 and equity of \$69,691,000. At December 31, 2021, we had total assets of \$200,002,000 and equity of \$74,704,000.

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. We decided to comply with the effective dates for financial accounting standards applicable to emerging growth companies later in compliance with the requirements in Sections 107(b)(2) and (3) of the JOBS Act. Such decision is irrevocable.

Our “emerging growth company” status will expire in connection with the filing of our annual report on Form 10-K for the year ended December 31, 2022.

## Principal Revenue and Expense Items

We derive our revenue primarily from premiums earned, net investment income and net realized and unrealized 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).

*Net 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, 2022, one-half of the premiums would be earned in 2022 and the other half would be earned in 2023.

*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 securities and real estate. Investment income includes interest and dividends earned on invested assets as well as rental income on investment properties. 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 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. We recognize in earnings the change in unrealized gains and losses on equity securities when our equity securities are trading at an amount greater than or less than their cost, respectively. Unrealized (losses) on equity securities for the three months ended March 31, 2022 were \$(1,293,000). Unrealized gains for the three months ended March 31, 2021 for equity securities were \$876,000. Our portfolio of investment securities is managed by two independent third parties with managers specializing in the insurance industry.

ICC's expenses consist primarily of:

*Losses and settlement expenses*

Losses and settlement 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 other operating 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 are expensed as incurred. These costs include salaries, rent, office supplies, and depreciation. Other operating expenses consist primarily of information technology costs, accounting and internal control salaries, as well as audit and legal expenses.

*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 operational financial measures that we believe are valuable in managing our business and for comparison to our peers. These operational measures are combined ratio, written premiums, underwriting income, the losses and settlement 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 losses and settlement expense, underwriting expense and combined ratios. We also measure profitability by examining underwriting income (loss) and net earnings (loss).

#### *Losses and settlement expense ratio*

The losses and settlement expense ratio is the ratio (expressed as a percentage) of losses and settlement expenses incurred to net premiums earned. We measure the losses and settlement expense ratio on an accident year and calendar year loss basis to measure underwriting profitability. An accident year loss ratio measures losses and settlement 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 settlement 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 other operating expenses 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 losses and settlement 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 losses and settlement expense, amortization of deferred policy acquisition costs, and underwriting and administrative expenses from net earned premiums. Each of these items is presented as a caption in our statements of earnings.

#### *Net earnings (loss) and return on average equity*

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

### **Critical Accounting Policies**

The accounting policies and estimates considered by management to be critically important in the preparation and understanding of the Company's financial statements and related disclosures are presented in the Management's Discussion and Analysis of Financial Condition and Results of Operations section of the Company's Annual Report on Form 10-K for the year ended December 31, 2021.

### **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 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 following summarizes our results for the three months ended March 31, 2022 and 2021:**

*Premiums*

Direct premiums written grew by \$4,394,000, or 29.0%, to \$19,566,000 for the three months ended March 31, 2022 from \$15,172,000 for the same period of 2021. Net written premium increased by \$4,605,000, or 36.2%, to \$17,332,000 for the three months ended March 31, 2022 from \$12,727,000 for the same period in 2021. Net premiums earned grew by \$3,968,000, or 32.9%, in the three months ended March 31, 2022 as compared to the three months ended March 31, 2021, consistent with prior year's increased premium writings coupled with less earned premium ceded to reinsurers.

For the three months ended March 31, 2022, we ceded to reinsurers \$2,290,000 of earned premiums, compared to \$2,472,000 of earned premiums for the three months ended March 31, 2021. Ceded earned premiums as a percent of direct premiums written decreased to 11.7% from 16.3% for the three months ended March 31, 2022 as compared to the three months ended March 31, 2021 due to lower reinsurance ceding rates.

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

*Investment Income*

Net investment income increased by \$116,000, or 14.5%, to \$917,000 for the three months ended March 31, 2022, as compared to \$801,000 for the same period in 2021 as a result of an increase in our bond portfolio's investment income which is sensitive to the changes in interest rates.

*Other Income*

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. Another component of other income is attributable to sales made by the Company's subsidiary, Katkin, which was acquired in October 2021. Other income increased by \$112,000 or 238.3% during the three months ended March 31, 2022 as a result of the current period's fewer premium write offs and the Katkin sales in 2022 compared to zero sales during the same period in 2021.

*Unpaid Losses and Settlement Expenses*

The following table details our unpaid losses and settlement expenses.

	For the Three-Months Ended March 31,	
	2022	2021
<i>(In thousands)</i>		
Unpaid losses and settlement expense - beginning of the period:		
Gross	\$ 61,835	\$ 61,576
Less: Ceded	14,521	13,020
Net	47,314	48,556
Increase in incurred losses and settlement expense:		
Current year	7,525	7,142
Prior years	2,670	661
Total incurred	10,195	7,803
Deduct: Loss and settlement expense payments for claims incurred:		
Current year	1,389	1,288
Prior years	4,802	7,274
Total paid	6,191	8,562
Net unpaid losses and settlement expense - end of the period	51,318	47,797
Plus: Reinsurance recoverable on unpaid losses	16,089	14,011
Gross unpaid losses and settlement expense - end of the period	\$ 67,407	\$ 61,808

Net unpaid losses and settlement expenses increased by \$3,520,500, or 7.4%, in the three months ended March 31, 2022 as compared to the same period in 2021. For the three months ended March 31, 2022 and 2021, we experienced unfavorable development of \$2,670,000 and \$661,000, respectively. The unfavorable development for the three months ended March 31, 2022 was primarily driven by new claims and additional information received in the current quarter for a handful of prior year claims in the following lines of business and denoted accident years: Business Owners Liability (2020; one claim), Liquor

## [Table of Contents](#)

Liability (2021; seven claims), and Business Owners Property (2021; five claims). The Workers' Compensation line of business was the primary driver of adverse development for the three months ended March 31, 2021.

### *Losses and Settlement Expenses*

Losses and settlement expenses increased by \$2,392,000, or 30.7%, to \$10,195,000 for the three months ended March 31, 2022, from \$7,803,000 for the same period in 2021. The increase in losses and settlement expenses was driven in part by increased earned premium in the current quarter and the \$2,670,000 in prior year adverse loss development.

### *Policy Acquisition Costs and Other Operating Expenses and the Expense Ratio*

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. Other operating expenses consist primarily of information technology costs, accounting and internal control salaries, as well as audit and legal expenses. Policy acquisition costs and other operating expenses increased by \$1,304,000, or 29.2%, to \$5,772,000 for the three months ended March 31, 2022 from \$4,468,000 for the same period in 2021. The increase in these expenses is consistent with the current period's premium growth experienced across our market footprint. In addition, the Company provided non-executive employees cost of living adjustments in recognition of inflation's current impact on employees.

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 general corporate expenses.

Our expense ratio decreased by 103 basis points from 37.07% to 36.04% for the three months ended March 31, 2022 as compared to the same period in 2021. The primary driver for this change was an increase in earned premium.

### *General Corporate Expenses*

General corporate expenses consist primarily of occupancy costs, such as rent and utilities. These costs are largely fixed and, therefore, do not vary significantly with premium volume but do vary with the Company's changes in properties held for investment. Our general corporate expenses increased by \$26,000, or 16.0%, in the three months ended March 31, 2022 as compared to the same period in 2021.

### *Interest Expense*

Interest expense increased to \$61,000 for the three months ended March 31, 2022 from \$54,000 for the same period during 2021 primarily due to three months of interest for the \$4.0 million FHLBC loan entered into in May 2021 for which interest did not exist in the first three months of 2021.

### *Income Tax Expense*

We reported income tax benefit of \$50,000 and income tax expense of \$310,000 for the three months ended March 31, 2022 and 2021, respectively. The decrease in income tax expense in 2022 relates to a pretax loss for the three months ended March 31, 2022 compared to pretax earnings for the same period in 2021. Our effective tax rate for the three months ended March 31, 2022 was 23.7%, compared to 21.1% for the same period in 2021. Effective rates are dependent upon components of pretax earnings and losses and the related tax effects.

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

**Financial Position**

The following summarizes our financial position as of March 31, 2022 and December 31, 2021:

**Unpaid Losses and Settlement Expense**

Our reserves for unpaid loss and settlement expense are summarized below:

<i>(In thousands)</i>	As of March 31, 2022	As of December 31, 2021
Case reserves	\$ 29,492	\$ 26,309
IBNR reserves	21,826	21,005
Net unpaid losses and settlement expense	51,318	47,314
Reinsurance recoverable on unpaid loss and settlement expense	16,089	14,521
Reserves for unpaid loss and settlement expense	<u>\$ 67,407</u>	<u>\$ 61,835</u>

**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 March 31, 2022 and December 31, 2021.

**As of March 31, 2022**

<i>(In thousands)</i>	Case Reserves	IBNR Reserves	Total Reserves
Commercial liability	\$ 22,264	\$ 19,108	\$ 41,372
Property	3,692	(336)	3,356
Other	3,536	3,054	6,590
Total net reserves	29,492	21,826	51,318
Reinsurance recoverables	4,545	11,544	16,089
Gross reserves	<u>\$ 34,037</u>	<u>\$ 33,370</u>	<u>\$ 67,407</u>

**As of December 31, 2021**

<i>(In thousands)</i>	Case Reserves	IBNR Reserves	Total Reserves	Actuarially Determined Range of Estimates	
				Low	High
Commercial liability	\$ 19,223	\$ 18,540	\$ 37,763		
Property	3,018	(558)	2,460		
Other	4,068	3,023	7,091		
Total net reserves	26,309	21,005	47,314	\$ 41,980	\$ 49,737
Reinsurance recoverables	4,002	10,519	14,521	12,932	17,112
Gross reserves	<u>\$ 30,311</u>	<u>\$ 31,524</u>	<u>\$ 61,835</u>	<u>\$ 54,912</u>	<u>\$ 66,849</u>

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 settlement expense 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 settlement expense 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 settlement expense 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 settlement expense 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 three months ended March 31, 2022 and 2021, we experienced unfavorable development of \$2,670,000 and \$661,000, respectively.

Potential for variability in our reserves is evidenced by this development. As further illustration of reserve variability, we initially estimated unpaid loss and settlement expense net of reinsurance at the end of 2021 at \$47,314,000. As of March 31, 2022, that reserve was re-estimated at \$49,984,000, which is \$2,670,000, or 5.6%, higher than the initial estimate.

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 (18.2)% to (3.1)%. As shown in the table below, since 2017, the variance in our originally estimated accident year selections range from (3.8)% deficient to 5.8% redundant as of March 31, 2022.

**Recent Variabilities of Incurred Losses and Settlement Expense, Net of Reinsurance**

<i>(In thousands)</i>	<b>Accident Year Data</b>				
	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>
As originally estimated	\$ 29,801	\$ 29,762	\$ 33,564	\$ 31,356	\$ 33,968
As estimated at March 31, 2022	30,932	28,049	34,546	30,106	35,232
Net cumulative (deficiency) redundancy	\$ (1,131)	\$ 1,712	\$ (981)	\$ 1,251	\$ (1,264)
% (deficiency) redundancy	(3.8)%	5.8%	(2.9)%	4.0%	(3.7)%

The table below summarizes the impact on equity, net of tax, from changes in estimates of net unpaid loss and settlement expense:

<i>(In thousands)</i>	<b>December 31, 2021</b>	
	<b>Aggregate Loss and Settlement Reserve</b>	<b>Percentage Change in Equity</b>
<b>Reserve Range for Unpaid Losses and Settlement Expense</b>		
Low End	\$ 41,980	5.6%
Recorded	47,314	0.0%
High End	49,737	(2.6)%

If the net loss and settlement expense reserves were recorded at the high end of the actuarially determined range as of December 31, 2021, the loss and settlement expense reserves would increase by \$(1,581,000) before taxes. This increase in reserves would have the effect of decreasing net earnings and equity as of December 31, 2021 by \$(1,249,000). If the loss and settlement expense reserves were recorded at the low end of the actuarially-determined range as of December 31, 2021, the net loss and settlement expense reserves at December 31, 2021 would be reduced by \$9,338,000 with corresponding increases in net earnings and equity of \$7,377,000.

### Investments

Our investments are primarily composed of fixed maturity debt securities and both common and preferred stock equity securities. We categorize all our debt securities as available-for-sale (AFS), which are carried at fair value as determined by management based upon quoted market prices when available. 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. Changes in unrealized investment gains or losses on our AFS securities, net of applicable income taxes, are reflected directly in equity as a component of comprehensive earnings (loss) and, accordingly, have no effect on net earnings (loss). Equity securities are carried at fair value with subsequent changes in fair value recorded in net earnings (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 are as follows:

(In thousands)	March 31, 2022					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury	\$ 639	\$ (14)	\$ 655	\$ (46)	\$ 1,294	\$ (60)
MBS/ABS/CMBS	27,475	(634)	6,371	(588)	33,846	(1,222)
Corporate	17,257	(1,079)	2,068	(200)	19,325	(1,279)
Municipal	12,131	(1,044)	231	(42)	12,362	(1,086)
Total temporarily impaired fixed maturity securities	\$ 57,502	\$ (2,771)	\$ 9,325	\$ (876)	\$ 66,827	\$ (3,647)

(In thousands)	December 31, 2021					
	Less than 12 Months		12 Months or Longer		Total	
	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses	Fair Value	Unrealized Losses
U.S. Treasury	\$ 391	\$ (9)	\$ 292	\$ (8)	\$ 683	\$ (17)
MBS/ABS/CMBS	20,404	(244)	1,124	(52)	21,528	(296)
Corporate	6,428	(162)	995	(26)	7,423	(188)
Municipal	2,676	(19)	269	(4)	2,945	(23)
Total temporarily impaired fixed maturity securities	\$ 29,899	\$ (434)	\$ 2,680	\$ (90)	\$ 32,579	\$ (524)

### Corporate Bonds

The net unrealized gain in the Corporate bond portfolio decreased by about \$2.9 million from a gain of \$2,247,000 at the end of 2021 to a loss of \$(626,000) as of March 31, 2022. Two factors drove this significant decline. First was the meaningful higher shift in Treasury yields as a response to news that the Fed would be more aggressive in removing economic accommodations. During the quarter, five year and ten year Treasury rates moved up 120 bps and 83 bps, respectively. Additionally, Corporate spreads widened throughout the quarter, driven mainly by geopolitical concerns arising from Russia's invasion of Ukraine. During the quarter, Corporate spreads widened about 25 bps.

### Municipal Bonds

The net unrealized gain in the Municipal portfolio decreased by about \$1.9 million from a gain of \$1,127,000 at the end of 2021 to a loss of \$(764,000) as of March 31, 2022. Like Corporates, Municipal prices declined as Treasury rates rose in the first three months of the year and spreads widened.

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

## [Table of Contents](#)

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 other-than-temporary. If we identify that an other-than-temporary impairment (OTTI) 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 OTTI 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 OTTI will be recognized in earnings.

For the three months ended March 31, 2022, the Company did not take an impairment charge on any of its security holdings. 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 daily, 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 can 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 March 31, 2022 and December 31, 2021, 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 three months ended March 31, 2022 and 2021 and for the year ended December 31, 2021, and no adjustments were made to the estimates provided by the pricing service. 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 acquisition costs consisting of direct and ceded 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 March 31, 2022 and December 31, 2021, deferred acquisition costs and the related unearned premium reserves were as follows:

(In thousands)	March 31, 2022		December 31, 2021	
Deferred acquisition costs	\$	7,157	\$	6,539
Unearned premium reserves		37,509		36,212

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 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 March 31, 2022 and December 31, 2021, we had no material unrecognized tax benefits or accrued interest and penalties. Federal tax years 2018 through the current year are open for examination.

#### *Other Assets*

As of March 31, 2022 and December 31, 2021, other assets totaled \$1,305,000 and \$1,344,000, respectively. The decrease in other assets primarily relates to a decrease in prepaid fees. Other assets include Corporate Owned Life Insurance policies on Arron K. Sutherland, President and Chief Executive Officer, and Norman D. Schmeichel, Vice President – Chief Information Officer.

#### *Outstanding Debt*

As of March 31, 2022 and December 31, 2021, outstanding debt balances totaled \$18,452,000 and \$18,455,000, respectively. The average rate on remaining debt was 1.3% as of March 31, 2022 and December 31, 2021.

#### *Debt Obligation*

ICC Holdings, Inc. secured a loan with a commercial bank in March 2017 in the amount of \$3,500,000 and used the proceeds to repay ICC for the money borrowed by the ESOP. The term of the loan is five years bearing interest at 3.65%. The Company pledged stock and \$1.0 million of marketable assets as collateral for the loan. The Company paid off this loan in April 2022.

In response to COVID-19, the Company obtained in March 2020 a \$6.0 million loan from the FHLBC as a precautionary measure to increase its cash position, to provide increased liquidity, and to compensate for potential reductions in premium receivable collections. In May 2021, the Company entered into a \$4.0 million and a \$5.0 million FHLBC loan. See *Note 4 – Debt* of this Form 10-Q for more information.

#### *Revolving Line of Credit*

We maintain a revolving line of credit with a commercial bank, which permits borrowing up to an aggregate principal amount of \$2.0 million. This line of credit is priced at Prime plus 0.5% and renews annually with a current expiration date of July 2022. The Company pledged \$2.0 million of business assets in the event the Company draws down on the line of credit. This agreement includes an annually calculated financial debt covenant requiring a minimum total adjusted capital of \$21.0 million. As of December 31, 2021, the Company was in compliance with its financial debt covenant.

There were no borrowings outstanding and there was no interest paid on the line of credit during the three months ended March 31, 2022.

#### *Other Liabilities*

As of March 31, 2022 and December 31, 2021, other liabilities totaled \$873,000 and \$1,031,000, respectively. The decrease in other liabilities relates primarily to \$210,000 of investment purchases that were pending settlement as of year-end December 31, 2021.

## ESOP

In connection with our conversion and public offering, the ESOP financed the purchase of 10.0% of the common stock issued in the offering for \$3,500,000 with the proceeds of a loan from ICC prior to the expiration of the offering. ICC makes annual contributions to the ESOP sufficient to repay that loan. See *Note 8 – Employee Benefits* of this Form 10-Q as well as the “Management — Benefit Plans and Employment Agreements — Employee Stock Ownership Plan” section of the Company’s Annual Report on Form 10-K for the year ended December 31, 2021.

## Stock-based Incentive Plan

Under the ICC Holdings, Inc. 2016 Equity Incentive Plan, we reserved for issuance a total of 490,000 shares of common stock. Of this amount, 350,000 shares of common stock may be granted in the form of restricted stock and stock-settled restricted stock unit awards, and 140,000 shares of common stock may be granted in the form of 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 compute compensation expense at the time stock units are awarded based on the fair value of such options on the date they are granted. This compensation expense is recognized over the appropriate service period. Restricted stock units (RSUs) were granted for the first time in February 2018 with additional RSUs granted in March 2019, April 2020 and April 2021. The RSUs vest one third over three years from the first anniversary of the date of grant. See *Note 8 – Employee Benefits* of this Form 10-Q as well as the “Management — Benefit Plans and Employment Agreements” section of the Company’s 2021 Annual Report on Form 10-K.

## 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. The increase in cash used in investing activities during the three months ended March 31, 2022 compared to the same period in 2021 relates primarily to purchases of fixed securities. The slight increase in cash used in financing activities during the three months ended March 31, 2022 compared to the same period in 2021 relates to interest paid for a \$4.0 million FHLBC loan obtained during the second quarter of 2021 and therefore paid no interest for during the first three months of 2021. See *Note 4 – Debt* of this Form 10-Q for more information.

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.

Cash flows from continuing operations for the three months ended March 31, 2022 and 2021 were as follows:

<i>(In thousands)</i>	<b>Three-Months Ended March 31,</b>	
	<b>2022</b>	<b>2021</b>
Net cash provided by operating activities	\$ 3,394	\$ 483
Net cash used in investing activities	(3,391)	(1,503)
Net cash used in financing activities	(29)	(22)
Net decrease in cash and cash equivalents	<u>\$ (26)</u>	<u>\$ (1,042)</u>

ICC Holdings, Inc.’s principal source of liquidity is dividend payments and other fees received from ICC, Beverage Insurance Agency Inc., and ICC Realty, LLC. ICC 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 ICC during any twelve-month period. ICC 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 ICC as reported on its most recent annual statement filed with the Illinois Department of Insurance, or (ii) the statutory net income of ICC 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 ICC in 2022 without the prior approval of the Illinois Department of Insurance is approximately \$6.3 million based upon the insurance company’s 2021 annual statement. Prior to its payment of any dividend, ICC 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 ICC is in violation of any law or regulation. These restrictions or any subsequently imposed restrictions may affect our future liquidity. ICC did not pay any dividends to ICC Holdings, Inc. in the first three months of 2022 and 2021.

The actual timing of gross loss and loss adjustment expense payments is unknown and therefore timing estimates are based on historical experience and the expectations of future payment patterns.

### Item 3. 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 March 31, 2022, was 9.18 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 our investment securities that are subject to interest rate changes):

Hypothetical Change in Interest Rates (In thousands)	March 31, 2022	
	Estimated Change in Fair Value	Fair Value
200 basis point increase	\$ (10,187)	\$ 91,685
100 basis point increase	(5,318)	96,554
No change	—	101,872
100 basis point decrease <sup>1</sup>	5,705	107,577
200 basis point decrease <sup>1</sup>	11,094	112,966

<sup>1</sup>Assumes US rates are floored at 0%.

#### 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.

**Item 4. Controls and Procedures**

A control system, no matter how well conceived and operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met. Further, the design of a control system must reflect the fact that there are resource constraints, and the benefits of controls must be considered relative to their costs. Because of the inherent limitations in all control systems, no evaluation of controls can provide absolute assurance that all control issues and instances of fraud, if any, within the Company have been detected.

***Disclosure Controls and Procedures***

The Company maintains disclosure controls and procedures (as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the “Exchange Act”) that are designed to ensure that required information is recorded, processed, summarized and reported within the required timeframe as specified in the SEC’s rules and forms. Our disclosure controls and procedures are also designed to ensure that information required to be disclosed is accumulated and communicated to the Company’s management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure.

In connection with the preparation of this Quarterly Report on Form 10-Q, we carried out an evaluation under the supervision of and with the participation of management, including the Chief Executive Officer and the Chief Financial Officer, as of March 31, 2022, of the effectiveness of the design and operation of our disclosure controls and procedures. Based upon this evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that as of March 31, 2022, our disclosure controls and procedures were effective.

***Changes in Internal Control over Financial Reporting***

There were no changes in our internal control over financial reporting (as defined in Rule 13a-15(f) and 15d-15(f) of the Exchange Act) identified during the first quarter of 2022 that have materially affected, or are reasonably likely to materially affect, the Company’s internal control over financial reporting.

**PART II — OTHER INFORMATION**

**Item 1. Legal Proceedings**

There were no material changes to report.

**Item 1A. Risk Factors**

A description of the risks associated with our business, financial conditions and results of operations is set forth in Item 1A of our Annual Report on Form 10-K for the fiscal year ended December 31, 2021.

**Item 2. Unregistered Sales of Equity Securities and Use of Proceeds**

***Purchases of Equity Securities by the Issuer and Affiliated Purchasers***

The following table summarizes repurchases of common stock pursuant to share repurchase programs authorized by the Board of Directors.

**Purchases of Equity Securities**

<b>Period</b>	<b>(a) Total number of shares (or units) purchased</b>	<b>(b) Average price paid per share (or unit)</b>	<b>(c) Total number of shares (or units) purchased as part of publicly announced plans or programs</b>	<b>(d) Maximum number (or approximate dollar value) of shares (or units) that may be purchased under the plans or programs (1)</b>
January 1 – January 31, 2022	—	\$ —	—	\$ 2,649,025
February 1 – February 28, 2022	—	—	—	\$ 2,649,025
March 1 – March 31, 2022	1,545	16.55	1,545	\$ 2,623,455
Total	1,545	\$ 16.55	1,545	

(1) In August 2018, the Company announced the establishment of a \$3.0 million share repurchase program, with no expiration date. The authorization is in addition to the existing share repurchase program.

**Item 3. Default Upon Senior Securities**

Not applicable.

**Item 4. Mine Safety Disclosures**

Not applicable.

**Item 5. Other Information**

Not applicable.



**Item 6. Exhibits**

<b>Exhibit Number</b>	<b>Description</b>
3.1	<a href="#">Form of Amended and Restated Articles of Incorporation of ICC Holdings, Inc. (incorporated by reference to Exhibit 3.1 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (File No. 333-214081) filed on December 23, 2016)</a>
3.2	<a href="#">Form of Amended and Restated Bylaws of ICC Holdings, Inc. (incorporated by reference to Exhibit 3.2 to Amendment No. 2 to the Registrant's Registration Statement on Form S-1 (File No. 333-214081) filed on December 23, 2016)</a>
31.1	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
31.2	<a href="#">Certification Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002</a>
32.1	<a href="#">Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
32.2	<a href="#">Certification Pursuant to 18 U.S.C. Section 1350, as Adopted Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002</a>
101	Inline XBRL (iXBRL) Documents attached as Exhibit 101
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

**SIGNATURES**

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized, on May 12, 2022.

ICC HOLDINGS, INC.

By: /s/ Arron K. Sutherland  
Arron K. Sutherland  
President, Chief Executive Officer and Director  
(Principal Executive Officer)

By: /s/ Michael R. Smith  
Michael R. Smith  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

## CHIEF EXECUTIVE OFFICER'S 302 CERTIFICATION

I, Arron K. Sutherland, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ICC Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

/s/ Arron K. Sutherland

Arron K. Sutherland

*Chief Executive Officer*

(principal executive officer)

---

## CHIEF FINANCIAL OFFICER'S 302 CERTIFICATION

I, Michael R. Smith, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of ICC Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: May 12, 2022

/s/ Michael R. Smith

Michael R. Smith

Chief Financial Officer  
(principal financial officer)

---

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ICC Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022, as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Arron K. Sutherland, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2022

/s/Arron K. Sutherland  
Arron K. Sutherland  
*Chief Executive Officer*

---

**CERTIFICATION PURSUANT TO  
18 U.S.C. SECTION 1350,  
AS ADOPTED PURSUANT TO  
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of ICC Holdings, Inc. (the "Company") on Form 10-Q for the period ended March 31, 2022 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), I, Michael R. Smith, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that:

1. The Report fully complies with the requirements of Section 13(a) or 15(d) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

Date: May 12, 2022

/s/ Michael R. Smith

---

Michael R. Smith

*Chief Financial Officer*

---