Registration No. 333-

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

FORM S-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

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

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

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

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

Copies to:

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

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

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

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

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

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

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

CALCULATION OF REGISTRATION FEE

Table of each class of securities to be registered	**Amount to be registered**	**Proposed maximum offering price per share**	**Proposed maximum aggregate offering price**	**Amount of registration fee**
Common Stock, par value $0.01 per share	3,680,000 shares	$10.00 (1)	$36,800,000 (2)	$4,265
Common Stock, par value $0.01 per share (3)	408,889 shares	$10.00 (1)	$4,088,890 (2)	$474

(1) Shares to be sold in the stock offering by the issuer have an offering price of $10.00.
(2) Estimated solely for the purpose of calculating the registration fee.
(3) Shares to be sold in the stock offering by the issuer to the employee stock ownership plan.

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

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

PROSPECTUS

ICC HOLDINGS, INC.

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

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

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

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

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

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

Our ESOP has the right to purchase that number of shares which is equal to 10.0% of the total number of shares sold in the offering. Therefore, the maximum number of shares sold may be increased to 4,088,889 shares solely to accommodate the 10.0% interest being purchased by our ESOP. Shares issued to the ESOP will be counted toward satisfaction of the minimum amount. Additionally, surplus noteholders of Illinois Casualty shall have the right at the time of Illinois Casualty's conversion to convert all or any portion of the outstanding principal amount of the note into shares of our common stock, which will also be counted toward satisfaction of the minimum amount.

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

Because of the purchase agreements with those investors, at this time, we do not anticipate selling more than 3,500,000 shares of common stock in this offering and selling shares to the public in a syndicated community offering. The investors agreed to certain post-closing standstill and voting covenants and restrictions on their ability to sell shares for three years following the closing of the offerings and additional limitations for up to seven years following the closing of the offerings. For more information, see "The Conversion and Offering — Investor Agreements" and "Risk Factors- Risks Related to the Ownership of Our Common Stock — A small number of shareholders will collectively own a substantial portion of our common stock and

voting power, and, because of restrictions on their ability to buy or sell our shares, our public float will be limited." Shares purchased by the ESOP and shares acquired from the conversion of outstanding surplus notes of Illinois Casualty in this offering are counted towards this 3,500,000 threshold.

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

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

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

OFFERING SUMMARY
Price: $10.00 per share

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

(1) For purposes of this offering, we treat the outstanding principal amount of surplus notes of Illinois Casualty converted in this offering as part of our gross offering proceeds.
(2) We include the shares being purchased by (i) our ESOP, which will be funded by a loan to the ESOP from Illinois Casualty's available cash on hand an amount equal to fund the purchase of such shares prior to the expiration of the offering, and (ii) those investors with whom we have entered into purchase agreements to purchase up to 1,400,000 shares. The ESOP is purchasing such number of shares as will equal 10.0% of the total number of shares sold in the offering.
(3) Represents the total of (i) the fees to be paid to Griffin, which is equal to 2.0% of the shares sold in the subscription offering and the community offering, and (ii) other expenses payable to Griffin in the offering of up to $10,000. See "The Conversion and Offering — Marketing and Underwriting Arrangements."
(4) Assumes that no shares are sold in a syndicated community offering phase. See "The Conversion and Offering —Marketing and Underwriting Arrangements" for commissions to be paid in the event of a syndicated community offering.
(5) The maximum number of shares sold in this offering may be increased to 4,088,889 shares solely to permit the ESOP to purchase such number of shares as will equal 10.0% of the total number of shares sold in the offering. This will occur only if 3,680,000 shares are subscribed for by the eligible members in the subscription offering phase.

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

For assistance, please call the Stock Information Center at .

Griffin Financial Group, LLC

The date of this prospectus is , 2016

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CERTAIN IMPORTANT INFORMATION

This Prospectus

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

Frequently Used Terms

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

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

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Market and Industry Data

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

PROSPECTUS SUMMARY

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

Overview

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

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

Our Companies

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

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

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

Business Overview

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

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

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

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

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

Our Business Strategies and Offering Rationale

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

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

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

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

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

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

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

Market Conditions and Competitors

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

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

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

Source: National Restaurant Association; ICC

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

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

Competitive Growth Strategies

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

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

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

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

Growth Strategies

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

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

Reaction to Market Cycles

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

Risks Related to Our Business

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

The Conversion of Illinois Casualty from Mutual to Stock Form

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

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

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

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

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

The Subscription and Community Offerings

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

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

On September 7, 2016, we entered into purchase agreements with three investors pursuant to which the investors agreed severally, and subject in each case to certain conditions, to acquire from ICC Holdings at the subscription price of $10.00 per share up to 1,400,000 shares of our common stock. The subscription commitments of the investors are: (a) a group of investors, including R. Kevin Clinton, or the Clinton-Flood Purchasers, who have collectively agreed to purchase up to 800,000 shares of our common stock, (b) Rock Island Investors, LLC, which has agreed to purchase up to 400,000 shares of our common stock, and (c) Tuscarora Wayne Insurance Company, or Tuscarora Wayne, which has agreed to purchase up to 200,000 shares of our common stock. In connection with closing with these investors, we will appoint Mr. Clinton to ICC Holdings' board of directors.

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

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

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

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

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

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

The Syndicated Community Offering

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

The following table shows those persons that are eligible to purchase shares in the various phases of the offering and the shares available for purchase in each phase of the offering. The table does not include the shares that will be issued to the ESOP in the subscription offering, because the number of shares that can be issued in the offering can be increased to 4,088,889 solely to accommodate the purchase of such shares by the ESOP. We

expect to conduct the subscription offering and the community offering simultaneously, and the syndicated community offering, if any, may be conducted concurrently with or after the subscription offering and community offering.

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

Our Structure Prior to the Conversion

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

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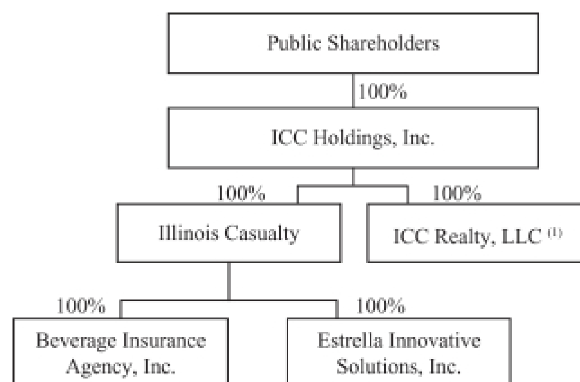
Our Structure Following the Conversion

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



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

Use of Proceeds

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

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

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

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

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

How Do I Buy Stock in the Offering?

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

Limits on Your Purchase of Common Stock

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

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

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

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

Oversubscription

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

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

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

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

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

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

Undersubscription

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

Shares Outstanding Immediately After the Offering

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

Management Purchases of Stock

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

Benefits to Management

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

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

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

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

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

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

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

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

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

Deadlines for Purchasing Stock

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

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

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

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

Termination of the Offering

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

Dividend Policy

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

Market for Common Stock

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

Delivery of Prospectus

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

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

Delivery of Shares of Common Stock

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

How You May Obtain Additional Information Regarding the Offering

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

Risk Factors

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

RISK FACTORS

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

Risks Related to Our Business

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

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

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

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

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

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

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

Our strategy for growing our business may not be profitable.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Risk Factors Relating to the Ownership of Our Common Stock

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

FORWARD-LOOKING INFORMATION

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

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

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

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

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

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

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

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

SELECTED FINANCIAL AND OTHER DATA

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

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

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

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

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

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

(1) Calculated by dividing loss and loss adjustment expenses by net premiums earned.

(2) Calculated by dividing amortization of deferred policy acquisition costs and underwriting and administrative expenses by net premiums earned.

(3) The sum of the loss and loss adjustment expense ratio and the expense ratio. A combined ratio of under 100% indicates an underwriting profit. A combined ratio over 100% indicates an underwriting loss.

(4) The information as of June 30, 2016 and June 30, 2015 is presented on an annualized basis.

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USE OF PROCEEDS

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

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

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

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

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

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

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

MARKET FOR THE COMMON STOCK

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

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

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

DIVIDEND POLICY

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

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

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

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

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

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CAPITALIZATION

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

Pro Forma Capitalization at June 30, 2016

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

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

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

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UNAUDITED PRO FORMA FINANCIAL INFORMATION

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

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

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

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

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

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

	ICC Historical Consolidated	Pro Forma Adjustments	ICC Pro Forma Consolidated (3)
Assets			
Investments and Cash			
Fixed Income			
Available-for-sale, at fair value (amortized cost — $61,100 at June 30, 2016)	$ 64,502	$ 18,276(1)	$ 82,778
Equity securities available-for-sale, at fair value (cost — $9,671 at June 30, 2016)	9,829	$ 2,785(1)	12,613
Short-term investments, at cost which approximates fair value	—		—
Cash and invested assets	3,386	1,000	4,386
Total investments and cash	77,717	22,061	99,778
Accrued investment income	505		505
Premiums and Reinsurance receivable, net of allowances for uncollectible amounts of $100 at June 30, 2016	17,254		17,254
Ceded unearned premiums	270		270
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 at June 30, 2016	15,557		15,557
Current federal income taxes	299		299
Net deferred federal income taxes	392		392
Deferred policy acquisition costs, net	4,214		4,214
Property and equipment, net of accumulated depreciation of $3,938 at June 30, 2016	6,047		6,047
Other assets	1,353		1,353
Total assets	$ 123,608	$ 22,061	$ 145,669
Liabilities and Shareholders' Equity			
Liabilities:			
Unpaid losses and settlement expenses	$ 57,387		$ 57,387
Unearned premiums	25,263		25,263
Reinsurance balances payable	233		233
Corporate debt	3,743	$ (1,150)(4)	2,593
Accrued expenses	3,263		3,263
Bank overdraft	—		—
Other liabilities	844		844
Total liabilities	$ 90,733	$ (1,150)	$ 89,583
Shareholders' equity			
Common stock (2,720,000 shares with a par value of $0.01)		27(1)	27
Paid in Capital		25,904(2)	25,904
Unearned compensation		(2,720)	(2,720)
Accumulated other comprehensive loss, net of taxes	2,349		2,349
Retained earnings	30,526		30,526
Total shareholders' equity	$ 32,875	$ 23,211	$ 56,086
Total liabilities and shareholders' equity	$ 123,608	$ 22,061	$ 145,669

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

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

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

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

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

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

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

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

	ICC Historical Consolidated	Pro Forma Adjustments	ICC Pro Forma Consolidated (3)
Assets			
Investments and Cash			
Fixed Income			
Available-for-sale, at fair value (amortized cost — $63,995 in 2015)	$ 65,195	$ 18,276(1)	$ 83,471
Equity securities available-for-sale, at fair value (cost — $8,967 in 2015)	8,885	$ 2,785(1)	11,670
Short-term investments, at cost which approximates fair value	—		—
Cash and invested assets	2,180	1,000	3,180
Total investments and cash	76,260	22,061	98,321
Accrued investment income	580		580
Premiums and Reinsurance receivable, net of allowances for uncollectible amounts of $100 in 2015	15,638		15,638
Ceded unearned premiums	57		57
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 in 2015	19,535		19,535
Current federal income taxes	773		773
Net deferred federal income taxes	1,401		1,401
Deferred policy acquisition costs, net	3,983		3,983
Property and equipment, net of accumulated depreciation of $3,553 in 2015	4,241		4,241
Other assets	905		905
Total assets	$ 123,373	$ 22,061	$ 145,434
Liabilities and Shareholders' Equity			
Liabilities:			
Unpaid losses and settlement expenses	$ 61,056		$ 61,056
Unearned premiums	23,948		23,948
Reinsurance balances payable	—		—
Corporate debt	3,274	(1,150)(4)	2,124
Accrued expenses	4,096		4,096
Other liabilities	834		834
Total liabilities	$ 93,208	$ (1,150)	$ 92,058
Shareholders' equity			
Common stock (2,720,000 shares with a par value of $0.01)	—	27(1)	27
Paid in Capital	—	25,904(2)	25,904
Unearned compensation	—	(2,720)	(2,720)
Accumulated other comprehensive loss, net of taxes	530		530
Retained earnings	29,636		29,636
Total shareholders' equity	$ 30,166	$ 23,211	$ 53,377
Total liabilities and shareholders' equity	$ 123,373	$ 22,061	$ 145,434

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

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

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

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

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

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

Notes to Unaudited Pro Forma Condensed Statements of Operations

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

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

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

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

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

Additional Pro Forma Data

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

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

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

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

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

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

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

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

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

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

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

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

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

Notes to Unaudited Pro Forma Condensed Statements of Operations

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

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

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

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

Additional Pro Forma Data

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

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

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

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

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

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

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

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

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

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

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

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

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

Overview

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

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

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

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

Principal Revenue and Expense Items

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

Gross and net premiums written

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

Premiums earned

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

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

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

Illinois Casualty's expenses consist primarily of:

Loss and loss adjustment expense

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

Amortization of deferred policy acquisition costs and underwriting and administrative expenses

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

Income taxes

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

Key Financial Measures

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

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

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

Loss and loss adjustment expense ratio

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

Expense ratio

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

GAAP combined ratio

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

Net premiums written to statutory surplus ratio

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

Underwriting income (loss)

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

Net income (loss) and return on average equity

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

Critical Accounting Policies

General

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

Investments

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

Available-for-Sale Securities

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

Other Than Temporary Impairment

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

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

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

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

Corporates

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

Municipals

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

Structured Securities

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

Investment Income

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

Cash and Cash Equivalents

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

Loss and Loss Adjustment Expense Reserves

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

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

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

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

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

Policy Acquisition Costs

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

Premiums

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

Reinsurance

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

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

Income Taxes

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

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

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

Comprehensive Earnings

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

Reserving Methods

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

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

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

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

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

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

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

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

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

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

Range of Estimates

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

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

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

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

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

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

Results of Operations

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

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

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

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

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

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

Premiums

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

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

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

Other income

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

Unpaid Losses and Settlement Expenses

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

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

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

Expense Ratio

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

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

Policy Acquisition Costs

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

General Corporate Expenses

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

Investment Income

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

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

Interest Expense

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

Income Tax Expense

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

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

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

Premiums

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

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

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

Other income

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

Unpaid Losses and Settlement Expenses

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

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

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

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

Expense Ratio

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

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

Policy Acquisition Costs

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

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

General Corporate Expenses

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

Investment Income

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

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

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

Interest Expense

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

Income Tax Expense

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

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

Financial Position

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

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

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Unpaid Losses and LAE

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

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

Actuarial Ranges

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

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

As of June 30, 2016

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

As of June 30, 2015

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

As of December 31, 2015

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

As of December 31, 2014

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

(1) Net of tax

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

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

Investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Deferred Policy Acquisition Costs

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

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

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

Income Taxes

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

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

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

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

Outstanding Debt

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

ESOP

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

Stock-based Incentive Plan

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

Liquidity and Capital Resources

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

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

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

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

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

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

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

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

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

As of June 30, 2016

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

As of December 31, 2015

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

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

Off-Balance Sheet Arrangements

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

Quantitative and Qualitative Information about Market Risk

Market Risk

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

Interest Rate Risk

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

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

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

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

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

As of June 30, 2016

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

Credit Risk

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

Equity Risk

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

Impact of Inflation

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

Recent Accounting Pronouncements

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

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

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

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

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

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

BUSINESS

Overview

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

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

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

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

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

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

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

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

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

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

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

Our Business Strategies

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

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

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

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

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

Competitive Growth Strategies

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

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

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

Growth Strategies

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

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

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

Reaction to Market Cycles

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

Our Challenges

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

Estimating Our Loss Reserves.

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

Reliance on Independent Agents.

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

Maintaining Our Financial Strength Ratings.

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

Attracting, Developing and Retaining Experienced Personnel.

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

Competitive Strengths

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

Use of Data and Metrics to Improve our Underwriting Results.

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

Focus on niche food and beverage business.

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

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

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

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

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

Scalable operations positioned for growth.

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

Experienced management team.

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

Products

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

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

Marketing and Distribution

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

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

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

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

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

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

Underwriting, Risk Assessment and Pricing

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

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

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

Our competitive strategy in underwriting is:

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

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

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

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

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

Claims and Litigation Management

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

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

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

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

Technology

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

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

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

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

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

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

Reinsurance

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

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

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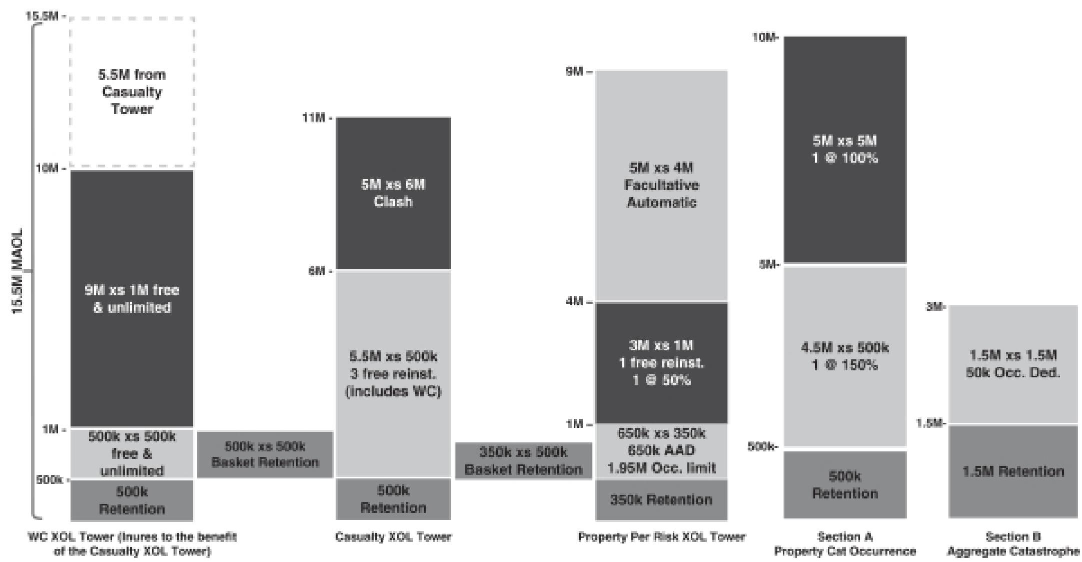
Reinsurance can be facultative reinsurance or treaty reinsurance. Under facultative reinsurance, each policy or portion of a risk is reinsured individually. Under treaty reinsurance, an agreed-upon portion of a class of business is automatically reinsured. Reinsurance also can be classified as quota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

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

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



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

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

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

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

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

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

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

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

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

Loss and LAE Reserves

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

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

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

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

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

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

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

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

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

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

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

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

Reconciliation of Reserve for Loss and Loss Adjustment Expenses

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

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

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

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

Investments

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

A.M. Best Rating

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

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

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

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

Competition

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

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

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

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

Source: National Restaurant Association; ICC

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

Regulation

General

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

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

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

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

Examinations

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

NAIC Risk-Based Capital Requirements

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

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

NAIC Ratios

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

Enterprise Risk Assessment

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

Market Conduct Regulation

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

Property and Casualty Regulation

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

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

Guaranty Fund Laws

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

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

Federal Regulation

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

Sarbanes-Oxley Act of 2002

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

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

Terrorism Risk Insurance Act of 2002

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

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

Privacy

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

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

OFAC

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

JOBS Act

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

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

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

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

Dividends

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

Holding Company Laws

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

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

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

Legal Proceedings

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

Properties

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

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

THE CONVERSION AND OFFERING

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

General

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

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

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

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

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

Illinois Conversion Act

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

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

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

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

Offering of Common Stock

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

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

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

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

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

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

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

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

Effect of Offering on Members of Illinois Casualty

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

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

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

Continuity of Insurance Coverage and Business Operations

This conversion will not change the insurance protection or premiums under individual insurance policies with Illinois Casualty. During and after the conversion, the normal business of issuing insurance policies will

continue without change or interruption. After the conversion, we will continue to provide services to policyholders under current policies. Each member of the board of directors of ICC Holdings, Inc. is also a member of the board of directors of Illinois Casualty and will continue to serve on such board of directors after the conversion. See “Management — Directors and Officers.” All of our officers at the time of the offering will retain their same positions after the conversion.

Voting Rights

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

Subscription Offering and Subscription Rights

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

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

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

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

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

If there are not sufficient shares available to satisfy all subscriptions by eligible members, shares will be allocated first among subscribing eligible members so as to permit each such eligible member, to the extent possible, to purchase the lesser of: (i) the number of shares for which he or she subscribed, or (ii) 1,000 shares. Any shares remaining after such allocation will be allocated among the subscribing eligible members whose subscriptions remain unfilled on a pro rata basis based on the amount that each eligible member subscribed to purchase, provided that no fractional shares will be issued.

Priority 2: ESOP. The ESOP will receive, without payment, second priority, nontransferable subscription rights to purchase, in the aggregate, that number of shares equal to 10.0% of the shares of common stock to be issued in the offering. The ESOP intends to purchase 10.0% of the shares of common stock, or between 272,000 shares and 408,889 shares, based on the minimum and adjusted maximum of the offering range, respectively.

Subscriptions by the ESOP will not be aggregated with shares of common stock purchased directly by or which are otherwise attributable to any other participants in the offering, including subscriptions of any of Illinois Casualty's directors, officers, or employees. Any oversubscription by the eligible members will not reduce the number of shares that the ESOP may purchase in the offering. In that event, the number of shares to be issued in the offering will be increased by such number of shares as is necessary to permit the ESOP to purchase 10.0% of the total number of shares issued in the offering. See "Management — Benefit Plans and Employment Agreements — Employee Stock Ownership Plan," and "— Limitations on Purchases of Common Stock."

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

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

Community Offering

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

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

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

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

Investors. We have entered into agreements with certain investors to purchase up to 1,400,000 shares of our common stock. Their purchase obligations would be satisfied prior to the sale of any shares to any other participants

in the community offering or syndicated community offering. For additional information, see “The Conversion and Offering — Investor Agreements” and “Risk Factors- Risks Related to the Ownership of Our Common Stock — A small number of shareholders will collectively own a substantial portion of our common stock and voting power, and, because of restrictions on their ability to buy or sell our shares, our public float will be limited.”

Syndicated Community Offering

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

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

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

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

Stock Pricing and Number of Shares to be Issued

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

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

We determined to offer the common stock in the offering at the price of $10 per share to ensure a sufficient number of shares are available for purchase by policyholders. In addition, Griffin advised us that the $10 per share offering price is commonly used in mutual-to-stock conversions of other insurance companies, savings

banks and savings associations that use the subscription rights model. These were the only factors considered by our board of directors in determining to offer shares of common stock at $10 per share. The purchase price will be $10 per share regardless of any change in the consolidated pro forma market value of Illinois Casualty, as determined by Feldman Financial.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Resolicitation

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

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

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

The Valuation

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

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

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

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

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

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

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

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

Comparative Group

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Offering Deadline

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

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

Use of Order Forms in This Offering

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

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

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

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

- not timely received;

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

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

Payment for Shares

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

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

Delivery of Certificates

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

Stock Information Center

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

Marketing and Underwriting Arrangements

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

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

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

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

In the event the offering is abandoned for any reason, we will pay Stevens & Lee its accrued and unpaid legal fees, which we do not expect to exceed $350,000.

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

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

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

(1) Includes the $75,000 in fees already paid to Griffin, which will be credited against any commissions payable to Griffin.

Fees to Griffin and to any other broker-dealer may be deemed to be underwriting fees. Griffin and any other broker-dealers may be deemed to be underwriters. If the offering is not consummated or Griffin ceases under certain circumstances to provide assistance to us, Griffin will be reimbursed for its reasonable out-of-pocket expenses in an amount not to exceed $10,000 without our prior written consent. Pursuant to its engagement letter, Griffin shall have the right to receive the commissions of 2.0% with respect to the aggregate dollar amount of stock sold in the subscription and community offering and a fee of 6.5% of the aggregate dollar amount of stock sold in the syndicated community offering entered into during the eighteen months following the termination of the engagement letter.

The Griffin engagement letter also contains customary indemnification provisions. We have agreed to indemnify Griffin for its liabilities, costs and expenses, including legal fees, incurred in connection with certain claims or litigation arising out of or based upon untrue statements or omissions contained in this prospectus, including liabilities under the Securities Act of 1933.

will perform records management services and escrow agent services for us in the offering. will receive a fee for this service, plus reimbursement of reasonable out-of-pocket expenses incurred in performing this service.

Our directors and executive officers may participate in the solicitation of offers to purchase common stock in this offering. Questions from prospective purchasers will be directed to executive officers or registered representatives. Our employees have been instructed not to solicit offers to purchase common stock or provide advice regarding the purchase of common stock. We will rely on Rule 3a4-1 under the Exchange Act, and sales of common stock will be conducted within the requirements of Rule 3a4-1, so as to permit officers, directors and employees to participate in the sale of common stock. None of our officers, directors or employees will be compensated in connection with his or her participation in this offering.

Limitations on Purchases of Common Stock

The plan of conversion provides for certain limitations on the purchase of shares in the offering:

- no person or entity may purchase fewer than 50 shares of common stock in the offering;
- no purchaser may purchase more than 5% of the total shares of common stock sold in the offering; and

- no purchaser, together with such purchaser's affiliates and associates or a group acting in concert, may purchase more than 5% of the total shares of common stock sold in the offering.

Therefore, if any of the following persons purchase stock, their purchases when combined with your purchases cannot exceed 5% of the total shares of common stock sold in the offering:

- any corporation or organization (other than an affiliate of Illinois Casualty) of which you are an officer or partner or the beneficial owner of 10% or more of any class of equity securities;
- any trust or other estate in which you have a substantial beneficial interest or as to which you serve as trustee or in a similar fiduciary capacity;
- any of your relatives or your spouse, or any relative of your spouse, who lives at home with you;
- any person or entity who you control, who controls you, or who together with you is controlled by the same third party;
- any person or entity who is knowingly participating with you in a joint activity or interdependent conscious parallel action toward a common goal; or
- any person or entity with whom you are combining or pooling voting or other interests in the securities of an issuer for a common purpose pursuant to any agreement or relationship.

The above 5% share purchase limit does not apply to the ESOP, which intends to purchase 10.0% of the total number of shares of common stock issued in the offering, or the investors with whom we have entered into purchase agreements.

There are approximately 6,635 eligible members of Illinois Casualty, as determined by reference to the number of policyholders of Illinois Casualty as of February 16, 2016. If subscriptions by eligible members for common stock exceed the maximum of the estimated valuation range set forth in Feldman Financial's valuation, we will be obligated to sell to eligible members the maximum number of shares offered. Except as set forth below under "— Proposed Management Purchases," we are unable to predict the number of eligible members that may participate in the subscription offering or the extent of any participation.

Shares of common stock to be purchased and held by the ESOP and allocated to a participant in the ESOP will not be aggregated with shares of common stock purchased by the participant or any other purchase of common stock in the offering for purposes of the purchase limitations discussed above.

Each officer and director of Illinois Casualty, together with their respective affiliates and associates, may not purchase, in total, more than five percent (5%) of the shares of common stock issued in the offering. An associate is defined as:

- any corporation or organization (other than an affiliate of Illinois Casualty) of which the officer or director is an officer or partner or the beneficial owner of 10% or more of any class of equity securities;
- any trust or other estate in which the officer or director has a substantial beneficial interest or as to which he or she serves as trustee or in a similar fiduciary capacity; or
- any of the officer's or director's relatives or his or her spouse, or any relative of the spouse, who lives at home with the officer or director.

Our directors will not be deemed to be associates of one another or a group acting in concert with other directors solely as a result of membership on our board of directors.

Subject to any required regulatory approval and the requirements of applicable law, we may increase or decrease any of the purchase limitations at any time. If the individual purchase limitation is increased, we will

permit any person or entity who subscribed for the maximum number of shares of common stock to purchase an additional number of shares up to the revised maximum. These additional shares will be subject to the rights and preferences of any person or entity who has priority subscription rights. If the individual purchase limitation or the number of shares of common stock to be sold is decreased, the order of any person or entity who subscribed for the maximum number of shares will be decreased to the new maximum. In the event that we change the maximum purchase limitation, we will distribute a prospectus supplement or revised prospectus to each person who placed an order for the previous maximum number of shares that an individual could purchase.

Each person or entity purchasing common stock in the offering will be deemed to confirm that the purchase does not conflict with the purchase limitations under the plan of conversion or otherwise imposed by law. If any person or entity violates the purchase limitations, we will have the right to purchase from that person or entity, at the purchase price of $10.00 per share, all shares acquired by the person or entity in excess of the purchase limitation. If the person or entity has sold these excess shares, we are entitled to receive the difference between the aggregate purchase price paid by the person or entity for the excess shares and the proceeds received by the person from the sale of the excess shares. This right of ICC to purchase excess shares is assignable.

Subject to our contractual obligations to the investors, we have the right in our sole and absolute discretion and without liability to any purchaser, underwriter or any other person or entity to determine which orders, if any, to accept in the community offering or in the syndicated community offering. We have the right to accept or reject any order in whole or in part for any reason or for no reason. We also have the right to determine whether and to what extent shares of common stock are to be offered or sold in a syndicated community offering.

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Proposed Management Purchases

The following table lists the approximate number of shares of common stock that each of the directors and executive officers of Illinois Casualty and its subsidiaries and their affiliates and associates intend to purchase in the offering. The directors and executive officers listed below do not have any agreements or obligation to purchase the amounts shown below. Each director or executive officer may elect to purchase an amount greater or less than those shown below, except that his or her purchase may not exceed 5% of the total shares sold in the offering. The table also shows the number of shares to be purchased by all directors and executive officers as a group, including the shares that all of their affiliates and associates intend to purchase, and other related information. For purposes of the following table, we have assumed that sufficient shares will be available to satisfy subscriptions in all categories.

			Percent (%)			
Name	Amount ($)	Number of Shares (1)(2)	Minimum	Midpoint	Maximum	Adjusted Maximum
Directors:						
Gerald J. Pepping	100,000	10,000	*	*	*	*
Scott T. Burgess (3)	—	—	—	—	—	—
James R. Dingman	100,000	10,000	*	*	*	*
Joel K. Heriford	—	—	—	—	—	—
John R. Klockau	1,150,000(4)	115,000	4.2	3.6	3.1	2.8
Daniel H. Portes	100,000	10,000	*	*	*	*
Christine C. Schmitt	100,000	10,000	*	*	*	*
Mark J. Schwab	200,000	20,000	*	*	*	*
Arron K. Sutherland	400,000	40,000	1.5	1.3	1.1	1.0
Executive Officers:						
Michael R. Smith	120,000	12,000	*	*	*	*
Norman D. Schmeichel	150,000	15,000	*	*	*	*
Howard J. Beck	250,000	25,000	*	*	*	*
Julia B. Suiter	25,000	2,500	*	*	*	*
Rickey Plunkett	25,000	2,500	*	*	*	*
Kathleen Springer	25,000	2,500	*	*	*	*
All Directors and Executive Officers as a Group (15 persons)	2,695,000	269,500	9.9	8.4	7.3	6.6

(1) Does not include shares that will be allocated to employees under the ESOP. Under the ESOP, our employees will be allocated over time, in the aggregate, shares in an amount equal to 10.0% of the common stock issued in the offering (which equals between 272,000 shares if 2,720,000 shares are sold in the offering and 408,889 shares if 4,088,889 shares are sold in the offering).

(2) Does not include shares that would be issuable upon the exercise of options or the vesting of restricted stock awards granted under our proposed stock-based incentive plan. Under the stock-based incentive plan, we expect to grant to directors, executive officers and other employees options to purchase common stock and restricted stock awards in an aggregate amount equal to 14% of the shares issued in the offering (which equals between 380,800 shares if 2,720,000 shares are sold in the offering, and 572,444 shares if 4,088,889 shares are sold in the offering).

(3) Mr. Burgess is a Senior Managing Director of Griffin and is refraining from purchasing shares in our offering.

(4) Will be converting his surplus note issued by Illinois Casualty to acquire shares of our common stock.

Limitations on Resales

The common stock issued in the offering will be freely transferable under the Securities Act of 1933. However, the transfer of shares issued to our directors and officers will be restricted for a period of six months

from the effective date of the offering. The directors and officers of ICC and the investors also are subject to additional resale restrictions under Rule 144 of the Securities Act of 1933. Shares of common stock issued to directors and officers the investors will bear a legend giving appropriate notice of these restrictions. We will give instructions to the transfer agent for the common stock regarding these transfer restrictions. Any shares issued to the directors and officers of ICC as a stock dividend, stock split or otherwise with respect to restricted stock will be subject to the same restrictions. Shares acquired by the directors and officers after the completion of the offering will be subject to the requirements of Rule 144. See “Management — Directors and Officers” and “The Conversion and Offering — Investor Agreements.”

Amendment or Termination of Plan of Conversion

The plan of conversion may be amended or terminated at any time by our board of directors in its sole discretion.

Investor Agreements

General. On September 7, 2016, we entered into purchase agreements with three investors pursuant to which the investors agreed severally, and subject in each case to certain conditions, to acquire from ICC Holdings at the subscription price of $10.00 per share up to 1,400,000 shares of our common stock. The subscription commitments of the investors are: (a) a group of investors, including R. Kevin Clinton, or the Clinton-Flood Purchasers, who have collectively agreed to purchase up to 800,000 shares of our common stock, (b) Rock Island Investors, LLC, which has agreed to purchase up to 400,000 shares of our common stock, and (c) Tuscarora Wayne Insurance Company, or Tuscarora Wayne, which has agreed to purchase up to 200,000 shares of our common stock. At this time, we do not anticipate selling to each of these investors less than their respective full commitment. In connection with closing these agreements, we will appoint Mr. Clinton to ICC Holdings’ board of directors, which is also a closing condition in connection with our purchase agreement with the Clinton-Flood Purchasers.

Termination. Each purchase agreement provides that it may be terminated by the investor only upon the occurrence of the following events:

- a material breach of the agreement by us that has not been cured within fifteen days after written notice by the investor;
- if, by action by Illinois Casualty’s board of directors, Illinois Casualty shall have decided to abandon the plan of conversion;
- if the plan of conversion shall have failed to receive the requisite approval of the Department or the requisite vote for approval and adoption by the eligible members;
- the closing has not occurred by December 31, 2017, provided that the investor shall not have failed to perform the covenants, agreements and conditions to be performed by it which has been the primary cause of, or resulted in, the failure of the closing to occur by December 31, 2017; or
- if any governmental entity, including the Department, shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by their respective agreement and such order, decree, ruling or other action shall have become final and nonappealable.

Conditions to Closing. Each purchase agreement contains customary representations and warranties of ICC Holdings and Illinois Casualty, on the one hand, and the investor, on the other hand. The conditions to each investor’s closing obligations include, among other things:

- the gross proceeds from the offering, including the purchases by the other investors and assuming the purchase by such investor pursuant to its agreement, is equal to or less than $35.0 million;

- since the date of such agreement, a material adverse effect shall not have occurred with respect to ICC Holdings or Illinois Casualty and no change or event shall have occurred that would reasonably be expected to have, individually or in the aggregate, a material adverse effect with respect to ICC Holdings or Illinois Casualty;
- no judgment, injunction, decree or other legal restraint shall be outstanding, nor shall any action, suit, claim, investigation or other legal proceeding be pending that would reasonably be expected to prohibit, or have the effect of rendering unachievable, the consummation of the offerings or the transactions contemplated by such agreement;
- at least two-thirds of the votes cast by the eligible members voting at the meeting of the eligible members called for such purpose shall have voted to adopt and approve the plan of conversion and the transactions contemplated thereunder;
- all consents and approvals of the Department and any other regulatory body or agency necessary to consummate the transactions contemplated by such agreement shall have been obtained and all notice and waiting periods required by law to pass after receipt of such approvals or consents shall have passed; and
- our shares of common stock shall have been authorized for listing on the Nasdaq Capital Market.

Subscription. If we sell more than 3,500,000 shares in our offering, the investors do not have an obligation to purchase any shares. Therefore, we do not anticipate selling more than 3,500,000 shares of our common stock. Shares purchased by the ESOP and shares acquired from the conversion of outstanding surplus notes of Illinois Casualty in this offering are counted towards this 3,500,000 threshold.

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

If eligible members, together with directors, officers and employees, subscribe for less than 2,100,000 shares, we will satisfy the purchase obligations of each investor in full.

Post-Closing Covenants of Investors. For three years following the closing, each of the investors are generally prohibited from selling any shares of our common stock. Beginning on the third anniversary of the closing date, subject to our right of first refusal described below, each investor could sell no more than six and one-quarter percent (6-1/4%) of the number of shares purchased at the closing of the offering every ninety days. Upon the occurrence of a death or disability of Mr. Clinton, no more than six and one-quarter percent (6-1/4%) of the number of shares purchased at the closing of the offering by Mr. Clinton and certain other purchasers who together have subscribed to purchase up to 600,000 shares of our common stock every ninety days by their trusts, estate or spouse could be sold beginning, unless an earlier date has been approved by a majority of the members of our board of directors other than Mr. Clinton or his replacement on our board of directors, (a) one year following such occurrence, if such event occurs during the first year following the closing date, (b) six months following such occurrence, if such event occurs during the second year following the closing date, or (c) following such occurrence, if such event occurs during the third year following the closing date.

Between the third anniversary and the earliest of (a) the seventh anniversary of the closing of the offering, or (b) the first date upon which the investor no longer beneficially owns shares of the common stock representing more than five percent (5%) of the issued and outstanding shares of our common stock, prior to any sale of shares of our common stock to any third party, other than those persons or entities specifically permitted by their respective purchase agreements, each investor shall provide ICC Holdings with notice and the right for either

ICC Holdings or the ESOP to purchase all or any portion of such shares to be offered by the investor at a price per share equal to the greater of (i) the average of the daily volume weighted average price of a share of our common stock on the NASDAQ Stock Market for the 20 trading days immediately preceding the date of the sale notice, or (ii) the product obtained by multiplying the percentage set forth in the chart below and ICC Holdings' then book value as calculated in accordance with GAAP for the most recent quarter preceding the date of such notice by at least forty-five (45) days. The chart for the foregoing sentence is as follows:

Time Period for Receipt of Public Sale Notice		Percentage
Beginning on the third anniversary of the Closing Date and ending on the day immediately prior to the fourth anniversary of the Closing Date	-	85%
Beginning on the fourth anniversary of the Closing Date and ending on the day immediately prior to the fifth anniversary of the Closing Date	-	90%
Beginning on the fifth anniversary of the Closing Date and thereafter	-	95%

If ICC Holdings and the ESOP fail (A) to exercise the foregoing right with respect to such shares offered by such investor within thirty (30) days after receipt of such notice, or (B) to complete the purchase of such shares offered by such investor (including obtaining any required regulatory approvals) within seventy-five (75) days of receipt of such notice, the investor may sell such shares offered by such investor in the market subject to the ninety day volume limit discussed above. Any repurchase by ICC Holdings is subject to the prior approval of the Department, to the extent required under applicable Illinois law governing mutual-to-stock conversions or distributions by Illinois Casualty. Any purchase by the ESOP is subject to the satisfaction any fiduciary duty imposed by Employee Retirement Income Security Act of 1974, as amended, or regulations promulgated thereunder on the trustee(s) of the ESOP.

If and for so long as an investor beneficially owns two percent (2.0%) or more of the issued and outstanding shares of our common stock and a "standstill termination event," which is defined below, has not occurred, such investor agrees that, without the prior written consent of ICC Holdings' board of directors as specifically expressed in a resolution adopted by a majority of its entire membership (other than a designee of any of the investors), the investor, its affiliates and associates and any person or entity acting at their direction or on their behalf will be subject to a standstill provision, which includes, among other things:

- with respect to us and our common stock, making, engaging or in any way participating in, directly or indirectly, any solicitation of proxies or consents;
- seek to advise, encourage or influence any person or entity with respect to the voting our common stock;
- seek, propose, or make any statement with respect to any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, restructuring, recapitalization or similar transaction involving ICC Holdings or any of its affiliates or associates;
- except as otherwise permitted by their respective purchase agreements, acquire, offer or propose to acquire, or agree to acquire (except by way of stock dividends, stock splits, reverse stock splits or other distributions or offerings made available to holders of any shares of our common stock generally), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another person or entity, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) or otherwise, any shares of our common stock, equity securities, or any loans, debt securities, or assets of ICC Holdings or any of its subsidiaries, or rights or options to acquire interests in any of the loans, debt securities, equity securities or assets of ICC Holdings or any of its subsidiaries; (v) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any shares of our common stock;

- act alone or in concert with others to control or seek to control, or influence or seek to influence, the management, our board of directors or policies of ICC Holdings;
- make any demand or request for any shareholder list, or any related material, or for the books and records of ICC Holdings or its affiliates;
- seek, alone or in concert with others, election or appointment to or representation on, or nominate or, except as otherwise permitted by their respective purchase agreement, propose the nomination of any candidate to, our board of directors, or seek the removal of any member of our board of directors, in a manner inconsistent with their respective purchase agreement;
- have any discussions or communications, or enter into any arrangements, understanding or agreements (whether written or oral) with, or knowingly instigate, advise, finance, assist or encourage, any other person or entity in connection with any of the foregoing (including by granting any waiver to any legal, financial, public relations, proxy solicitation or other firm that represented or was engaged by the such investor, their respective affiliates, associates or any of their legal counsel with respect to ICC Holdings, which waiver would permit any such firm to represent any person or entity in connection with matters relating to ICC Holdings), or make any investment in or enter into any arrangement with any other person or entity that engages, or offers or proposes to engage, in any of the foregoing;
- make or disclose any statement regarding any intent, purpose, plan or proposal with respect to our board of directors, ICC Holdings, our management, policies or affairs or any of our securities or assets or their respective purchase agreement that is inconsistent with the provisions of their respective purchase agreement, including any intent, purpose, plan or proposal that is conditioned on, or would require waiver, amendment, nullification or invalidation of, any provision of their respective purchase agreement or take any action that could require ICC Holdings to make any public disclosure relating to any such intent, purpose, plan, proposal or condition; or
- otherwise take, or solicit, cause or encourage others to take, any action inconsistent with any of the foregoing.

For purposes of the purchase agreements, a “standstill termination event” means the earliest of (a) the seventh anniversary of the closing of the offering, or (b) the date on which ICC Holdings includes a balance sheet in a filing with the SEC in which its “adjusted shareholders’ equity” (defined below) at the end of such fiscal quarter is less than 85% of the “starting shareholders’ equity” (defined below). ICC Holdings’ “adjusted shareholders’ equity” shall mean the amount equal to (x) ICC Holdings’ shareholders’ equity (determined without regard to its accumulated other comprehensive income), each as calculated in accordance with GAAP, as reported in any Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed by ICC Holdings with the SEC, *less* (y) the net proceeds from any offering of ICC Holdings’ equity securities following the closing of the offering, *plus* (z) the aggregate purchase amount of all repurchases of ICC Holdings’ equity securities since the closing of the offering through the date of such filing with the SEC by ICC Holdings, Illinois Casualty, their respective subsidiaries or the ESOP. ICC Holdings’ “starting shareholders’ equity” shall mean the amount equal to (i) Illinois Casualty’s members’ equity (determined without regard to its accumulated other comprehensive income), as calculated in accordance with GAAP, for the fiscal quarter ending immediately prior to the closing of the offering, *plus* (ii) the net proceeds from the offering, including the net proceeds from the investors. Assuming we receive gross proceeds of $35.0 million in the offering, using information as of June 30, 2016 as the starting shareholders’ equity, the adjusted shareholders equity would have to be $9.4 million lower in order to trigger a termination of the standstill provisions.

The investors will be entitled to preemptive rights that would allow them to maintain their percentage ownership in certain subsequent offerings of our common stock or securities convertible into our common stock. This right will not apply to, and shall terminate upon the earlier of (a) the first date upon which such investor no longer beneficially owns shares of our common stock representing more than five percent (5%) of the issued and outstanding shares of our common stock immediately prior to a subsequent issuance of our common

stock or securities convertible into our common stock contemplated by the purchase agreements, (b) the date of any breach by such investor of any obligation under its purchase agreement that remains uncured after fifteen (15) days' notice thereof, or (c) a standstill termination event.

If and for so long as an investor beneficially owns two percent (2.0%) or more of the shares of our common stock and a standstill termination event has not occurred, the investor shall generally vote and cause to be voted all shares of common stock beneficially owned by such investor (a) for persons nominated and recommended by ICC Holdings' board of directors for election as directors of ICC Holdings' board of directors and against any person nominated for election as a director by any other person or entity, and (b) as directed or recommended by ICC Holdings' board of directors with respect to any proposal presented at any meeting of ICC Holdings' shareholders, including, but not limited to (i) the entire slate of directors recommended for election by the ICC Holdings' board of directors to the shareholders of ICC Holdings at any meeting of ICC Holdings' shareholders at which any directors are elected, (ii) any shareholder proposal submitted for a vote at any meeting of ICC Holdings' shareholders, and (iii) any proposal submitted by ICC Holdings for a vote at any meeting of ICC Holdings' shareholders relating (A) to the appointment of ICC Holdings' accountants, or (B) an equity compensation plan of ICC Holdings and/or any material revisions thereto.

Clinton-Flood Purchasers' Board Designee. If and for so long as the Clinton-Flood Purchasers together beneficially own two percent (2.0%) of the issued and outstanding shares of our common stock and a standstill termination event has not occurred, our nominating and governance committee and our board of directors will nominate, recommend and support Mr. Clinton, or any replacement director selected in the process described below, for election at each annual meeting of our shareholders. We agree to solicit proxies for Mr. Clinton, or any replacement director, in any year in which such person is nominated and include such person in the slate of nominees for election as directors of our board of directors in the same manner as it does for all of the other nominees for election as directors of our board of directors.

We and the Clinton-Flood Purchasers agree that if Mr. Clinton is unable to serve as a director, resigns as a director or is removed as a director, and the Clinton-Flood Purchasers are otherwise entitled to a director pursuant to the provisions described in the paragraph above, the Clinton-Flood Purchasers shall have the ability to recommend a candidate for approval by our board of directors pursuant to the process described in the paragraph below, in good faith after exercising its fiduciary duties, which approval shall not be unreasonably withheld, to serve as a replacement on the our board of directors for Mr. Clinton or any successor to Mr. Clinton's Board seat appointed pursuant to its purchase agreement with us.

Within a reasonable period of time following such occurrence, our nominating and governance committee shall, within fifteen business days of receipt, select, and recommend to our board of directors, a nominee from a list of not less than three persons submitted by the Clinton-Flood Purchasers. To be eligible for inclusion on the list submitted to our nominating and governance committee, each potential candidate (i) has business experience appropriate for service on the board of directors of an insurance company and a public company, (ii) is an individual of high caliber and national reputation (to the extent reasonably available), (iii) would, to the Clinton-Flood Purchasers' knowledge, be an "independent director" as defined in the applicable NASDAQ Marketplace Rule and meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act, (iv) would not require disclosure of any agreement or arrangement pursuant to Nasdaq Marketplace Rule 5250(b)(3), and (v) has no previous material business or personal relationship with ICC Holdings, Illinois Casualty or, to the Clinton-Flood Purchasers' knowledge, any of their respective affiliates or associates. No person shall be on any list submitted to our nominating and governance committee if any member of the Clinton-Flood Purchasers has reason to believe that it is unlikely that such person would serve as a director if requested. We have agreed that, if Annette Flood is included in any such list, she would receive the recommendation of our nominating and governance committee and be appointed as a replacement director by our board of directors. If our nominating and governance committee, within fifteen business days of receipt of such list, declines to recommend any of the individuals on the list, the purchase agreement with the Clinton-Flood Purchasers contains a procedure for the Clinton-Flood Purchasers to submit additional lists of candidates for consideration by our nominating and

governance committee. In the event that our nominating and governance committee has not selected a candidate to serve as the replacement director following delivery by the Clinton-Flood Purchasers of the third list, within fifteen business days of receipt of such determination, we and the Clinton-Flood Purchasers shall request a list of five persons meeting the criteria described above from the National Association of Corporate Directors. The Clinton-Flood Purchasers shall choose at least three candidates from such list and include them in a final list submitted to our nominating and governance committee. Our nominating and governance committee shall, within fifteen business days of receipt of such list, consider each candidate included and recommend one candidate for appointment by our board of directors.

FEDERAL INCOME TAX CONSIDERATIONS

General

The statements of United States federal income tax law, or legal conclusions with respect to United States federal income tax law, in the following discussion constitute the opinion of Stevens & Lee on the material federal income tax considerations with respect to:

- Illinois Casualty upon the conversion of Illinois Casualty from a mutual holding company to a stock holding company;
- eligible members that are U.S. Persons that hold their membership interests in Illinois Casualty as a capital asset within the meaning of Section 1221 of the Internal Revenue Code of 1986, as amended (which we refer to as the Code), of the receipt, exercise and lapse of subscription rights to purchase shares of the common stock of ICC Holdings, Inc. (which we refer to as our common stock) in the subscription offering;
- eligible members that are U.S. Persons that purchase shares of our common stock in the subscription offering upon the exercise of subscription rights and hold their shares of our common stock as a capital asset within the meaning of Section 1221 of the Code, of the acquisition, ownership and disposition of shares of our common stock purchased in the subscription offering; and
- other investors that are U.S. Persons that purchase shares of our common stock in the community offering and hold their shares of our common stock as a capital asset within the meaning of Section 1221 of the Code, of the acquisition, ownership and disposition of shares of our common stock purchased in the community offering.

The following discussion is based, primarily, on private letter rulings that have been issued by the Internal Revenue Service to certain corporations unrelated to ICC that have engaged in transactions that are analogous to the conversion. Under the Code, private letter rulings are directed only to the taxpayer that requested the rulings and they may not be used or cited as precedent by other taxpayers. In addition, some of the discussion below under "— Tax Consequences of Subscription Rights," is outside the scope of the private letter rulings that have been issued by the Internal Revenue Service and is based on the Code, Treasury regulations promulgated under the Code, judicial authorities, published positions of the Internal Revenue Service and other applicable authorities, all as in effect on the date of this discussion and all of which are subject to change (possibly with retroactive effect) and to differing interpretations. No assurance can be given that the Internal Revenue Service would not assert, or that a court would not sustain, a position contrary to any part of the discussion under "— Tax Consequences of Subscription Rights," below.

The following discussion is directed solely to eligible members of Illinois Casualty that are U.S. Persons and hold membership interests in a qualifying policy as a capital asset within the meaning of Section 1221 of the Code and other investors that are U.S. Persons that purchase shares of our common stock in the community offering and hold their shares of our common stock as a capital asset within the meaning of Section 1221 of the Code , and it does not purport to address all of the United States federal income tax consequences that may be applicable to Illinois Casualty or to the individual circumstances of particular categories of eligible members of Illinois Casualty or other investors, in light of their specific circumstances. For example, if a partnership holds membership interests in a qualifying policy, the tax treatment of a partner will generally depend on the status of the partner and the activities of the partnership. If you are a partner of a partnership that holds membership interests in a qualifying policy, you should consult your tax advisor. In addition, the following discussion does not address aspects of United States federal income taxation that may be applicable to eligible members of Illinois Casualty or other investors subject to special treatment under the Code, such as financial institutions, insurance companies, pass-through entities, regulated investment companies, real estate investment trusts, financial asset securitization investment trusts, dealers or traders in securities, or tax-exempt organizations, or any aspect of the U.S. alternative minimum tax or state, local or foreign tax consequences of the proposed transactions.

For purposes of this discussion, the term “U.S. Person” means (a) a citizen or resident of the United States, (b) a corporation, or entity treated as corporation, created or organized in or under the laws of the United States or any political subdivision thereof, (c) an estate the income of which is subject to United States federal income taxation regardless of its source, (d) a trust if either (i) a court within the United States is able to exercise primary supervision over the administration of such trust and one or more U.S. Persons have the authority to control all substantial decisions of such trust, or (ii) the trust has a valid election in effect to be treated as a U.S. Person for United States federal income tax purposes, or (e) any other person or entity that is treated for United States federal income tax purposes as if it were one of the foregoing.

This discussion does not constitute tax advice and is not intended to be a substitute for careful tax planning. Each eligible member is urged to consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. income and other tax consequences of the receipt, exercise and lapse of subscription rights to purchase shares of our common stock in the subscription offering. Each prospective purchaser of shares of our common stock is urged to consult its own tax advisor with respect to the U.S. federal, state, local and non-U.S. income and other tax consequences of the acquisition, ownership and disposition of shares of our common stock purchased pursuant to this offering.

The Conversion

For federal income tax purposes:

- the conversion of Illinois Casualty from a mutual insurance company to a stock insurance company will be a reorganization within the meaning of Section 368(a) of the Code;
- Illinois Casualty in its post-conversion stock form will constitute one and the same taxable entity as Illinois Casualty in its pre-conversion mutual form;
- neither Illinois Casualty in its pre-conversion mutual form nor Illinois Casualty in its post-conversion stock form will recognize gain or loss as a result of the conversion; and
- the tax attributes of Illinois Casualty in its pre-conversion mutual form will remain unchanged as tax attributes of Illinois Casualty in its post-conversion stock form. Thus, Illinois Casualty’s basis in its assets, holding period for its assets, net operating loss carryovers, if any, capital loss carryovers, if any, earnings and profits and accounting methods will not be changed by reason of the conversion.

Tax Consequences of Subscription Rights

Generally, the federal income tax consequences of the receipt, exercise and lapse of subscription rights are uncertain. They present novel issues of tax law that are not adequately addressed by any direct authorities. Nevertheless, based upon the advice of Stevens & Lee, we believe, and we intend to take the position that, for U.S. federal income tax purposes:

- eligible members will be treated as transferring their membership interests in Illinois Casualty to ICC Holdings, Inc. in exchange for subscription rights to purchase ICC Holdings, Inc. common stock;
- any gain realized by an eligible member as a result of the receipt of a subscription right with a fair market value must be recognized, whether or not such right is exercised;
- the amount of gain that must be recognized by an eligible member as a result of the receipt of a subscription right will equal the fair market value of such subscription right;
- any gain recognized by an eligible member as a result of the receipt of a subscription right with a fair market value should constitute a capital gain, which will be long term capital gain if the eligible member has held its membership interests for more than one year; and
- if an eligible member is required to recognize gain on the receipt of a subscription right and does not exercise such subscription right, (i) the eligible member should recognize a corresponding loss upon

the expiration or lapse of such member's unexercised subscription right, (ii) the amount of that loss should equal the gain previously recognized upon receipt of the unexercised subscription right, and (iii) if the common stock that an eligible member would have received upon exercise of the lapsed subscription right would have constituted a capital asset in the hands of that eligible member, the resulting loss upon expiration of the subscription right should constitute a capital loss.

Feldman Financial has advised us that it believes the subscription rights will not have any fair market value. Feldman Financial has noted that the subscription rights will be granted at no cost to recipients, will be legally nontransferable and of short duration, and will provide the recipient with the right only to purchase shares of our common stock at the same price to be paid by members of the general public in the community offering. Feldman Financial cannot assure us, however, that the Internal Revenue Service will not challenge Feldman Financial's determination or that such challenge, if made, would not be successful. Nevertheless, eligible members are encouraged to consult with their tax advisors about the U.S. federal, state, local and non-U.S. income and other tax consequences of the receipt, exercise and lapse of subscription rights to purchase shares of our common stock in the subscription offering. See also "— Recent Developments" below.

Tax Consequences to Purchasers of Our Common Stock in the Offering

Basis and Holding Period. The adjusted tax basis of a share of our common stock purchased by an eligible member pursuant to the exercise of a subscription right will equal the sum of the amount of cash paid for such share plus the basis, if any, of the subscription right that is exercised to purchase such share, taking into account the income and gain, if any, recognized by such eligible member on the receipt of such subscription right, less any prior return of capital distributions in respect of such stock. In all other cases, a holder's adjusted tax basis in its shares of our common stock generally will equal the U.S. holder's acquisition cost less any prior return of capital distributions in respect of such stock. The holding period of a share of our common stock purchased by an eligible member through the exercise of a subscription right will begin on the date on which the subscription right is exercised. In all other cases, the holding period of common stock purchased by an eligible member or other investor in the community offering will begin on the date following the date on which the stock is purchased.

Dividends and Distributions. If we pay cash distributions to holders of shares of our common stock, such distributions generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. Distributions in excess of current and accumulated earnings and profits will constitute a return of capital that will be applied against and reduce (but not below zero) the holder's adjusted tax basis in its shares of our common stock. Any remaining excess will be treated as gain realized on the sale or other disposition of its shares of our common stock and will be treated as described under "— Gain or Loss on Sale, Exchange or Other Taxable Disposition of Common Stock" below.

Dividends we pay to a U.S. holder that is a taxable corporation generally will qualify for the dividends received deduction if the requisite holding period is satisfied. With certain exceptions (including, but not limited to, dividends treated as investment income for purposes of investment interest deduction limitations), and provided certain holding period requirements are met, dividends we pay to a non-corporate U.S. holder generally will constitute "qualified dividends" that will be subject to tax at the maximum tax rate accorded to long-term capital gain plus, for such holders with a modified adjusted gross income in excess of specified amounts, the 3.8% tax on net investment income.

Gain or Loss on Sale, Exchange or Other Taxable Disposition of Common Stock. In general, a holder of shares of our common stock must treat any gain or loss recognized upon a sale, exchange or other taxable disposition of such shares (which would include a dissolution and liquidation) as capital gain or loss. Any such capital gain or loss will be long-term capital gain or loss if the holder's holding period for its shares of our common stock so disposed of exceeds one year. In general, a holder will recognize gain or loss in an amount

equal to the difference between (i) the sum of the amount of cash and the fair market value of any property received in such disposition and (ii) the holder's adjusted tax basis in its shares of our common stock so disposed of. Long-term capital gain realized by a non-corporate holder generally will be subject to a maximum federal income tax rate of 20% plus, for such holders with a modified adjusted gross income in excess of specified amounts, the 3.8% tax on net investment income. The deduction of capital losses is subject to limitations, as is the deduction for losses realized upon a taxable disposition by a holder of its shares of our common stock if, within a period beginning 30 days before the date of such disposition and ending 30 days after such date, such holder has acquired (by purchase or by an exchange on which the entire amount of gain or loss was recognized by law), or has entered into a contract or option so to acquire, substantially identical stock or securities.

Recent Tax Developments

We call to your attention that there is a conflict among the courts as to whether a policyholder has a tax basis in membership rights that gets transferred to shares of stock received by the policyholder in the course of a demutualization of an insurance company. In *Eugene A. Fisher v. U.S.* 102 AFTR2d 2008-5608 (Ct Fed Cl 2008), *aff'd* 105 AFTR2d 2010-357 (CA Fed Cir 2009), the court held that the policyholder did have a basis in membership rights attributable to premium payments made by the policyholder and that the basis in the membership rights was transferred to the shares of stock received by the policyholder in a demutualization of the insurance company. The opinion in the *Fisher* case is contrary to the long-standing published position of the Internal Revenue Service that the basis of stock received by a policyholder in the course of a mutual insurance company's demutualization in a series of transactions that constitute a reorganization within the meaning of Section 368(a) of the Code is zero. The *Fisher* decision is also based upon facts that may be peculiar to that case. In another case, the lower court held, similar to *Fisher*, that shares received in a demutualization acquired a basis from a portion of the payment of policy premiums by the policyholder prior to demutualization. See, *Dorrance v. U.S.*, 110 AFTR2d 2012-5176 (DC AZ 2012). However, that decision was recently reversed on appeal. See, *Dorrance v. U.S.*, 116 AFTR2d 2015-6992 (C.A 9, Dec. 30, 2015). In addition, another case which had held that a portion of the taxpayer's premium payments should be allocated to shares received in a demutualization was also recently reversed on appeal. See *Reuben v. U.S.*, 111 AFTR2d 2013-620 (C.D. Cal. 2013), *reversed*, 117 AFTR2d 2016-XXXX (CA 9, Jan. 1, 2016).

The legal precedents regarding whether a policyholder has a tax basis in membership rights are complex and conflicting, and may depend upon the facts applicable to the particular situation. Furthermore, the plan of conversion and the law considered by the courts in the above cases are potentially distinguishable from Illinois Casualty's plan of conversion and the corresponding state law. Nevertheless, if the principles articulated by the court in *Fisher* above were determined to be applicable to the subscription offering, an eligible member could have a tax basis in its membership rights from premium payments made by the eligible member, and that tax basis would (a) reduce any gain attributable to the fair market value of the subscription rights received by the eligible member that are redeemed, and (b) be added to the basis of the shares of our common stock purchased by an eligible member pursuant to the exercise of subscription rights.

You should consult your tax advisors with respect to the potential tax consequences to you of the receipt, exercise and lapse of subscription rights and the determination of your adjusted tax basis in your shares of our common stock, based on your particular circumstances.

Information Reporting and Backup Withholding.

We must report annually to the Internal Revenue Service and to each holder the amount of dividends or other distributions we pay to such holder on its shares of our common stock and the amount of tax withheld with respect to those distributions, regardless of whether withholding is required.

The gross amount of dividends and proceeds from the disposition of shares of our common stock paid to a holder that fails to provide the appropriate certification in accordance with applicable U.S. Treasury regulations generally will be subject to backup withholding at the applicable rate (currently 28 percent).

Backup withholding is not an additional tax. Any amounts we withhold under the backup withholding rules may be refunded or credited against the holder's U.S. federal income tax liability, if any, by the Internal Revenue Service if the required information is furnished to the Internal Revenue Service in a timely manner.

DUE TO THE INDIVIDUAL NATURE OF TAX CONSEQUENCES, EACH ELIGIBLE MEMBER AND EACH OTHER PROSPECTIVE PURCHASER OF SHARES OF OUR COMMON STOCK IN THE OFFERING IS URGED TO CONSULT HIS OR HER TAX AND FINANCIAL ADVISOR.

MANAGEMENT

Directors and Officers

Our board of directors consists of Gerald J. Pepping, Scott T. Burgess, James R. Dingman, Joel K. Heriford, John R. Klockau, Daniel H. Portes, Christine C. Schmitt, Mark J. Schwab, and Arron K. Sutherland, each of whom also presently serves as a director of Illinois Casualty Company. Effective upon completion of this offering, our board of directors will be divided into three classes serving for successive terms of three years each, and each holds office until their respective successors have been elected and qualified or until death, resignation or removal. We have not yet determined the classes in which our directors will serve.

Our executive officers are elected annually and, subject to the terms of their respective employment agreements, if any, hold office until their respective successors have been elected and qualified or until death, resignation or removal by the board of directors. Annually, the director nominees are reviewed by the nominating/governance committee and are selected by the board of directors.

The following table sets forth certain information regarding our current directors.

	Age at October 1, 2016	Director Since (1)	Position with ICC
Gerald J. Pepping	58	2007	Chairman of the Board and Director
Scott T. Burgess	68	2014	Director
James R. Dingman	62	2009	Director
Joel K. Heriford	59	2004	Director
John R. Klockau	64	2004	Director
Daniel H. Portes	62	2010	Director
Christine C. Schmitt	59	2015	Director
Mark J. Schwab	66	2008	Director
Arron K. Sutherland	48	2007	President, CEO and Director

(1) Indicates year first elected as a director of Illinois Casualty.

The business experience of each nonemployee director for at least the past five years is set forth below.

Gerald J. Pepping. Mr. Pepping is an attorney with Pepping, Balk, Kincaid & Olson, Ltd. where he has been a partner since 1989. Mr. Pepping is a member of the Illinois State Bar Association, Iowa State Bar Association and Rock Island County Bar Association. He received his CPA in 1980 and is a member of the Iowa Society of CPA's. Mr. Pepping is licensed to practice law in Illinois and Iowa and is licensed to practice before the U.S. District Court Central District of Illinois, the U.S. Seventh Court of Appeals and the U.S. Tax Court. Mr. Pepping graduated from the University of Iowa with a BBA in Accounting with highest distinction and received his Juris Doctorate from the University Of Illinois College Of Law. Mr. Pepping's legal and business experience provide the Board of Directors with valuable insight into issues relevant to our business. This experience is important in qualifying him for service as a member of the Board of Directors and as Chairman of the Board of Directors.

Scott T. Burgess. Mr. Burgess is a Senior Managing Director of Griffin Financial since 2011, providing insurance carriers with a broad range of strategic, financial and transactional investment banking services. From 2003 to 2011, he was a Treaty Producer and Senior Vice President of Willis Group, a global reinsurance specialist. He worked with Munich Reinsurance America, Inc. (originally American Re-insurance Company) from 1980 to 2003. Mr. Burgess began his career at Chubb & Son, Inc. in various underwriting and management positions. He also serves on the board of directors of Tuscarora Wayne Mutual Group, Inc., Susquehanna Capital Corp., Tuscarora Wayne Insurance Company, Keystone National Insurance Company and Lebanon Valley Insurance Company. Mr. Burgess attended the U.S. Air Force Academy and holds a B.S., Marketing from the University of Maine. Through Mr. Burgess' experience in the insurance industry and service on other corporate boards, he has dealt with a wide range of issues including reinsurance, risk management, and strategic planning. These attributes were significant in the decision to appoint him as a member of the Board of Directors.

James R. Dingman. Mr. Dingman has served for over twenty years as CEO of BankORION, an independent community bank with 7 offices and $400 million in assets. Mr. Dingman currently serves as Chairman and CEO of BankORION and its holding company, Orion Bancorporation, Inc. For all of those years, he has managed the bank investment portfolio, which is currently in excess of $150 million. Mr. Dingman is a graduate of the University of Iowa, holds a Master's Degree from St. Ambrose University, and graduated with distinction from the Southwestern Graduate School of Banking. He has served in a Board capacity for several local organizations, including the Community Bankers Association of Illinois. Through Mr. Dingman's extensive financial experience and other activities, he has dealt with a wide range of issues including audit and financial reporting, risk management, and strategic planning. These experiences qualify him to service as a member of our Board of Directors.

Joel K. Heriford. Mr. Heriford is an attorney with Burch & Cracchiolo, P.A. in Phoenix, Arizona. Mr. Heriford previously practiced law with the law firms of Stanley, Lande & Hunter P.C. in Davenport, Iowa, and Wessels, Stojan & Stephens, P.C., Rock Island, Illinois. Mr. Heriford graduated from Illinois State University, Normal, Illinois (B.S. Accounting), and from De Paul University College of Law (J.D.). Mr. Heriford is also a Certified Public Accountant (Inactive), and previously worked with an international accounting firm prior to attending law school. Mr. Heriford is admitted to practice law in Arizona, Illinois and Iowa. Mr. Heriford's legal and accounting experience provide the Board of Directors with valuable insight into issues relevant to our business. These experiences qualify him for service as a member of the Board of Directors.

John R. Klockau. Mr. Klockau attended Shimer College in Waukegan, Illinois. He began his insurance career in 1972 with Illinois Casualty Company. He served in a variety of capacities before being named to the position of President in 1989, from which he resigned in July of 2009. Mr. Klockau is recognized as an expert in the investigation, negotiation and settlement of dram shop claims. Mr. Klockau serves on the Board of Directors of Rockford Mutual Insurance Company and is involved in various community activities. Through Mr. Klockau's experience in the insurance industry, he has dealt with a wide range of issues including reinsurance, risk management, and strategic planning. These attributes were significant in the decision to appoint him as a member of the Board of Directors.

Daniel H. Portes. Mr. Portes is the Chairman and owner of Management Resources Group (MRG), a talent management company located in Davenport, Iowa. MRG specializes in senior level executive retained search, outplacement, coaching, assessments, organizational development, team building and conflict resolution. Mr. Portes possesses over 31 years of management experience. He is an active member of a number of community boards and organizations, and is past chairman of the Iowa Quad Cities Chamber of Commerce and was named the 2000-2001 Community Leader of the Year. He has served on the Davenport School District and Putnam Museum boards and is a past president of Temple Emanuel. Currently he serves on the board of directors for the Quad City Chamber of Commerce. Mr. Portes was in the leadership role in the passage of the local option sales tax initiative for Scott County Public Schools. Mr. Portes' business experience provides the Board of Directors with valuable insight into issues relevant to our business, including executive compensation. This experience is important in qualifying him for service as a member of the Board of Directors.

Christine C. Schmitt. Ms. Schmitt is CFO North America Insurance Operations of AmTrust North America, a subsidiary of AmTrust Financial Services, Inc., a publicly traded holding company and provider of specialty property and casualty insurance focusing on workers' compensation and commercial package coverage for small business, specialty risk and extended warranty coverage sold throughout the United States and Internationally with over $20 billion in assets. She oversees financial management reporting and systems for the 25+ North America insurance companies and a liaison with auditors, actuaries and financial operations. From 2012 to June 2016, she was Treasurer and Controller for Fidelity & Guaranty Life Insurance Company. From 2011 to 2015, she also served as a director and Chair of the Audit Committee of Michigan Millers Mutual Insurance Company. Ms. Schmitt previously served as Senior Vice President & CFO for FinCor Holdings, Inc., a medical professional liability insurance company, and MEEMIC Insurance Company, a personal lines insurance company, and was an audit manager at PricewaterhouseCoopers LLP. She is a Certified Public Accountant and Chartered Global

Management Accountant and is a member of Financial Executives International, National Association for Female Executives, American Institute of CPA's and Michigan Association of CPA's. Ms. Schmitt has a BS, Business Administration, Accounting major, from Wayne State University. The financial acumen that Ms. Schmitt obtained through her insurance industry experience and service on other corporate boards were attributes important in qualifying her for service as a member of the Board of Directors.

Mark J. Schwab. Mr. Schwab is a Client Advisor and former Area President of Trissel, Graham & Toole division of Arthur J. Gallagher insurance agency, Davenport, Iowa. He is a graduate of the University of Iowa and has taught insurance at St. Ambrose University. He started his career as a field claims adjuster and later was a commercial liability and workers compensation claims supervisor. Mr. Schwab holds the Chartered Property and Casualty Underwriter and Associate in Risk Management designations. He has served as president of the Quad City Chapter of CPCU, Quad Cities Claims Association, Quad Cities Insurance Education Council and Independent Insurance Agents of Scott County. Mr. Schwab was the 2003-05 board chair for United Way of the Quad-Cities. Through Mr. Schwab's experience in the insurance industry, he has dealt with a wide range of issues including risk management, agency relationships and strategic planning. This experience was significant in the decision to appoint him as a member of the Board of Directors.

Following the conversion, pursuant to our contractual agreement with one of the investor groups, we will appoint R. Kevin Clinton to the board of directors. His business experience is set forth below.

R. Kevin Clinton. Mr. Clinton has been a professor and Director of the Actuarial Science Program of Michigan State University since August 2015. From November 2013 to April 2015, he served as the State Treasurer of the State of Michigan and a member of the Governor's cabinet. Mr. Clinton was part of the team that brought the City of Detroit out of bankruptcy. From April 2011 to November 2013, he served as the Commissioner of Insurance of the State of Michigan and Director of the Michigan Department of Insurance and Financial Services (MDIFS), which regulates state insurance companies, banks, credit unions and other financial institutions. Mr. Clinton was President and Chief Executive Officer of American Physicians Capital, Inc., a publicly traded insurance company, from 2004 until its sale to The Doctors Company in October 2010. He was Vice President and Chief Operating Officer of that company from 2001 to 2003. From 1997 to 2001, Mr. Clinton was President and Chief Executive Officer of MEEMIC Insurance Company, a personal lines insurer which converted from a mutual to stock company and became a publicly traded company in 1999. From 1990 to 1997, he worked at ProNational Insurance Company, holding the positions of Chief Financial Officer from 1996 to 1997 and Vice President of Underwriting from 1990 to 1995. Mr. Clinton was a consulting actuary from 1986 to 1990. He was the Chief Actuary of the State of Michigan Insurance Bureau, which is now part of the MDIFS, from 1982 to 1986. Mr. Clinton graduated from the University of Michigan (B.S. Business Administration; Masters of Actuarial Science), and was inducted as a Fellow of the Casualty Actuarial Society in 1982.

In order to determine which of our directors are independent, we have elected to utilize the standards for independence established under the NASDAQ listing standards. Under this standard, an independent director is a person other than an executive officer or employee of ICC or any other individual having a relationship which, in the opinion of the board of directors, would interfere with the exercise of independent judgment in carrying out the responsibilities of a director. The following persons will not be considered independent:

- a director who is, or at any time during the past three years was, employed by us;
- a director who accepted or who has a spouse, parent, child or sibling, whether by blood, marriage or adoption, or any other person who resides in his home, hereinafter referred to as a "Family Member", who accepted any compensation from us in excess of $120,000 during any period of twelve consecutive months within the three years preceding the determination of independence (other than compensation for board or board committee service; compensation paid to a Family Member who is an employee (other than an executive officer) of Illinois Casualty; or benefits under a tax-qualified retirement plan, or non-discretionary compensation).

- a director who is a Family Member of an individual who is, or at any time during the past three years was, employed by us as an executive officer;
- a director who is, or has a Family Member who is, a partner in, or a controlling shareholder or an executive officer of, any organization to which we made, or from which we received, payments for property or services in the current or any of the past three fiscal years that exceed 5% of the recipient's consolidated gross revenues for that year, or $200,000, whichever is more (excluding payments arising solely from investments in our securities; or payments under non-discretionary charitable contribution matching programs).
- a director of ICC who is, or has a Family Member who is, employed as an executive officer of another entity where at any time during the past three (3) years any of our executive officers served on the compensation committee of such other entity; or
- a director who is, or has a Family Member who is, a current partner of our outside auditor, or was a partner or employee of the company's outside auditor who worked on our audit at any time during any of the past three (3) years.

Under this criteria, all directors except Arron K. Sutherland are independent. Illinois insurance law requires that one-third of the members of each committee of the board be independent, except for the audit, nominating, and compensation committees, which may only include independent directors.

Director Compensation

In 2015, each of our directors received a fee of $3,500 for each board meeting attended, other than the August 2015 board meeting for which a fee of $5,250 was paid to attendees.

For 2016, each of our directors will receive a fee of $3,500 for each board meeting attended. Additionally, certain of our non-employee directors may receive additional compensation in connection with the added responsibility and work related to our conversion.

The table below summarizes the total compensation paid to our non-employee directors for the fiscal year ended December 31, 2015.

	Fees Earned or Paid in Cash ($)	Stock Awards ($)	Option Awards ($)	Non-Equity Incentive Plan Compensation ($)	Change in Pension Value and Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($)	Total ($)
Gerald J. Pepping	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
Scott T. Burgess	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
James R. Dingman	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
Joel K. Heriford	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
John R. Klockau	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
Daniel H. Portes	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750
Christine C. Schmitt	$ 3,500	$ 0	$ 0	$ 0	$ 0	$ 0	$ 3,500
Mark J. Schwab	$15,750	$ 0	$ 0	$ 0	$ 0	$ 0	$15,750

Committees of the Board of Directors

Compensation Committee. Our compensation committee consists of Messrs. Heriford (Committee Chairman), Portes and Schwab and Ms. Schmitt. All of the directors are independent under the criteria established under the NASDAQ listing standards. All of the directors are "non-employee directors," as required under the Exchange Act. The compensation committee will:

- review, evaluate and approve the compensation and benefit plans and policies of ICC employees, including its officers;
- review, evaluate and approve the compensation and benefit plans and policies for our officers and directors;
- grant stock options and restricted stock and restricted stock unit awards to employees, management and directors under our proposed stock-based incentive plan;
- be responsible for producing an annual report on executive compensation for inclusion in our proxy statement and for ensuring compliance of compensation and benefit programs with all other legal, tax and regulatory requirements;
- assist the board of directors in the performance of its responsibilities relating to succession planning for its principal executive officer; and
- make recommendations to our board of directors regarding these matters.

Audit Committee. The Audit Committee consists of Messrs. Heriford (Committee Chairman), Dingman, and Portes and Ms. Schmitt. In addition, our board of directors has determined that Ms. Schmitt is an audit committee financial expert within the meaning of SEC regulations. Under the independence criteria utilized by the NASDAQ listing rules, the Audit Committee members must meet additional criteria to be deemed independent. An Audit Committee member may not, other than in his or her capacity as a member of the Committee, the board of directors, or any other board of directors' committee (i) accept directly or indirectly any consulting, advisory, or other compensatory fee from ICC other than the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with ICC (provided such compensation is not contingent in any way on continued service); or (ii) be an affiliated person of ICC as defined in Exchange Act Rule 10A-3(e)(1). All of the directors of the Audit Committee are independent under this criteria.

The Audit Committee will:

- be responsible for the selection, retention, oversight and termination of our independent registered public accounting firm;
- approve the non-audit services provided by the independent registered public accounting firm;
- review the results and scope of the audit and other services provided by our independent registered public accounting firm;
- approve the estimated cost of the annual audit;
- establish procedures to facilitate the receipt, retention and treatment of complaints received from third parties regarding accounting, internal accounting controls, or auditing matters;
- establish procedures to facilitate the receipt, retention, and treatment of confidential, anonymous submissions of concerns regarding questionable accounting or auditing matters by ICC employees;
- review and approve all related party transactions and transactions raising potential conflicts of interest;
- review the annual financial statements and the results of the audit with management and the independent registered public accounting firm;
- review with management and the independent registered public accounting firm the adequacy of our system of internal control over financial reporting, including their effectiveness at achieving compliance with any applicable laws or regulations;
- review with management and the independent registered public accounting firm the significant recommendations made by the independent registered public accounting firm with respect to changes in accounting procedures and internal control over financial reporting; and

- report to the board of directors on the results of its review and make such recommendations as it may deem appropriate.

Nominating and Governance Committee. The Nominating and Governance Committee of the board of directors consists of Messrs. (Committee Chairman), Burgess, and Portes. All of the directors are independent as defined under the NASDAQ listing standards. The Nominating and Governance Committee will:

- make independent recommendations to the board of directors as to best practices for board governance and evaluation of board performance;
- produce a Code of Ethics and submit it for board approval, and periodically review the Code of Ethics for necessary revisions;
- identify suitable candidates for board membership, and in such capacity will consider any nominees recommended by shareholders;
- propose to the board a slate of directors for election by the shareholders at each annual meeting; and
- propose candidates to fill vacancies on the board based on qualifications it determines to be appropriate.

Enterprise Risk Management Committee. The Enterprise Risk Management Committee consists of Messrs. Sutherland (Committee Chairman), Burgess, Portes, and Schwab. The purpose of the Enterprise Risk Management Committee is to review and make recommendations to the Board with respect to financial, reputational and other issues and risks of the company. In particular, the Enterprise Risk Management Committee will:

- review investment policies, strategies, transactions and performance; and
- conduct an annual enterprise risk management review and assessment of proposed strategic plans and initiatives.

Executive Committee. The Executive Committee consists of Messrs. Pepping (Committee Chairman), Klockau, and Sutherland. The purpose and duties of the Executive Committee are to handle legal formalities and technicalities concerning administrative operations. The Executive Committee will:

- oversee budget review;
- provide capital spending approval;
- propose capital structure policy;
- oversee merger, acquisition and divestiture review;
- provide debt issuance approval; and
- review qualification of commercial and investment bankers.

Compensation Committee Interlocks and Insider Participation

The members of the compensation committee of our board of directors are currently Messrs. Heriford (Committee Chairman), Portes and Schwab and Ms. Schmitt.

The compensation committee does not include any current or former officers or current employees of ICC. None of our executive officers serves as a member of the board of directors or compensation committee of any entity that has one or more executive officers serving on our board of directors or compensation committee.

Officers

Our Named Executive Officers

Arron K. Sutherland, age 48, serves as the President — Chief Executive Officer of the Company and also serves on the Board of Directors. He has served as the CEO since 2010 and formerly as Chief Financial Officer from 2006 to 2010. Mr. Sutherland has more than 20 years' experience in the insurance and finance industry and holds a CPA and CPCU designation. Prior to joining ICC, he was employed for more than 15 years in the accounting field including ten years of P&C experience with Frankenmuth Financial Group. Mr. Sutherland received his B.A. in Accounting from Michigan State University and his M.B.A. from Saginaw State University.

Michael R. Smith, age 49, serves as the Chief Financial Officer, a position he has held since May 2016. Previously, he served as the Vice President of Finance since January 2015. Mr. Smith joined the Company originally in 2011 as the Assistant Vice President of Finance until July 2013. He served as Vice President and Controller at CGB Enterprises, Inc. from July 2013 to January 2015. Mr. Smith has more than 20 years' experience in the financial industry including 15 years in the insurance industry and holds a CPA and CPCU designation. Prior to joining the Company he worked for several insurance organizations including GF&C Holding Company, The Financial Group, Insurall, and Continental National Indemnity. Mike received his B.S.B.A. in Accounting from Xavier University and his M.B.A. in Finance from Xavier University.

Norman D. Schmeichel, age 47, serves as the Vice President and Chief Information Officer of the Company, a position he has held since 2011. Mr. Schmeichel has over 14 years' experience in the insurance industry. He started with ICC in 2002 as the Associate Director of IT, and served as the Assistant Vice President of IT from 2007 to 2011. Mr. Schmeichel has over 20 years' experience in development of enterprise solutions. He oversees the Company's IT, Actuarial Services, and Products and Process operations. Mr. Schmeichel holds a B.A. in Economics from Northern Illinois University.

Howard J. Beck, age 57, serves as the Chief Underwriting Officer, a position he has held since May 2016. Previously, he served as the Vice President of Underwriting since 2014. He joined the Company in 2004 as Program Manager and has served as Marketing Manager and Director of Underwriting. Mr. Beck has over 24 years' experience in the insurance industry and holds a CPCU. Prior to joining the Company, he was employed for over 12 years with both company and agency operations, working with Sentry Select, John Deere Insurance, and Lohman Brothers Agency. Mr. Beck oversees the Company's Underwriting, Marketing and Loss Control operations. Mr. Beck received a B.S. in Finance from Northern Illinois University and his M.B.A. from University of St. Thomas.

Julia B. Suiter, age 49, serves as Chief Legal Officer of the Company, a position she has held since May 2016. Previously, she had been our Chief Litigation Counsel since 2011. She joined the Company in 2009 as Litigation Manager. Prior to joining the Company, Mrs. Suiter practiced in the areas of construction law, products liability, contract law, employment law, and insurance defense for more than 15 years. Prior to joining ICC, she served as Operations Counsel for KONE Inc., where she was also responsible for the company's corporate compliance program, and taught the "Legal Environment of Business" course as an adjunct professor at St. Ambrose University. Julia holds a B.A. in Criminal Justice from Indiana University and a J.D. from Indiana University School of Law.

Other Executive Officers

Rickey Plunkett, age 61, serves as the Director of Claims, a position he has held since 2011. He joined the Company in 2010 as Claims Manager. He has more than 35 years' experience in the insurance industry. Prior to joining the Company, Mr. Plunkett worked as Claims Program Manager for General Casualty Insurance Company. He holds the CPCU, CIC, and SCLA designations. Mr. Plunkett received his B.A. from Indiana State University.

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Kathleen S. Springer, age 48, serves as the Director of Human Resources, a position she has held since 2011. She joined the Company in 2008 as the Human Resources Manager. Mrs. Springer has over 20 years' experience the human resources field and holds both a SPHR and SHRM-SCP designation. Prior to joining ICC, she was employed in HR management with K's Merchandise and Service Merchandise Corp. Mrs. Springer oversees the Company's Administrative Services and Human Resources operations. Mrs. Springer received her B.A. from Western Illinois University.

Retirement and Other Personal Benefits. We provide our named executive officers, and in some circumstances our other employees, with certain retirement and other fringe benefits, as we describe below.

We provide all of our employees, including our named executive officers, with tax-qualified retirement benefits through our 401(k) retirement plan. All employees who meet the age and service requirements are eligible to participate in the 401(k) plan on a non-discriminatory basis. We match the employee's contributions at 100% up to the first 4% of the employee's compensation. Participants are 100% vested in the company-match contributions. Messrs. Sutherland, Smith, Schmeichel, and Beck and Ms. Suiter are fully vested in our matching contributions.

Stock -Based Plans. In connection with the offering, we adopted an ESOP, which will purchase 10.0% of the total stock outstanding following the offering. The ESOP will provide all of our employees who meet the age and service requirements with a stake in the future performance of our common stock. The ESOP will be an equity based plan available to all ranks of employees and will align our employees' interests, including our named executive officers, with our shareholders.

Our board of directors adopted a stock-based incentive plan, which will permit us to make stock or stock-based awards in the form of incentive stock options, nonqualified options, and restricted stock and restricted stock units to directors and selected employees. We expect that the stock-based incentive plan will assist us in attracting, motivating, and retaining persons who will be in a position to substantially contribute to our financial success. The stock-based incentive plan has a term of ten years (unless our board of directors terminates the stock-based incentive plan earlier). The stock-based incentive plan will be administered by our compensation committee, who will determine the vesting period and other terms for the option, restricted stock, and restricted stock unit awards under the plan.

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Summary Compensation Table

The following table sets forth information regarding the total annual compensation of our named executive officers for the fiscal year ended December 31, 2015.

Name and Principal Position	Year	Salary ($)	Stock Awards ($)	Option Awards ($)	Bonus ($)	Non-Equity Incentive Plan Compensation ($)	Nonqualified Deferred Compensation Earnings ($)	All Other Compensation ($) (1)	Total ($)
Arron K. Sutherland President and Chief Executive Officer	2015	285,000	—	—	47,300	33,885	68,000	19,806	453,991
	2014	251,500	—	—	30,861	34,725	69,992	12,450	399,528
Michael R. Smith Chief Financial Officer	2015	135,577	—	—	6,000(2)	16,405	—	19,239	177,221
Norman D. Schmeichel Vice President and Chief Information Officer	2015	166,481	—	—	4,500	20,144	—	7,919	199,044
	2014	158,650			5,000	23,797		314	187,761
Howard Beck Chief Underwriting Officer	2015	117,880	—	—	1,000	14,263	—	11,072	144,215
	2014	118,200	—	—	1,000	17,730	—	9,954	146,884
Julia B. Suiter Chief Legal Officer	2015	118,495	—	—	4,600	14,338	—	7,053	144,486
	2014	113,376	—	—	1,000	17,006	—	1,939	133,321

(1) For 2015, consists of (a) for Mr. Sutherland, our 401(k) plan matching contributions in the amount of $10,600; life, accidental death & dismemberment, short-term and long-term disability, long-term care and supplemental disability insurance premiums of $5,030; and country club membership dues and fitness subsidy reimbursement in the amount of $4,176; (b) for Mr. Smith, our 401(k) plan matching contributions in the amount of $5,348; life, accidental death & dismemberment, and short-term and long-term disability insurance premiums of $872; relocation expenses of $12,000; and country club membership dues in the amount of $1,019; (c) for Mr. Schmeichel, our 401(k) plan matching contributions in the amount of $6,999; and life, accidental death & dismemberment, and short-term and long-term disability insurance premiums of $920; (d) for Mr. Beck, our 401(k) plan matching contributions in the amount of $6,944; life, accidental death & dismemberment, short-term and long-term disability, and long-term care insurance premiums of $2,687; and country club membership dues in the amount of $1,441; and (e) for Ms. Suiter, our 401(k) plan matching contributions in the amount of $4,780; life, accidental death & dismemberment, short-term and long-term disability, and long-term care insurance premiums of $2,162; and fitness subsidy reimbursement.

(2) Mr. Smith received a $5,000 sign-on bonus during 2015.

Benefit Plans and Employment Agreements

General. Arron K. Sutherland is party to an employment agreement with Illinois Casualty. Our other named executive officers are parties to change in control agreements. In connection with the offering, our board of directors has approved the employee stock ownership plan. Our board of directors also adopted a stock-based incentive plan that must be approved by our shareholders at a meeting held no earlier than six months after completion of the conversion. In addition, we have an existing a 401(k) and profit sharing plan in which our executive officers are eligible to participate.

Employee Stock Ownership Plan. In connection with the offering, we have adopted an employee stock ownership plan, or ESOP, for the exclusive benefit of participating employees, to be implemented upon the completion of the offering. Participating employees are all of our employees, who have completed at least ninety days of service with ICC. As of June 30, 2016, there were employees eligible to participate in the ESOP. We will submit to the IRS an application for a letter of determination as to the tax-qualified status of the ESOP. We expect that the ESOP will receive a favorable letter of determination from the IRS.

The ESOP intends to borrow funds from us in order to be able to purchase an amount of shares equal to 10.0% of the common stock issued in the offering. This loan will bear an interest rate equal to the long-term Applicable Federal Rate with annual compounding on the closing date of the offering. Depending on the number of shares issued in the offering, the ESOP loan will require the ESOP to make annual payments of between approximately $ and $, for a term of fifteen years. The loan will be secured by our shares of common stock purchased by the ESOP. Shares purchased with the ESOP loan proceeds will be held in a suspense account for allocation among participants as the ESOP loan is repaid. We are required to contribute sufficient funds to the ESOP to enable the ESOP to meet its loan obligations.

Contributions to the ESOP and shares released from the suspense account will be allocated pro-rata among participants based upon a participant's eligible compensation as a percentage of the eligible compensation of all participants in the ESOP, multiplied by a factor based upon a participant's combined age plus years of service as of each December 31. Eligible compensation will include the participant's annual wages within the meaning of Section 3401(a) of the Code and all other payments of compensation reported on the participant's Form W-2, plus any amounts withheld under a plan qualified under Sections 125, 401(k), or 132(f)(4) of the Code and sponsored by ICC Holdings, Inc. or one of its affiliates. Eligible compensation will be determined without regard to any rules under Section 3401(a) of the Code that limit wages based on the nature or location of the participant's employment or services performed. Participants must have at least 1,000 hours of service in a calendar year and be employed on the last day of the calendar year in order to receive an allocation. A participant becomes 100% vested in his or her right to ESOP benefits only after completing four years of service with ICC (25% per year beginning with the participant's second year of service). For vesting purposes, a year of service means any year in which an employee completes at least 1,000 hours of service. Vesting will be accelerated to 100% upon a participant's attainment of normal retirement age (age 65), death, or disability. Forfeitures will be reallocated to participants on the same basis as other contributions, or, at our discretion, used to pay administrative expenses. Vested benefits are payable upon a participant's retirement, death, disability, or separation from service, and will be paid in a lump sum as whole shares of common stock (with cash paid in lieu of fractional shares), unless the distributee elects cash. Any dividends paid on allocated shares are expected to be credited to participant accounts within the ESOP or paid to participants, and any dividends on unallocated shares are expected to be used to repay the principal of and interest on the ESOP loan.

As sponsor of the ESOP, ICC, through its board of directors, will administer the ESOP itself or engage a third party administrator to provide, among other services, participant recordkeeping and account maintenance services. An unaffiliated bank or trust company will be appointed as custodian and trustee of the ESOP. The ESOP trustee must vote all allocated shares held in the ESOP in accordance with the instructions of the participants. Unallocated shares and allocated shares for which no timely direction is received will be voted by the ESOP trustee in accordance with the terms of the ESOP's trust agreement.

Stock -Based Incentive Plan. Our board of directors adopted a stock-based incentive plan on , 2016. The plan is subject to shareholder approval The plan will not be submitted to our shareholders for approval until at least six months after the completion of the offering.

The purpose of the stock-based incentive plan will be to assist us in attracting, motivating, and retaining persons who will be in a position to substantially contribute to our financial success. The stock-based incentive plan will assist us in this effort by providing a compensation vehicle directly tied to the performance of our common stock. The stock-based incentive plan will have a term of ten years (unless our board of directors terminates the stock-based incentive plan earlier).

The stock-based incentive plan will permit us to make stock or stock-based awards in the form of incentive stock options, nonqualified stock options, restricted common stock, and restricted common stock units to directors and employees. Our non-employee directors will not be eligible to receive awards of incentive stock options under the plan, because, under the Internal Revenue Code, incentive stock options may only be granted to employees. The stock-based incentive plan will be administered by the compensation committee.

The aggregate number of shares of common stock that can be awarded under the stock-based incentive plan will be limited to 14% of the number of shares issued in the offering. No more than 10% of the number of shares of common stock issued in the offering will be issuable under the stock-based incentive plan upon exercise of stock options, and no more than 4% of the number of shares of common stock issued in the offering will be issuable under the stock-based incentive plan as restricted stock awards or through the vesting of restricted stock unit awards. Under the stock-based incentive plan, the compensation committee will determine whether the participant will receive either common stock or cash upon the vesting of a restricted stock unit award.

We may purchase shares of our common stock in the open market to hold as treasury shares for use in issuing stock upon the exercise of stock options, the vesting of a restricted stock unit award not paid in cash, or making restricted stock awards, or we may issue new shares from our authorized but unissued common stock. If we purchase all of the common stock eligible to be issued under the stock-based incentive plan in the open market, the number of shares purchased will be between 380,800 shares and 572,444 shares, and if we purchase all of the shares at $10.00 per share, the cost would be between $3,808,000 and $5,724,440. By purchasing some or all of the shares to be issued under the stock-based incentive plan in the open market, ICC can reduce the dilution to net income per share and the percentage of shares held by then existing shareholders as the result of the issuance of common stock upon exercise of stock options and vesting of restricted stock awards under the stock-based incentive plan.

All awards granted under the stock-based incentive plan will be subject to vesting, pre-established performance criteria, or other conditions as the compensation committee may in its discretion set, subject to the terms of the stock-based incentive plan document. The failure to satisfy any vesting, performance criteria, or other conditions may result in the forfeiture, lapse, or other loss of the benefit of an award under the stock-based incentive plan. An award agreement between ICC and the officer, director or employee will evidence the terms of each award, including these conditions.

Vesting of awards may accelerate upon a Change in Control (as defined in the stock-based incentive plan) and, in certain circumstances, upon a participant's death or disability. In addition, the compensation committee may exercise its discretion to waive a vesting period (but not any performance goals) or forfeiture provision with respect to an award.

Each option issued under the stock-based incentive plan will entitle the option holder upon vesting, to purchase a number of shares of our common stock, at a price per share, specified in the agreement issued to him or her. Incentive stock options afford favorable tax treatment to recipients upon compliance with certain restrictions under Section 422 of the Code. Nonqualified stock options are options that do not qualify for the favorable tax treatment of Section 422 of the Code.

Under the stock-based incentive plan, the exercise price of each stock option must be at least 100% of the fair market value of a share of common stock on the date of award, except that the exercise price of an incentive stock option awarded to an individual who beneficially owns more than 10% of the voting power from all classes of our stock must be at least 110% of the fair market value on the date of award. If our stock is traded on the Nasdaq Capital Market, as we expect, the fair market value will be the closing sales price on the day the option is awarded, and if no such price is available for that day, the exercise price will be determined by reference to the closing sales price on the preceding day on which prices were quoted.

No taxable income will be recognized by the option holder upon exercise of an incentive stock option, although it may increase the option holder's alternative minimum tax liability, if applicable. Incentive stock

options do not result in tax deductions to ICC unless the option holder fails to comply with Section 422 of the Code, which requires the option holder to hold shares acquired through exercise of an incentive stock option for two years from the date on which the option is awarded and for more than one year from the date on which the shares are issued upon exercise of the option. If the option holder complies with these requirements, any gain or loss on the subsequent sale of such shares will be long-term capital gain or loss. Generally, if the option holder sells such shares before the expiration of either of these holding periods, then at the time of the sale, the option holder will realize taxable ordinary income equal to the lesser of: (i) the excess of the shares' fair market value on the date of exercise over the exercise price, or (ii) the option holder's actual gain, if any, on the purchase and sale. The option holder's additional gain or any loss upon any such sale will be a capital gain or loss, which will be long-term or short-term, depending upon whether he held the shares for more or less than one year.

Upon the exercise of a nonqualified stock option, the option holder will recognize ordinary income upon the exercise of the nonqualified option in an amount equal to the excess of the then fair market value of the stock acquired over the exercise price. ICC will generally be entitled to a federal income tax deduction equal to the amount reportable as income by the option holder.

Restricted stock is common stock that will be awarded under the stock-based incentive plan at no cost to the recipient. Restricted stock will be nontransferable and forfeitable until the holder's interest in the stock vests. Upon vesting and release of the restricted stock, the holder will recognize ordinary income equal to the then fair market value of the shares received, unless a special election has been timely filed with the Internal Revenue Service to recognize as income the value of the restricted stock on the award date. When the holder sells the shares, capital gain and loss rates will apply. ICC will be entitled to a federal income tax deduction equal to the amount reportable as income by the holder.

Restricted stock units are awards denominated in shares of our common stock that, upon vesting, are settled, in the discretion of the compensation committee, (a) in cash, based on the fair market value of our common stock on the date of vesting; (b) in our common stock; or (c) a combination of cash and our common stock. Upon vesting of the restricted stock units the holder will recognize ordinary income equal to the amount of cash received plus, the then fair market value of unrestricted shares received. When the holder sells shares acquired pursuant to the vesting of a restricted stock unit award, capital gain and loss rates will apply. ICC will be entitled to a federal income tax deduction equal to the amount reportable by the holder.

Section 162(m) of the Code denies a deduction to any publicly held corporation for compensation paid to certain "covered employees" in a taxable year to the extent that compensation to such covered employee exceeds $1,000,000. Compensation attributable to awards made under the stock-based incentive plan, when combined with all other types of compensation received by a covered employee from ICC, may cause this limitation to be exceeded in any particular year. Certain kinds of compensation, including qualified "performance-based compensation," are disregarded for purposes of the deduction limitation. In accordance with treasury regulations promulgated under Section 162(m) of the Code, awards will qualify as performance-based compensation if the award is granted by the compensation committee comprised solely of "outside directors" and either (i) with respect to stock options, the plan contains a per-employee limitation on the number of shares for which such options may be granted during a specified period, the per-employee limitation is approved by the shareholders, and the exercise price of the option is no less than the fair market value of the shares on the date of award, or (ii) the award is subject to the achievement (as specified in writing by the compensation committee) of one or more objective performance goal or goals that the compensation committee establishes in writing while the outcome is substantially uncertain, and the shareholders approve the performance goal or goals. It is our intention to have awards under the stock-based incentive plan to executive officers constitute "performance-based compensation" in accordance with the provisions of Section 162(m) of the Code, but the compensation committee may approve awards that do not qualify for maximum deductibility when it deems it to be in the best interest of ICC.

We expect that the initial grant of awards under the stock-based incentive plan will take place on the date of shareholder approval. We have not made any final decision concerning the number or type of awards that will be

made to any director or officer at this time. We will not make any awards under the stock-based incentive plan before receiving shareholder approval.

401(k) Retirement Plan. We currently sponsor a 401(k) plan. Full-time, active employees, including our named executive officers, are eligible to participate in the plan on the first of the month immediately following ninety days of service. As of June 30, 2016, of our employees were eligible to participate in the plan. Under the plan, participants receive matching contributions from ICC equal to one hundred percent of the employee's contribution up to four percent of their eligible compensation. Participants in the plan are always fully vested in their contribution as well as the matching contributions they receive from us. An employee reaches a year of service when they have worked 1,000 hours in the applicable calendar year. Once amounts under the plan are distributed, the participant will have taxable income for the amounts distributed. Participants taking distributions when they are under the age of 59 1/2 could be subject to an additional 10% excise tax on the income distributed.

As of December 31, 2015, Messrs. Sutherland, Smith, Schmeichel, and Beck and Ms. Suiter were each 100% vested in the 401(k) plan. For the year ended December 31, 2015, Messrs. Sutherland, Smith, Schmeichel, and Beck and Ms. Suiter received $10,600, $5,348, $6,999, $4,944, and $4,780, respectively, in contributions to the plan from ICC.

Executive Employment Agreement. Mr. Sutherland is party to an employment agreement with Illinois Casualty and ICC Holdings. Mr. Sutherland's employment agreement, effective October 1, 2016, is terminable upon 60 days prior written notice. The employment agreement includes non-compete and non-solicitation covenants that last during his term of employment and two years thereafter. Pursuant to his employment agreement, Mr. Sutherland receives a base salary of $320,000, which is increased annually to reflect a cost of living increase based upon information published by the Bureau of Labor Statistics of the United States Department of Labor plus any other discretionary increases agreed by the board of directors or compensation committee from time to time. Mr. Sutherland is also eligible to receive (i) an annual discretionary performance-based bonus, (ii) paid annual personal time off in accordance with the benefits provided to other employees, and (iii) country club membership for the purpose of conducting company business, with Illinois Casualty owning the equity portion. He is also entitled to participate in all retirement plans and health, life, disability and other insurance programs offered by Illinois Casualty to its other employees. Mr. Sutherland will be entitled to participate in the pool of shares of our common stock designated to be awarded to our management team in accordance with the terms our equity incentive plan. Additionally, Illinois Casualty will provide Mr. Sutherland with company-funded disability income that, when coordinated with our group disability plans, will provide him with 75% of his base salary for the first 180 days of his disability. During the term of his employment agreement and for two years following his termination, Mr. Sutherland is subject to a covenant not to compete, a covenant not to solicit customers and a covenant not to solicit our key employees. This employment agreement replaced an employment agreement between Mr. Sutherland and Illinois Casualty originally entered into in August 2012.

In November 2012, we entered into a deferred compensation agreement with Mr. Sutherland. The agreement requires Illinois Casualty to make payments to Mr. Sutherland beginning at retirement, which is set at age 62. In the event of separation of service without cause prior to age 62, benefits under this agreement vest 25% in November 2017, 50% in November 2022, 75% in November 2027, and 100% on January 1, 2032. In the event of Mr. Sutherland's death prior to retirement, benefits become fully vested and are payable to his beneficiaries. Using a discount rate of 4.95%, the fully vested obligation under the agreement would total approximately $1,548,000 on January 1, 2032. As of December 31, 2015, the accrued liability related to this agreement totaled $173,676.

The compensation committee enters into employment agreements with executive officers when it determines that such an agreement is desirable to obtain some measure of assurance as to the executive's continued employment in light of prevailing market competition for the position held by the executive officer, or where the compensation committee determines that an employment agreement is necessary and appropriate in light of the executive's prior experience or with our practices with respect to similar situated employees.

Base Salary. Messrs. Sutherland, Smith, Schmeichel, and Beck and Ms. Suiter will each receive an annual base salary of $300,000, $155,500, $172,250, $128,000, and $130,000, respectively, in 2016. The base salary of each of the named executive officers is reviewed periodically for merit or cost-of-living increases and may be increased pursuant to the policies then in effect related to executive compensation. Pursuant to the terms of Mr. Sutherland's employment agreement, the base compensation paid to him in any calendar year may not be less than the base compensation paid to Mr. Sutherland in the previous year, except for a reduction which is proportionate to a company-wide reduction in executive or senior management pay, exclusive of eliminated or unfilled positions.

The base salary is intended to provide fixed compensation to the executive officer that reflects his job responsibilities, experience, value to Illinois Casualty, and demonstrated performance. The base salary for each executive in any future employment agreements or any amounts paid over the base salary amount under this current or any future employment agreements will be determined by the compensation committee based on its subjective evaluation of a variety of factors, including, but not limited to:

- the nature and responsibility of the position;
- the impact, contribution, expertise and experience of the executive;
- to the extent available and relevant, competitive market information; and
- the importance of retaining the executive along with the competitiveness of the market for the executive's talent and services.

Bonus. Our executive officers are entitled to participate in the Illinois Casualty Company Profit Sharing Cash Bonus Program that we maintain and offer to our employees, and may receive an additional bonus or bonuses as the board of directors deems appropriate. The Profit Sharing Cash Bonus Program is focused on delivering return on average equity, premium growth and controlling operating expenses by focusing on the following components of our operations: the GAAP combined ratio, renewal hit ratio, direct written premium and statutory surplus. The calculation of the GAAP combined ratio is described above under the heading "Management's Discussion and Analysis of Financial Condition and Results of Operations — Key Financial Measures" above. The renewal hit ratio measures our success in retaining policies at renewal by comparing the number of renewals offered against the number of renewal binders received. This ratio is calculated by dividing the number of renewal binders received by the sum of such renewals and the number of renewals offered but ultimately expired. For 2015, the targets were a GAAP combined ratio of 99.9%, a renewal hit ratio of 89%, direct written premiums of $50.0 million, and statutory surplus of $26.5 million. The potential for each employee's bonus is based upon each employee's position and base salary for that year. For 2016, the bonus potential for each of our executive officers was 15% of his or her base salary in 2016, excluding any fees for service on the board of directors, which for Mr. Sutherland is $20,000. During 2015, we achieved a GAAP combined ratio of 96.5%, a renewal hit ratio of 92%, direct written premiums of $49.0 million, and a statutory surplus of $26.9 million. Accordingly, our named executive officers achieved 11.44% of their targeted bonus amounts.

Benefits and Perquisites. Messrs. Sutherland, Smith, Schmeichel, and Beck and Ms. Suiter are each entitled to participate in insurance, vacation, and other fringe benefit programs that ICC maintains for its other employees. We provide several types of insurance to eligible employees: health, life, short term disability, long-term disability, accident, identity theft, and chronic illness. In addition, we pay 100% of the premiums for long-term care insurance for the benefit of Messrs. Sutherland and Beck and Ms. Suiter. This program has been discontinued for current employees, but has been grandfathered for certain of our employees, with the amount of our contribution originally based upon level and length of employment. We provide these benefits to help alleviate the financial costs and loss of income arising from illness, disability or death, and to allow employees to take advantage of reduced insurance rates available for group policies.

The Company provides a cell phone to all officers and designated staff in order to provide superior service to our customers.

Benefits Provided in Connection with Termination. If Mr. Sutherland's employment is terminated as a result of his death, his estate or designated beneficiary will receive any base salary and expenses accrued and owing to Mr. Sutherland as of the date of termination of employment and all benefits due and owing to, or in respect of, Mr. Sutherland under all benefit plans, in accordance with their terms. We refer to these benefits as accrued obligations.

If Mr. Sutherland's employment is terminated by Illinois Casualty for Cause or by Mr. Sutherland without Good Reason, Mr. Sutherland will receive his accrued obligations, and Illinois Casualty will make available to Mr. Sutherland and his qualified dependents continued coverage under its insurance plans, as required by the Consolidated Omnibus Budget Reconciliation Act (COBRA), with Mr. Sutherland financially responsible for such coverage.

If Mr. Sutherland's employment is terminated as a result of his disability, by ICC Holdings other than for Cause or as a consequence of his death or normal retirement under our retirement plans and practices, or by Mr. Sutherland for Good Reason, Mr. Sutherland will receive his accrued obligations, and Illinois Casualty will make available to Mr. Sutherland and his qualified dependents continued coverage under its insurance plans, as required by COBRA, with Mr. Sutherland financially responsible for such coverage. Additionally, following the execution of a general release in our favor, Mr. Sutherland will be entitled a lump sum payment equal to twelve months of base salary payable within thirty days following termination of employment. Also, beginning on the thirteenth month following termination of his employment and continuing through the eighteenth month following such termination, Mr. Sutherland will receive monthly payments equal to his base salary, which may be offset by any sources of employment or consulting or similar-type sources of income.

In the event of a "Change in Control Good Reason," as defined in his employment agreement, Mr. Sutherland will receive his accrued obligations, and ICC Holdings will make available to Mr. Sutherland and his qualified dependents continued coverage under its insurance plans, as required by COBRA, with Mr. Sutherland financially responsible for such coverage. Additionally, in the event that ICC Holdings or Illinois Casualty is sold or merged with another entity during the term of Mr. Sutherland's employment and, as a result of that sale or merger, his employment is terminated, Mr. Sutherland will also receive a lump sum payment equal to twenty-four months of base salary payable within thirty days following termination of employment.

For purposes of Mr. Sutherland's employment agreement, (a) Cause shall mean (i) his material breach of his employment agreement, (ii) his gross negligence in the performance or non-performance of any of his material duties or responsibilities under his employment agreement, (iii) the refusal of Mr. Sutherland to implement or adhere to policies or directives of Illinois Casualty's board of directors, (iv) his dishonesty, fraud or willful misconduct with respect to, or disparagement of, the business or affairs of Illinois Casualty, (v) conduct of a criminal nature or involving moral turpitude (as such term is defined in his employment agreement) under the provisions of any federal, state or local laws or ordinance or transgression which may have an adverse impact on Illinois Casualty's reputation and standing in the community (as determined by Illinois Casualty in good faith and fair dealing), and/or (vi) his absence from work for five consecutive days for any reason other than vacation, approved leave of absence (such approval not to be unreasonably withheld) or disability or illness pursuant to Illinois Casualty policy or law; (b) Good Reason shall mean Illinois Casualty materially breaches the provisions Mr. Sutherland's employment agreement and he provides at least twenty days prior written notice to Illinois Casualty of the existence of such breach and his intent to terminate his employment agreement; however, no such termination shall be effective if such breach is cured during such period; (c) Change in Control shall mean the occurrence of any of the following: (i) a merger, consolidation, or division involving Illinois Casualty and/or ICC Holdings, (ii) a sale, exchange, transfer, or other disposition of substantially all of the assets of Illinois Casualty and/or ICC Holdings; (iii) a "person" or "group" (each within the meaning of Section 13(d) of the Exchange Act) becomes the "beneficial owner" (within the meaning of Section 13(d) of the Exchange Act) of fifty percent (50%) or more of the outstanding shares of our common stock and/or Illinois Casualty's common stock; or (iv) any other change in control similar in effect to any of the foregoing and specifically designated in writing as a "Change in Control" by the board of directors of Illinois Casualty and/or ICC Holdings; and (d) Change in

Control Good Reason shall mean the occurrence of the following at any time during the term of Mr. Sutherland's employment agreement: (i) within six months prior to, or one year after, a Change in Control, Illinois Casualty terminates his employment (other than for Cause), or (ii) within one year after such Change in Control any of the following occur, if taken without Mr. Sutherland's express written consent: (A) a material diminution in his authority, duties or other terms or conditions of employment as the same exist on the date of the Change in Control; (B) any reassignment of Mr. Sutherland to a location greater than one hundred seventy-five miles from the location of his office on the date of the Change in Control, unless such new location is closer his primary residence than the location of the Change in Control; (C) any material diminution in his base salary; (D) any failure to provide Mr. Sutherland with any benefits enjoyed by him under any of ICC Holdings' or Illinois Casualty's retirement, health, life, disability, or other material employee plans in which Mr. Sutherland participated at the time of the Change in Control, or the taking of any action that would materially reduce any of such benefits in effect at the time of the Change in Control except for any reductions in benefits or other actions resulting from change to or reductions in benefits applicable to employee's generally; or (E) any other material breach of his employment agreement.

In October 2016, we entered into change in control agreements with each of Messrs. Smith, Schmeichel, and Beck, and Ms. Suiter, which provides for severance benefits upon the executive's termination of employment in connection with a change in control. The definition of change in control is the same as contained in Mr. Sutherland's employment agreement. Each change in control agreement is for a term ending on December 31, 2017 that is automatically renewed for an additional one-year term thereafter unless either party gives their respective notice of intent not to renew at least sixty days prior to January 1st of the subsequent year. Each change in control agreement also provides that the executive may not compete with our business or solicit any of our customers or employees for one year following the termination of such executive's employment for any reason and during the term of the change in control agreement.

For purposes of the change in control agreement, (a) cause shall mean (i) the executive's material breach of their respective change in control agreement or any other agreement with ICC Holdings or Illinois Casualty, as applicable, to which such executive is a party, (ii) the executive's material failure to adhere to any written policy of ICC Holdings or Illinois Casualty generally applicable to their respective employees if such executive has been given thirty days written notice of such failure and a reasonable opportunity to comply with such policy or cure such executive's failure to comply; (iii) the executive's appropriation or attempted appropriation of a business opportunity of ICC Holdings or Illinois Casualty, including attempting to secure or securing any business or personal profit in connection with any transaction entered into on behalf of ICC Holdings or Illinois Casualty, as applicable; (iv) the executive's misappropriation or attempted misappropriation of any of the funds or property (including any intellectual property) of ICC Holdings or Illinois Casualty; (v) the executive's conviction of, or the entering of a guilty plea or plea of no contest with respect to, a felony or the equivalent thereof involving dishonesty or breach of trust and the penalty for such offense could be imprisonment for more than one year; or (vi) the executive's conviction of an offense involving moral turpitude (as such term is defined in the change in control agreement) under the provisions of any federal, state or local laws or ordinances, or such executive's use of alcohol, narcotics or illegal drugs to such an extent that will cause a material detrimental effect on ICC Holdings or Illinois Casualty; and good reason shall mean the occurrence of a change in control and the following at any time during the term of the change in control agreement: (i) within six months prior to, or one year after, a Change in Control, ICC Holdings or Illinois Casualty terminates the executive's employment (other than for Cause), or (ii) any other material breach of the executive's change in control agreement.

If a good reason occurs, the executive has ninety days thereafter to notify ICC Holdings and Illinois Casualty of such occurrence. If ICC Holdings and/or Illinois Casualty, as applicable, fail to cure such situation within thirty days after such notice, the executive is entitled to, within thirty days from the later of the date of termination of employment or delivery of the notice of termination, a lump sum cash payment equal to sum of (a) one times the executive's base salary in effect as of the delivery date of the notice of termination and (b) one times the average cash bonus paid to the such executive within the current calendar year and two calendar years
preceding the year in which the notice of termination is delivered. Additionally, upon such occurrence, during the

period commencing from the date of termination of employment until the end of the twelfth month after such date, the executive shall be permitted to continue participation in, and ICC Holdings and/or Illinois Casualty, as applicable, shall maintain the same level of contribution for, such executive's participation in their respective medical/health insurance in effect with respect to such executive during the one year period prior to such executive's termination of employment or, if ICC Holdings and/or Illinois Casualty, as applicable, is not permitted to provide such benefits because such executive is no longer an employee or as a result of any applicable legal requirement, such executive shall receive a dollar amount, on or within thirty days following the dater of termination of employment, equal to the cost to ICC Holdings and/or Illinois Casualty, as applicable, of obtaining such benefits (or substantially similar benefits).

Transactions with related persons, promoters and certain control persons

Mr. Klockau holds, in his individual capacity, two surplus notes issued by Illinois Casualty with an aggregate principal amount of $1.15 million. For more information regarding our surplus notes, see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Financial Position — Surplus Notes" above. The first note is for $1.0 million and bears interest at 5.35% per annum. The second note is for $150,000 and bears interest at 7.00% per annum. Mr. Klockau was paid interest in the amount of $64,000 during 2015.

Mr. Burgess is one of ten members of the board of directors of Tuscarora Wayne. On September 7, 2016, we entered into purchase agreements with Tuscarora Wayne pursuant to which it agreed, and subject to certain conditions, to acquire from us at the subscription price of $10.00 per share up to 200,000 shares of our common stock. For more information regarding our agreement with Tuscarora Wayne, see "The Conversion Offering — Investor Agreements" above. Additionally, Mr. Burgess is a Senior Managing Director of Griffin, which is serving as our underwriter in connection with this offering. We expect to pay Griffin (i) the fees equal to 2.0% of the shares sold in the subscription offering and the community offering, and (ii) other expenses payable in this offering of up to $10,000. For more information, see "The Conversion and Offering — Marketing and Underwriting Arrangements."

Except as set forth above, since January 1, 2013, we have not engaged in any transactions with, loaned money to or incurred any indebtedness to, or otherwise proposed to engage in transactions with, loan money to or incur any indebtedness to, any related person, promoter or control person in an amount that in the aggregate exceeds $120,000.

We maintain a written policy which discourages our officers, directors, and employees from having a financial interest in any transaction between ICC and a third party. When we engage in transactions involving our officers, directors or employees, their immediate family members, or affiliates of these parties, our officers, directors and employees are required to give notice to us of their interest in such a transaction and refrain from participating in material negotiations or decisions with respect to that transaction. Directors with an interest in such a transaction are expected to disqualify themselves from any vote by the board of directors regarding the transaction.

When considering whether we should engage in a transaction in which our officers, directors or employees, their immediate family members, or affiliates of these parties, may have a financial interest, our board of directors considers the following factors:

- whether the transaction is fair and reasonable to us;
- the business reasons for the transaction;
- whether the transaction would impair the independence of a director;
- whether the transaction presents a conflict of interest, taking into account the size of the transaction, the financial position of the director, officer or employee, the nature of their interest in the transaction and the ongoing nature of the transaction; and
- whether the transaction is material, taking into account the significance of the transaction in light of all the circumstances.

RESTRICTIONS ON ACQUISITION OF ICC HOLDINGS, INC.

The articles of incorporation and bylaws we intend to adopt prior to the offering contain provisions that are intended to encourage potential acquirers to negotiate directly with our board of directors, but which also may deter a non-negotiated tender or exchange offer for our stock or a proxy contest for control of ICC Holdings, Inc. Certain provisions of Pennsylvania law also may discourage non-negotiated takeover attempts or proxy contests. In addition, the terms of the employment agreement with Mr. Sutherland and the change in control agreements with our other executive officers (see “Management —Benefit Plans and Employment Agreements”) may be viewed as having the effect of discouraging these efforts.

All of these provisions may serve to entrench existing management. These provisions also may deter institutional interest in and ownership of our stock and, accordingly, may depress the market price for, and liquidity of, the common stock.

Following is a description of these provisions and the purpose and possible effects of these provisions. We do not presently intend to propose additional anti-takeover provisions for our articles of incorporation or bylaws. Because of the possible adverse effect these provisions may have on shareholders, this discussion should be read carefully.

Antitakeover Provisions of Our Articles of Incorporation and Bylaws and under Pennsylvania Law

1. *Prohibition of Ownership and Voting of Shares in Excess of 10%.* Our articles of incorporation impose limitations upon the ability of certain shareholders and groups of shareholders to acquire or vote shares of our stock. The articles of incorporation prohibit any person (whether an individual, company or a group acting in concert, as defined) from acquiring voting control, as defined. Voting control is generally defined as the beneficial ownership at any time of shares with more than 10% of the total voting power of the outstanding stock of ICC Holdings, Inc. These provisions would not apply to the purchase of shares by underwriters in connection with a public offering or by these certain investors with whom we have entered into purchase agreements. A group acting in concert includes persons seeking to combine or pool their voting power or other interests in common stock for a common purpose. Such a group does not include actions by the board of directors acting solely in their capacity as the Board.

Under this provision, shares of common stock, if any, owned in excess of 10% will not be entitled to vote on any matter or take other shareholder action. For purposes of determining the voting rights of other shareholders, these excess shares are essentially treated as no longer outstanding. As a result, where excess shares are present, other shareholders will realize a proportionate increase in their voting power, but this 10% voting restriction will not be applicable to other shareholders if their voting power increases above 10% as a result of application of this provision to another shareholder.

The potential effect of this voting rights limitation is significant. Any person or group acting in concert owning more than 10% of the outstanding common stock will generally be unable to exercise voting rights proportionate to their equity interest. When operating in conjunction with other provisions in our articles of incorporation described below, the practical effect of the limitation on voting rights may be to render it virtually impossible for any one shareholder or group acting in concert to determine the outcome of any shareholder vote.

The 10% voting rights limitation may make it extremely difficult for any one person or group of affiliated persons to acquire voting control of ICC Holdings, Inc., with the result that it may be extremely difficult to bring about a change in the board of directors or management. This provision may have the effect of discouraging holders of large amounts of shares from purchasing additional shares, or would be holders who may desire to acquire enough shares to exercise control from purchasing any shares. As a result, this provision may have an adverse effect on the liquidity and market price of the shares.

2. *Classified Board of Directors*. Our articles of incorporation provide for a classified board of directors of between 3 and 15 members, which number is fixed by the board of directors, divided into three classes serving

for successive terms of three years each. This provision is designed to assure experience, continuity, and stability in the board's leadership and policies. We believe that this can best be accomplished by electing each director to a three-year term and electing only approximately one-third of the directors each year.

The election of directors for staggered terms significantly extends the time required to make any change in control of the board of directors and may tend to discourage any surprise or non-negotiated takeover bid for control of ICC Holdings, Inc. Under the articles of incorporation, it will take at least two annual meetings for holders of a majority of ICC Holdings, Inc.'s voting securities to make a change in control of the board of directors because only a minority (approximately one-third) of the directors will be elected at each meeting. In addition, because certain actions require more than majority approval of the board of directors, as described herein, it may take as many as three annual meetings for a controlling block of shareholders to obtain complete control of the board and ICC Holdings, Inc.'s management.

This provision may tend to perpetuate present management because of the additional time required to change control of the board. Because the provision will increase the amount of time required for a takeover bidder to obtain control without the cooperation of the board even if the takeover bidder were to acquire a majority of the outstanding stock, it may tend to discourage certain tender offers, perhaps including some tender offers that the shareholders may believe would be in their best interests. The classified board provision will apply to all elections of directors and, accordingly, it will make it more difficult for shareholders to change the composition of the board if the shareholders believe such a change would be desirable, even in the absence of any third party's acquisition of voting control. This is especially true in light of the denial of cumulative voting described below.

3. *No Cumulative Voting*. Cumulative voting entitles a shareholder to multiply the number of votes to which the shareholder is entitled by the number of directors to be elected, with the shareholder being able to cast all votes for a single nominee or distribute them among the nominees as the shareholder sees fit. The Pennsylvania Business Corporation Law provides that shareholders are entitled to cumulate their votes for the election of directors, unless a corporation's articles of incorporation provide otherwise.

Cumulative voting is specifically prohibited in the articles of incorporation because we believe that each director should represent and act in the interest of all shareholders and not any special shareholder or group of shareholders. In light of current acquisition techniques and activity, minority representation could be disruptive and could impair the efficient management of ICC Holdings, Inc. for the benefit of shareholders generally. In addition, the absence of cumulative voting also will tend to deter greenmail, in which a substantial minority shareholder uses his holdings as leverage to demand that a corporation purchase his shares at a significant premium over the market value of the stock to prevent the shareholder from obtaining or attempting to obtain a seat on the board of directors. In the absence of cumulative voting, a majority of the votes cast in any election of directors can elect all of the directors of the class in any given year.

The absence of cumulative voting, coupled with a classified board of directors, will also deter a proxy contest designed to win representation on the board of directors or remove management because a group or entity owning less than a majority of the voting stock may be unable to elect a single director. Although this will make removal of incumbent management more difficult, we believe deterring proxy contests will avoid the significant cost, in terms of money and management's time, in opposing such actions.

4. *Nominations for Directors and Shareholder Proposals*. Our bylaws require that nominations for the election of directors made by shareholders (as opposed to those made by the board of directors) and any shareholder proposals for the agenda at any annual meeting generally must be made by notice (in writing) delivered or mailed to the Secretary not less than 90 days prior to the meeting of shareholders at which directors are to be elected.

We believe that this procedure will assure that the board of directors and shareholders will have an adequate opportunity to consider the qualifications of all nominees for directors and all proposals, and will permit the shareholders' meetings to be conducted in an orderly manner. It may have the effect, however, of deterring nominations and proposals other than those made by the board of directors.

5. *Mergers, Sale of Assets, Liquidation Approval*. Our articles of incorporation provide that any merger, consolidation, sale of assets or similar transaction involving ICC Holdings, Inc. requires the affirmative vote of shareholders entitled to cast at least 80% of the votes which all shareholders are entitled to cast, unless the transaction is approved in advance by two-thirds of the members of the board of directors. If the transaction is approved in advance by two-thirds of the members of the Board, approval by the affirmative vote of a majority of the votes cast by holders of outstanding voting stock at a meeting at which a quorum was present would be required.

The articles of incorporation also provide that liquidation or dissolution of ICC Holdings, Inc. requires the affirmative vote of shareholders entitled to cast at least 80% of the votes that all shareholders are entitled to cast, unless such transaction is approved by two-thirds of the members of the board of directors.

We believe that in a merger or other business combination, the effects on our employees and our customers and the communities we serve might not be considered by a tender offeror when merging ICC Holdings, Inc. into an entity controlled by an offeror as the second part of a two-step acquisition. By requiring approval of a merger or similar transaction by the affirmative vote of shareholders holding 80% or more of the combined voting power of outstanding stock of ICC Holdings, Inc., it will be extremely difficult for a group or person owning a substantial block of ICC Holdings, Inc. stock, after a successful tender or exchange offer, to accomplish a merger or similar transaction without negotiating an agreement acceptable to the board of directors. Accordingly, the board of directors will be able to protect the interests of the remaining shareholders as well as our employees and the customers and communities that we serve. If Board approval is not obtained, the proposed transaction must be on terms sufficiently attractive to obtain approval by a vote of shareholders holding 80% or more of the combined voting power of outstanding ICC Holdings, Inc. capital stock.

The 80% approval requirement could result in the Board and management being able to exercise a stronger influence over any proposed takeover by refusing to approve the proposed business combination and obtaining sufficient votes, including votes controlled directly or indirectly by management, to preclude the 80% approval requirement.

Because this provision will tend to discourage nonnegotiated takeover bids and will encourage other takeover bidders to negotiate with the Board, it also will tend to assist the Board and, therefore, management in retaining their present positions. In addition, if the Board does not grant its prior approval, a takeover bidder may still proceed with a tender offer or other purchases of ICC Holdings, Inc. stock although any resulting acquisition of ICC Holdings, Inc. may be more difficult and more expensive. Because of the increased expense and the tendency of this provision to discourage competitive bidders, the price offered to shareholders may be lower than if this provision were not present in the articles of incorporation.

6. *Qualifications for Directors*. Our articles of incorporation provide that, unless waived by the board of directors, a person must be a shareholder of ICC Holdings, Inc. for the lesser of one year or the time that has elapsed since the completion of the conversion, before he or she can be elected to the board of directors. This provision is designed to discourage non-shareholders who are interested in buying a controlling interest in ICC Holdings, Inc. for the purpose of having themselves elected to the Board, by requiring them to wait for such period before being eligible for election.

7. *Mandatory Tender Offer by 25% Shareholder*. Our articles of incorporation require any person or entity that acquires stock of ICC Holdings, Inc. with a combined voting power of 25% or more of the total voting power of outstanding capital stock, to offer to purchase, for cash, all outstanding shares of ICC Holdings, Inc.'s voting stock at a price equal to the highest price paid within the preceding twelve months by such person or entity for shares of the respective class or series of ICC Holdings, Inc. stock. In the event this person or entity did not purchase any shares of a particular class or series of stock within the preceding twelve months, the price per share for such class or series of ICC Holdings, Inc. stock would be the fair market value of such class or series of stock as of the date on which such person acquires 25% or more of the combined voting power of outstanding ICC Holdings, Inc. stock. This provision will not apply to any person or entity if two-thirds of the members of

the board of directors approve such acquisition prior to such acquisition occurring. Our board of directors will approve the acquisition of shares of our common stock by the Clinton-Flood Purchasers, exempting them from this prohibition.

Our board of directors believes that any person or entity who acquires control of ICC Holdings, Inc. in a nonnegotiated manner should be required to offer to purchase all shares of voting stock remaining outstanding after the assumption of control, at a price not less than the amount paid to acquire the control position.

A number of companies have been the subject of tender offers for, or other acquisitions of, 20% or more of their outstanding shares of common stock. In many cases, such purchases have been followed by mergers in which the tender offeror or other purchaser has paid a lower price for the remaining outstanding shares than the price it paid in acquiring its original interest in the company and has paid in a potentially less desirable form in the merger (often securities of the purchaser that do not have an established trading market at the time of issuance). The statutory right of the remaining shareholders of a company to dissent in connection with certain mergers and receive the fair value of their shares in cash may involve significant expense and uncertainty to dissenting shareholders and may not be meaningful because the appraisal standard to be applied under Pennsylvania law does not take into account any appreciation in the stock price due to the merger. This provision in the articles of incorporation is intended to prevent these potential inequities.

In many situations, the provision would require that a purchaser pay shareholders a higher price for their shares or structure the transaction differently than might be the case without the provision. Accordingly, we believe that, to the extent a merger were involved as part of a plan to acquire control of ICC Holdings, Inc., adoption of the provision would increase the likelihood that a purchaser would negotiate directly with our board of directors. We further believe that our Board is in a better position than our individual shareholders to negotiate effectively on behalf of all shareholders and that the Board is likely to be more knowledgeable than any individual shareholder in assessing the business and prospects of ICC Holdings, Inc. Accordingly, we are of the view that negotiations between the board of directors and a would-be purchaser will increase the likelihood that shareholders, as a whole, will receive a higher average price for their shares.

The provision will tend to discourage any purchaser whose objective is to seek control of ICC Holdings, Inc. at a relatively low price by offering a lesser value for shares in a subsequent merger than it paid for shares acquired in a tender or exchange offer. The provision also should discourage the accumulation of large blocks of shares of ICC Holdings, Inc. voting stock, which the board of directors believes to be disruptive to the stability of our vitally important relationships with our employees and customers and the communities that we serve, and which could precipitate a change of control of ICC Holdings, Inc. on terms unfavorable to the other shareholders.

Tender offers or other private acquisitions of stock are usually made at prices above the prevailing market price of a company’s stock. In addition, acquisitions of stock by persons attempting to acquire control through market purchases may cause the market price of the stock to reach levels that are higher than otherwise would be the case. This provision may discourage any purchases of less than all of the outstanding shares of voting stock of ICC Holdings, Inc. and may thereby deprive shareholders of an opportunity to sell their stock at a higher market price. Because of having to pay a higher price to other shareholders in a merger, it may become more costly for a purchaser to acquire control of ICC Holdings, Inc. Open market acquisitions of stock may be discouraged by the requirement that any premium price paid in connection with such acquisitions could increase the price that must be paid in a subsequent merger. The provision may therefore decrease the likelihood that a tender offer will be made for less than all of the outstanding voting stock of ICC Holdings, Inc. and, as a result, may adversely affect those shareholders who would desire to participate in such a tender offer.

8. *Prohibition of Shareholders’ Action Without a Meeting and of Shareholders’ Right To Call a Special Meeting*. Our articles of incorporation prohibit shareholder action without a meeting (i.e., the written consent procedure is prohibited) and prohibit shareholders from calling a special meeting. Therefore, in order for shareholders to take any action, it will require prior notice, a shareholders’ meeting and a vote of shareholders.

Special meetings of shareholders can only be called by the Chief Executive Officer or the board of directors. Therefore, without the cooperation of the Chief Executive Officer or the board of directors, any shareholder will have to wait until the annual meeting of shareholders to have a proposal submitted to the shareholders for a vote.

These provisions are intended to provide the board of directors and non-consenting shareholders with the opportunity to review any proposed action, express their views at the meeting and take any necessary action to protect the interests of our shareholders and ICC Holdings, Inc. before the action is taken, and to avoid the costs of holding multiple shareholder meetings each year to consider proposals of shareholders. These provisions also will preclude a takeover bidder who acquires a majority of outstanding ICC Holdings, Inc. stock from completing a merger or other business combination of ICC Holdings, Inc. without granting the board of directors and the remaining shareholders an opportunity to make their views known and vote at an annual shareholders' meeting. The delay caused by the necessity for an annual shareholders' meeting may allow us to take preventive actions, even if you believe such actions are not in the best interests of the shareholders.

9. *Amendment of Articles of Incorporation*. The Pennsylvania Business Corporation Law provides that the articles of incorporation of a Pennsylvania business corporation (such as ICC Holdings, Inc.) may be amended by the affirmative vote of a majority of the votes cast by all shareholders entitled to vote, except as otherwise provided by the corporation's articles of incorporation. Our articles of incorporation provide that the following provisions of the articles can only be amended by an affirmative vote of shareholders entitled to cast at least 80% of all votes that shareholders are entitled to cast, or by an affirmative vote of 80% of the members of the board of directors and of shareholders entitled to cast at least a majority of all votes that shareholders are entitled to cast:

(i) those establishing a classified board of directors;

(ii) the prohibition on cumulative voting for directors;

(iii) the prohibition on shareholders calling special meetings;

(iv) the provision regarding the votes required to amend the articles of incorporation;

(v) the provision that no shareholder shall have preemptive rights;

(vi) the provisions that require 80% shareholder approval of certain actions;

(vii) the prohibition on acquiring or voting more than 10% of the voting stock;

(viii) the provision regarding the votes required to amend the bylaws; and

(ix) the requirement of a 25% shareholder to purchase all remaining shareholders' stock.

On other matters, the articles of incorporation can be amended by an affirmative vote of a majority of the votes cast by all shareholders entitled to vote thereon at a meeting at which a quorum is present.

10. *Amendment of Bylaws*. Generally, our articles of incorporation vest authority to make and amend the bylaws in the board of directors, acting by a vote of a majority of the entire board. In addition, except as described below, shareholders may amend the bylaws by an affirmative vote of the holders of 66-2/3% of the outstanding voting stock. However, the provision of the bylaws concerning directors' liability and indemnification of directors, officers and others may not be amended to increase the exposure of directors to liability or decrease the degree of indemnification except by a two-thirds vote of the entire board of directors or 80% of all votes of shareholders entitled to be cast.

This provision is intended to provide additional continuity and stability in our policies and governance so as to enable us to carry out our long range plans. The provision also is intended to discourage non-negotiated efforts to acquire from ICC Holdings , Inc., since a greater percentage of outstanding voting stock will be needed before effective control over its affairs could be exercised. The board of directors will have relatively greater control over the bylaws than the shareholders because, except with respect to the director liability and indemnification provisions, the board could adopt, alter, amend or repeal the bylaws upon a majority vote by the directors.

Pennsylvania Fiduciary Duty Provisions

The Pennsylvania Business Corporation Law provides that:

(a) the board of directors, committees of the board, and directors individually, can consider, in determining whether a certain action is in the best interests of the corporation:

(1) the effects of any action upon any or all groups affected by such action, including shareholders, employees, suppliers, customers and creditors of the corporation, and upon communities in which offices or other establishments of the corporation are located;

(2) the short-term and long-term interests of the corporation, including benefits that may accrue to the corporation from its long-term plans and the possibility that these interests may be best served by the continued independence of the corporation;

(3) the resources, intent and conduct (past, stated and potential) of any person seeking to acquire control of the corporation; and

(4) all other pertinent factors;

(b) the board of directors need not consider the interests of any particular group as dominant or controlling;

(c) directors, absent any breach of fiduciary duty, bad faith or self-dealing, are presumed to be acting in the best interests in the corporation, including with respect to actions relating to an acquisition or potential acquisition of control, and therefore they need not satisfy any greater obligation or higher burden of proof with respect to such actions;

(d) actions relating to acquisitions of control that are approved by a majority of disinterested directors are presumed to satisfy the directors' fiduciary obligations unless it is proven by clear and convincing evidence that the directors did not assent to such action in good faith after reasonable investigation; and

(e) the fiduciary duty of directors is solely to the corporation and not its shareholders, and may be enforced by the corporation or by a shareholder in a derivative action, but not by a shareholder directly.

One of the effects of these fiduciary duty provisions may be to make it more difficult for a shareholder to successfully challenge the actions of our board of directors in a potential change in control context. Pennsylvania case law appears to provide that the fiduciary duty standard under the Pennsylvania Business Corporation Law grants directors the almost unlimited statutory authority to reject or refuse to consider any potential or proposed acquisition of the corporation.

Other Provisions of Pennsylvania Law

The Pennsylvania Business Corporation Law also contains provisions that have the effect of impeding a change in control. As permitted by the Pennsylvania Business Corporation Law, we have elected to provide in our articles of incorporation that these provisions will not apply to us.

DESCRIPTION OF OUR CAPITAL STOCK

General

Our articles of incorporation authorize the issuance of 10,000,000 shares of common stock, $0.01 par value per share, and 1,000,000 shares of preferred stock, with a par value, if any, to be fixed by the board of directors. In the offering, we expect to issue between 2,720,000 and 4,088,889 shares of common stock. No shares of preferred stock will be issued in connection with the offering.

Common Stock

Voting Rights. The holders of common stock will possess exclusive voting rights in ICC Holdings, Inc., except if and to the extent shares of preferred stock issued in the future have voting rights. Each holder of shares of common stock will be entitled to one vote for each share held of record on all matters submitted to a vote of holders of shares of common stock. See "Restrictions on Acquisition of ICC Holdings, Inc. — Antitakeover Provisions of Our Articles of Incorporation and Bylaws." Shareholders are not entitled to cumulate their votes for election of directors.

Dividends. Under the Pennsylvania Business Corporation Law, we may only pay dividends if solvent and if payment of such dividend would not render us insolvent. Funds for the payment of dividends initially must come from either proceeds of this offering retained by us or dividends paid to us by Illinois Casualty. Therefore, the restrictions on Illinois Casualty's ability to pay dividends affect our ability to pay dividends. See "Dividend Policy" and "Business — Regulation."

Transfer. Shares of common stock are freely transferable except for shares that are held by affiliates. Shares issued to our directors and officers in the offering will be restricted as to transfer for a period of six months from the effective date of the offering. Generally, shares held by affiliates must be transferred in accordance with the requirements of Rule 144 of the Securities Act of 1933.

Liquidation. In the event of any liquidation, dissolution or winding up of Illinois Casualty, ICC Holdings, Inc., as holder of all of the capital stock of Illinois Casualty, would be entitled to receive all assets of Illinois Casualty after payment of all debts and liabilities. In the event of a liquidation, dissolution or winding up of ICC Holdings, Inc., each holder of shares of common stock would be entitled to receive a portion of the Company's assets, after payment of all of the Company's debts and liabilities. If any preferred stock is issued, the holders thereof are likely to have a priority in liquidation or dissolution over the holders of the common stock.

Other Characteristics. Holders of the common stock will not have preemptive rights under our articles of incorporation bylaws or Pennsylvania law with respect to any additional shares of common stock that may be issued. However, we have agreed to provide contractual preemptive rights to those investors who have entered into purchase agreements with us. See "The Conversion and Offering — Investor Agreements." The common stock is not subject to call for redemption, and the outstanding shares of common stock, when issued and upon our receipt of their full purchase price, will be fully paid and nonassessable.

Preferred Stock

None of the 1,000,000 shares of preferred stock that our board has authorized will be issued in the offering. When our articles of incorporation are filed, the board of directors will be authorized, without shareholder approval, to issue preferred stock or rights to acquire preferred stock, and to fix and state the par value, voting powers, number, designations, preferences or other special rights of such shares or rights, and the qualifications, limitations and restrictions applicable to any such series of preferred stock. The preferred stock may rank prior to the common stock as to dividend rights or liquidation preferences, or both, and may have full or limited voting rights. The board of directors has no present intention to issue any of the preferred stock.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the common stock is .

LEGAL MATTERS

The legality of our common stock will be passed upon for us by Stevens & Lee, P.C., King of Prussia, Pennsylvania. Griffin is an affiliate of Stevens & Lee.

EXPERTS

The consolidated financial statements and schedules of Illinois Casualty Company and subsidiary as of December 31, 2015 and 2014, and for each of the years in the two year period ended December 31, 2015, have been included herein, in reliance upon the report of BKD, LLP, an independent registered public accounting firm, appearing elsewhere herein and upon the authority of said firm as experts in accounting and auditing.

Feldman Financial has consented to the publication in this document of the summary of its report to us setting forth its opinion as to the estimated consolidated pro forma market value of our common stock to be outstanding upon completion of the offering and its opinion with respect to subscription rights.

ADDITIONAL INFORMATION

We have filed with the SEC a Registration Statement on Form S-1 under the Securities Act of 1933 with respect to the shares of our common stock offered in this document. As permitted by the rules and regulations of the SEC, this prospectus does not contain all of the information set forth in the Registration Statement. Such information can be examined without charge at the Public Reference Room of the SEC located at 100 F Street, N.E., Washington, D.C. 20549, and copies of such material can be obtained from the SEC at prescribed rates. The public may obtain more information on the operations of the Public Reference Room by calling the SEC at 1-800-732-0330. The registration statement also is available through the SEC's website on the internet at http://www.sec.gov. The statements contained in this prospectus as to the contents of any contract or other document filed as an exhibit to the Registration Statement are, of necessity, brief descriptions thereof and are not necessarily complete.

In connection with the offering, we will register our common stock with the SEC under Section 12(b) of the Securities Exchange Act of 1934, and, upon such registration, we and the holders of our stock will become subject to the proxy solicitation rules, reporting requirements and restrictions on stock purchases and sales by directors, officers and shareholders with 10% or more of the voting power, the annual and periodic reporting requirements and certain other requirements of the Securities Exchange Act of 1934.

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Report of Independent Registered Public Accounting Firm

Audit Committee, Board of Directors and Policyholders
Illinois Casualty Company
Rock Island, Illinois

We have audited the accompanying consolidated balance sheets of Illinois Casualty Company as of December 31, 2015 and 2014, and the related consolidated statements of earnings and comprehensive earnings, equity and cash flows for each of the years then ended. The Company's management is responsible for these financial statements. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing auditing procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. Our audits also included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Illinois Casualty Company as of December 31, 2015, and 2014, and the results of its operations and its cash flows for each of the years then ended, in conformity with accounting principles generally accepted in the United States of America.

/s/ BKD, LLP

Cincinnati, Ohio
August 12, 2016

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Illinois Casualty Company (A Mutual Insurance Company)
Consolidated Balance Sheets

	December 31, 2015	December 31, 2014
Assets		
Investments and cash:		
Fixed income		
Available-for-sale, at fair value (amortized cost - $63,994,827 in 2015 and $60,360,266 in 2014)	$ 65,195,308	$ 62,624,511
Equity securities available-for-sale, at fair value (cost - $9,282,252 in 2015 and $9,061,020 in 2014)	8,884,951	9,151,235
Short-term investments, at cost which approximates fair value	—	—
Cash and cash equivalents	2,179,511	1,141,656
Total investments and cash	76,259,770	72,917,402
Accrued investment income	580,786	539,018
Premiums and reinsurance balances receivable, net of allowances for uncollectible amounts of $100,000 in 2015 and $50,000 in 2014	15,637,909	14,521,889
Ceded unearned premiums	57,304	17,852
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 in 2015 and $0 in 2014	19,535,058	25,855,033
Current federal income taxes	773,206	284,773
Net deferred federal income taxes	1,400,652	1,273,390
Deferred policy acquisition costs, net	3,982,734	3,800,544
Property and equipment, at cost, net of accumulated depreciation of $3,553,073 in 2015 and $3,025,596 in 2014	4,241,099	3,605,898
Other assets	904,864	612,554
Total assets	123,373,382	123,428,353
Liabilities and Equity		
Liabilities:		
Unpaid losses and settlement expenses	61,055,626	64,617,010
Unearned premiums	23,948,476	22,497,605
Reinsurance balances payable	—	—
Corporate debt	3,273,560	2,785,710
Accrued expenses	4,096,190	3,745,775
Other liabilities	833,795	747,399
Total liabilities	93,207,647	94,393,499
Equity:		
Accumulated other comprehensive earnings, net of tax	530,097	1,553,944
Retained earnings	29,635,638	27,480,910
Total equity	30,165,735	29,034,854
Total liabilities and equity	$ 123,373,382	$ 123,428,353

See accompanying notes to consolidated financial statements.

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Illinois Casualty Company (A Mutual Insurance Company)
Consolidated Statements of Earnings and Comprehensive Earnings

	Year ended December 31, 2015	2014
Net premiums earned	$ 40,219,861	$ 38,120,785
Net investment income	1,332,520	1,140,920
Net realized investment gains	80,527	458,539
Other income	189,902	112,515
Consolidated revenues	41,822,810	39,832,759
Losses and settlement expenses	23,800,514	22,748,378
Policy acquisition costs	14,555,411	14,322,597
Interest expense on debt	136,295	133,779
General corporate expenses	314,120	263,482
Total expenses	38,806,340	37,468,236
Earnings before income taxes	3,016,470	2,364,523
Income tax expense (benefit):		
Current	461,567	678,779
Deferred	400,175	100,370
Total income tax expense:	861,742	779,149
Net earnings	$ 2,154,728	$ 1,585,374
Other comprehensive earnings (loss), net of tax		
Unrealized gains and losses on investments:		
Unrealized holding (losses) gains arising during the period, net of income tax benefit (expense) of $500,057 in 2015 and $(621,429) in 2014	$ (970,699)	$ 1,206,302
Reclassification adjustment for (gains) losses included in net income, net of income tax expense of $27,379 in 2015 and $155,903 in 2014	(53,148)	(302,636)
Total other comprehensive (loss) earnings	(1,023,847)	903,666
Comprehensive earnings	$ 1,130,881	$ 2,489,040

See accompanying notes to consolidated financial statements.

Illinois Casualty Company (A Mutual Insurance Company)
Consolidated Statements of Policyholders' Equity

	Retained earnings	Accumulated other comprehensive income	Total equity
Balance, January 1, 2014	$25,895,536	$ 650,278	$26,545,814
Net earnings	1,585,374	—	1,585,374
Other comprehensive earnings, net of tax	—	903,666	903,666
Balance, December 31, 2014	27,480,910	1,553,944	29,034,854
Net earnings	2,154,728	—	2,154,728
Other comprehensive loss, net of tax	—	(1,023,847)	(1,023,847)
Balance, December 31, 2015	$29,635,638	$ 530,097	$30,165,735

See accompanying notes to consolidated financial statements.

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Illinois Casualty Company (A Mutual Insurance Company)
Consolidated Statements of Cash Flows

	Years ended December 31,	
	2015	2014
Cash flows from operating activities:		
Net earnings	$ 2,154,728	$ 1,585,374
Adjustments to reconcile net earnings to net cash provided by operating activities		
Net realized investment gains	(80,527)	(458,539)
Depreciation	505,555	511,294
Deferred income tax	400,175	100,370
Amortization of bond premium and discount	278,496	316,580
Change in:		
Accrued investment income	(41,768)	3,361
Premiums and reinsurance balances receivable (net of direct write-offs and commutations)	(1,116,020)	(111,665)
Other assets	(292,310)	(156,530)
Reinsurance balances payable	—	(529,861)
Ceded unearned premium	(39,452)	1,851,155
Reinsurance balances recoverable on unpaid losses	6,319,975	(4,861,206)
Deferred policy acquisition costs	(182,190)	(481,705)
Accrued expenses	350,415	1,287,244
Unpaid losses and settlement expenses	(3,561,384)	7,281,244
Unearned premiums	1,537,267	1,105,831
Current federal income tax	(488,433)	(71,221)
Net cash provided by operating activities	5,744,527	7,371,726
Cash flows from investing activities:		
Purchase of:		
Fixed income, available-for-sale	(13,319,250)	(13,264,238)
Equity securities, available-for-sale	(221,233)	(13,204,658)
Property and equipment	(644,805)	(717,104)
Other: Property held for investment income	(561,051)	—
Proceeds from sales, maturities, and calls of:		
Fixed income, available-for-sale	9,486,713	13,149,603
Equity securities, available-for-sale	—	5,903,997
Property and equipment	65,104	19,747
Net cash used in investing activities	(5,194,522)	(8,112,653)
Cash flows from financing activities:		
Proceeds from sale leaseback	911,527	—
Repayments of borrowed funds	(423,677)	(364,157)
Net cash provided in (used) in financing activities	487,850	(364,157)
Net increase (decrease) in cash	1,037,856	(1,105,084)
Cash and cash equivalent at beginning of year	1,141,656	2,246,740
Cash and cash equivalents at end of year	$ 2,179,511	$ 1,141,655
Supplemental disclosures:		
Federal income tax paid	$ 950,000	$ 750,000
Interest paid	$ 136,506	$ 133,654

See accompanying notes to consolidated financial statements.

Notes to Consolidated Financial Statements

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. DESCRIPTION OF BUSINESS

Illinois Casualty Company (A Mutual Insurance Company) (herein, "the Company") is a specialty insurance carrier primarily underwriting commercial multi-peril, liquor liability, workers' compensation, and umbrella liability coverages for the food and beverage industry. The Company writes business in Illinois, Iowa, Indiana, Minnesota, Missouri, and Wisconsin and markets through independent agents. Approximately 36 percent and 37 percent of the premium is written in Illinois for the years ended December 31, 2015 and 2014, respectively. The Company has three wholly owned subsidiaries, Beverage Insurance Agency, Estrella Innovative Solutions, Inc., and ICC Realty, LLC.; however the Company operates as a single segment.

B. PRINCIPLES OF CONSOLIDATION AND BASIS OF PRESENTATION

The accompanying consolidated financial statements were prepared in conformity with U.S. generally accepted accounting principles (GAAP), which differ in some respects from those followed in reports to insurance regulatory authorities. The consolidated financial statements include the accounts of our subsidiaries. All significant intercompany balances and transactions have been eliminated.

In preparing the consolidated financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities as of the date of the balance sheet, revenues and expenses for the periods then ended, and the accompanying notes to the financial statements. Such estimates and assumptions could change in the future as more information becomes known which could impact the amounts reported and disclose herein. The most significant of these amounts is the liability for unpaid losses and settlement expenses. Other estimates include investment valuation and other than temporary impairments (OTTIs), the collectability of reinsurance balances, recoverability of deferred tax assets, and deferred policy acquisition costs. These estimates and assumptions are based on management's best estimates and judgment. Management evaluates its estimates and assumptions on an ongoing basis using historical experience and other factors, including the current economic environment, which management believes to be reasonable under the circumstances. Management adjusts such estimates and assumptions when facts and circumstances dictate. Although recorded estimates are supported by actuarial computations and other supportive data, the estimates are ultimately based on expectations of future events. As future events and their effects cannot be determined with precision, actual results could differ significantly from these estimates. Changes in those estimates resulting from continuing changes in the economic environment will be reflected in the consolidated financial statements in future periods.

C. PROSPECTIVE ACCOUNTING STANDARDS

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

In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-01, Financial Instruments Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The guidance affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements of financial instruments. The amendments will be applied to fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted for the accounting guidance on financial liabilities under the fair value option. The Company is currently assessing the impact this new standard will have on its consolidated financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases, which will supersede the current lease requirements in ASC 840. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with a limited exception for short term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on the consolidated balance sheet has not yet been determined.

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments Credit Losses. The guidance affects the recognition of expected credit losses. Credit losses relating to available for sale securities will be recorded through an allowance for credit losses. The amendments will be applied to fiscal years beginning after December 15, 2019, and early adoption is permitted as of fiscal years beginning after December 15, 2018. The effect of applying the new guidance on accounting for credit losses has not yet been determined.

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

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for annual reporting periods beginning after December 15, 2016 including interim periods within that reporting period. The effect of applying the new guidance has not yet been determined.

D. INVESTMENTS:

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

AVAILABLE-FOR-SALE SECURITIES

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

OTHER THAN TEMPORARY IMPAIRMENT

Under current accounting standards, an OTTI write-down of debt securities, where fair value is below amortized cost, is triggered by circumstances where (1) an entity has the intent to sell a security, (2) it is more likely than not that the entity will be required to sell the security before recovery of its amortized cost

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

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

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

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

Corporates

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

Municipals

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

Structured Securities

The "stated assumptions" analytic approach relies on actual 6-month average collateral performance measures (voluntary prepayment rate, gross default rate, and loss severity) sourced through third party data providers or remittance reports. The analysis applies the stated assumptions throughout the remaining term of the transaction using forecasted cashflows, which are then applied through the transaction structure (reflecting the priority of payments and performance triggers) to determine whether there is a loss to the

security ("Loss to Tranche"). For securities or sectors for which no actual loss or minimal loss has been observed (certain Prime Residential Mortgage Backed Securities (RMBS) and Commercial Mortgage Backed Securities (CMBS), for example), sector-based assumptions are applied or an alternative quantitative or qualitative analysis is performed.

Investment Income

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

E. CASH AND CASH EQUIVALENTS

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

F. REINSURANCE

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

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

G. POLICY ACQUISITION COSTS

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

H. PROPERTY AND EQUIPMENT

Property and equipment are presented at cost, less accumulated depreciation, and are depreciated using accelerated methods for financial statement purposes for a period based on their economic life. Computer equipment is depreciated over 3 years and equipment over a range of 5 to 7 years. Buildings are depreciated over 39 years and related improvements over 15 years. Annually, the Company reviews the major asset classes held for impairment. For the years ended December 31, 2015 and 2014, the Company recognized no impairments. Property and equipment are summarized as follows:

	December 31,	
	2015	2014
Automobiles	$ 460,790	$ 440,924
Furniture and fixtures	474,213	376,328
Computer equipment and software	2,690,705	2,253,432
Real estate and related improvements	4,168,464	3,560,810
Total cost	7,794,172	6,631,494
Accumulated depreciation	3,553,073	3,025,596
Net property and equipment	$ 4,241,099	$ 3,605,898

I. UNPAID LOSSES AND SETTLEMENT EXPENSES

The liability for unpaid losses and settlement expenses represents estimates of amounts needed to pay reported and unreported claims and related expenses. The estimates are based on certain actuarial and other assumptions related to the ultimate cost to settle such claims. Such assumptions are subject to occasional changes due to evolving economic, social, and political conditions. All estimates are periodically reviewed and, as experience develops and new information becomes known, the reserves are adjusted as necessary. Such adjustments are reflected in the results of operations in the period in which they are determined. Due to the inherent uncertainty in estimating reserves for losses and settlement expenses, there can be no assurance that the ultimate liability will not exceed recorded amounts. If actual liabilities do exceed recorded amounts, there will be an adverse effect. Based on the current assumptions used in estimating reserves, we believe that our overall reserve levels at December 31, 2015, make a reasonable provision to meet our future obligations. See note 7 for a further discussion of unpaid losses and settlement expenses.

J. PREMIUMS

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

K. GENERAL CORPORATE EXPENSE

General corporate expenses consist primarily of real estate and occupancy costs, such as utilities and maintenance. These costs are largely fixed and therefore, do not vary significantly with premium volume.

L. INCOME TAXES

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

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

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

M. COMPREHENSIVE EARNINGS

Comprehensive earnings include net earnings plus unrealized gains/losses on available-for-sale investment securities, net of tax. In reporting the components of comprehensive earnings on a net basis in the statement of earnings, the Company used a 34 percent tax rate. Other comprehensive earnings (loss), as shown in the consolidated statements of earnings and comprehensive earnings, is net of tax (benefit) expense of $(527,437) and $465,525 for 2015 and 2014, respectively.

The following table provides the reclassifications out of accumulated other comprehensive income for the periods presented:

Details about Accumulated Other Comprehensive Income Component	Amounts Reclassified from Accumulated Other Comprehensive Income For the Years Ended December 31, 2015	2014	Affected Line Item in the Statement where Net Income is Presented
Unrealized gains on available-for-sale investments			
	$(80,527)	$(458,539)	Net realized gains (losses) on investments
	27,379	155,903	Income tax expense
	$(53,148)	$(302,636)	Net of tax

N. RISKS AND UNCERTAINTIES:

Certain risks and uncertainties are inherent to day-to-day operations and to the process of preparing the Company's consolidated financial statements. The more significant risks and uncertainties, as well as the Company's attempt to mitigate, quantify, and minimize such risks, are presented below and throughout the notes to the consolidated financial statements.

Catastrophe Exposures

The Company's insurance coverages include exposure to catastrophic events. All catastrophe exposures are monitored by quantifying exposed policy limits in each region and by using computer-assisted modeling techniques. Additionally, the Company limits its risk to such catastrophes through restraining the total policy limits written in each region and by purchasing reinsurance. The Company's major catastrophe exposure is to losses caused by tornado and hail to commercial properties throughout the Midwest. In 2014, the Company had protection of $4.5 million in excess of $500,000 first-dollar retention.

The catastrophe reinsurance treaty renewed on January 1, 2015, and the Company increased its limits to secure protection of $9.5 million in excess of $500,000 first-dollar retention. The catastrophe program is actively managed to keep net retention in line with risk tolerances and to optimize the risk/return trade off.

Reinsurance

Reinsurance does not discharge the Company from its primary liability to policyholders, and to the extent that a reinsurer is unable to meet its obligations, the Company would be liable. On a quarterly basis, the financial condition of prospective and existing reinsurers is monitored. As a result, the Company purchases reinsurance from a number of financially strong reinsurers. Accordingly, no allowance for reinsurance balances deemed uncollectible has been made. See further discussion of reinsurance exposures in note 5.

Investment Risk

The investment portfolio is subject to market, credit, and interest rate risks. The equity portfolio will fluctuate with movements in the overall stock market. While the equity portfolio has been constructed to have lower downside risk than the market, the portfolio is sensitive to movements in the market. The bond portfolio is affected by interest rate changes and movement in credit spreads. The Company attempts to mitigate its interest rate and credit risks by constructing a well-diversified portfolio with high-quality securities with varied maturities. Downturns in the financial markets could have a negative effect on the portfolio. However, the Company attempts to manage this risk through asset allocation, duration, and security selection.

Liquidity Risk

Liquidity is essential to the Company's business and a key component of the concept of asset-liability matching. The Company's liquidity may be impaired by an inability to collect premium receivable or reinsurance recoverable balances in a timely manner, an inability to sell assets or redeem investments, unforeseen outflows of cash or large claim payments, or an inability to access debt. Liquidity risk may arise due to circumstances that the Company may be unable to control, such as a general market disruption, an operational problem that affects third parties or the Company, or even by the perception among market participants that the Company, or other market participants, are experiencing greater liquidity risk.

The Company's A.M. Best rating is important to its liquidity. A reduction in credit ratings could adversely affect the Company's liquidity and competitive position, by increasing borrowing costs or limiting access to the capital markets.

External Factors

The Company is highly regulated by the state of Illinois and by the states in which it underwrites business. Such regulations, among other things, limit the amount of dividends, impose restrictions on the amount and types of investments, and regulates rates insurers may charge for various coverages. The Company is also subject to insolvency and guarantee fund assessments for various programs designed to

ensure policyholder indemnification. Assessments are generally accrued during the period in which it becomes probable that a liability has been incurred from an insolvency and the amount of the related assessment can be reasonably estimated.

The National Association of Insurance Commissioners (NAIC) has developed Property/Casualty Risk-Based Capital (RBC) standards that relate an insurer's reported statutory surplus to the risks inherent in its overall operations. The RBC formula uses the statutory annual statement to calculate the minimum indicated capital level to support asset (investment and credit) risk and underwriting (loss reserves, premiums written and unearned premium) risk. The NAIC model law calls for various levels of regulatory action based on the magnitude of an indicated RBC capital deficiency, if any. As of December 31, 2015, the Company determined that its capital levels are well in excess of the minimum capital requirements for all RBC action levels and that its capital levels are sufficient to support the level of risk inherent in its operations. See note 9 for further discussion of statutory information and related insurance regulatory restrictions.

In addition, ratings are a critical factor in establishing the competitive position of insurance companies. The Company is rated by A.M. Best. This rating reflects their opinion of the insurance company's financial strength, operating performance, strategic position, and ability to meet its obligations to policyholders.

2. INVESTMENTS

A summary of net investment income for the years ended December 31, 2015 and 2014 is as follows:

NET INVESTMENT INCOME

	2015	2014
Interest on fixed income securities	$ 2,014,504	$ 1,979,066
Rental Income	20,055	—
Dividends on equity securities	312,751	167,395
Interest on cash and short-term investments	11,351	9,458
Gross investment income	2,358,661	2,155,919
Less investment expenses	(1,026,141)	(1,014,999)
Net investment income	$ 1,332,520	$ 1,140,920

The following is a summary of the proceeds from sales, maturities, and calls of available-for-sale securities and the related gross realized gains and losses for the years ended December 31, 2015 and 2014.

SALES

	Proceeds	Gains	Losses	Net realized gain
2015				
Fixed income	$ 9,486,713	$ 80,527	$ —	$ 80,527
Equities	$ —	$ —	$ —	$ —
2014				
Fixed income	$13,149,603	$173,903	$(45,535)	$128,368
Equities	$ 5,903,997	$361,924	$(31,753)	$330,171

The amortized cost and estimated fair value of fixed income securities at December 31, 2015, by contractual maturity, are shown as follows:

	Amortized Cost	Fair Value
Available-for-sale:		
Due in one year or less	$ 1,802,962	$ 1,806,504
Due after one year through five years	15,146,664	15,412,009
Due after five years through 10 years	20,685,635	21,197,891
Due after 10 years	8,410,710	8,767,829
Asset and mortgage backed securities without a specific due date	17,948,856	18,011,075
Total available-for-sale	$ 63,994,827	$ 65,195,308

Expected maturities may differ from contractual maturities due to call provisions on some existing securities. At December 31, 2015, the net unrealized appreciation of available-for-sale fixed income and equity securities totaled $803,180. At December 31, 2014, the net unrealized appreciation of available-for-sale fixed income and equity securities totaled $2,354,461.

In addition, the following table is a schedule of amortized costs and estimated fair values of investments in fixed income and equity securities as of December 31, 2015 and 2014:

	Cost or Amortized Cost	Fair Value	Gross Unrealized	
			Gains	Losses
2015				
Available-for-sale:				
U.S. government	$ 1,242,679	$ 1,233,023	$ —	$ (9,656)
MBS/ABS/CMBS	17,948,856	18,010,566	205,253	(143,543)
Corporate	29,537,101	29,595,269	580,469	(522,301)
Municipal	15,266,191	16,356,450	1,090,259	—
Total fixed income	63,994,827	65,195,308	1,875,981	(675,500)
Equity securities*	9,282,252	8,884,951	21,200	(418,501)
Total available-for-sale	$ 73,277,079	$ 74,080,259	$ 1,897,181	$ (1,094,001)

	Cost or Amortized Cost	Fair Value	Gross Unrealized	
			Gains	Losses
2014				
Available-for-sale:				
U.S. government	$ 538,010	$ 536,382	$ 1,962	$ (3,590)
MBS/ABS/CMBS	18,100,687	18,402,127	372,867	(71,427)
Corporate	29,044,704	29,878,139	944,347	(110,912)
Municipal	12,676,865	13,807,863	1,130,998	—
Total fixed income	60,360,266	62,624,511	2,450,174	(185,929)
Equity securities*	9,061,020	9,151,235	200,614	(110,399)
Total available-for-sale	$ 69,421,286	$ 71,775,746	$ 2,650,788	$ (296,328)

* Equity securities consist of exchange traded funds ("ETF") made up of Dividends Select, the S & P 500, and one bond ETF.

MORTGAGE-BACKED, COMMERCIAL MORTGAGE-BACKED AND ASSET-BACKED SECURITIES

All of the Company's collateralized securities carry an average credit rating of AA+ by one or more major rating agency and continue to pay according to contractual terms. Included within MBS/ABS/CMBS are residential mortgage backed securities of $9,201,791 and $8,503,800 and commercial mortgage backed securities of $6,874,455 and $7,592,922 at December 31, 2015 and 2014, respectively.

For all fixed income securities at a loss at December 31, 2015, management believes it is probable that the Company will receive all contractual payments in the form of principal and interest. In addition, the Company is not required to, nor does it intend to sell these investments prior to recovering the entire amortized cost basis of each security, which may be maturity. Management does not consider these investments to be other-than-temporarily impaired at December 31, 2015.

CORPORATE BONDS

Net unrealized gains in the corporate bond portfolio decreased $775,267 in 2015 from a gain of $833,435 in 2014 to a gain of $58,168 in 2015 as interest rates increased during the year. Of particular interest, the risk premiums associated with energy sector holdings increased near year-end. The wider credit spreads in energy were largely due to a rapid decline in oil and a repricing of risk for related companies. The corporate bond portfolio has an overall rating of AA-.

MUNICIPAL BONDS

As of December 31, 2015 and 2014, municipal bonds totaled $16,356,450 and $13,807,863, respectively with a gross and net unrealized gain of $1,090,259 and $1,130,998, respectively. The decrease was due to slightly higher interest rates. As of December 31, 2015, approximately 20 percent of the municipal fixed income securities in the investment portfolio were general obligations of state and local governments, 40 percent were revenue based, 32 percent were pre-refunded, and the remaining 8 percent were Taxable. The municipal bond portfolio has an overall rating of AA-.

EQUITY SECURITIES

The equity portfolio consists of exchange traded funds (ETF). Net unrealized gains in the equity portfolio decreased $487,516 and $72,944 in 2015 and 2014, respectively. Given the intent to hold and expectation of recovery to cost within a reasonable period of time, the Company does not consider any of its equities to be other-than-temporarily impaired.

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

Part of the evaluation of whether particular securities are other-than-temporarily impaired involves assessing whether the Company has both the intent and ability to continue to hold equity securities in an unrealized loss position. For fixed income securities, management considers the intent to sell a security (which is determined on a security-by-security basis) and whether it is more likely than not that is will be

required to sell the security before the recovery of the amortized cost basis. Significant changes in these factors could result in a charge to net earnings for impairment losses. Impairment losses result in a reduction of the underlying investment's cost basis.

ANALYSIS

The following table is also used as part of the impairment analysis and displays the total value of securities that were in an unrealized loss position as of December 31, 2015 and 2014. The table segregates the securities based on type, noting the fair value, cost (or amortized cost), and unrealized loss on each category of investment as well as in total. The table further classifies the securities based on the length of time they have been in an unrealized loss position.

	December 31, 2015			December 31, 2014		
	< 12 Mos.	12 Mos & Greater	Total	< 12 Mos.	12 Mos & Greater	Total
U.S. Treasury						
Fair value	$ 1,233,023	$ —	$ 1,233,023	$ —	$ 292,572	$ 292,572
Cost or amortized cost	1,242,679	—	1,242,679	—	296,162	296,162
Unrealized Loss	(9,656)	—	(9,656)	—	(3,590)	(3,590)
MBS/ABS/CMBS						
Fair value	9,404,729	728,591	10,133,320	1,962,502	4,043,188	6,005,690
Cost or amortized cost	9,530,244	746,619	10,276,863	1,969,544	4,107,573	6,077,117
Unrealized Loss	(125,515)	(18,028)	(143,543)	(7,042)	(64,385)	(71,427)
Corporate						
Fair value	11,205,004	1,263,357	12,468,361	3,503,440	3,719,901	7,223,341
Cost or amortized cost	11,685,419	1,305,243	12,990,662	3,524,450	3,809,803	7,334,253
Unrealized Loss	(480,415)	(41,886)	(522,301)	(21,010)	(89,902)	(110,912)
Subtotal, fixed income						
Fair value	21,842,756	1,991,948	23,834,704	5,465,942	8,055,661	13,521,603
Cost or amortized cost	22,458,342	2,051,862	24,510,204	5,493,994	8,213,538	13,707,532
Unrealized Loss	(615,586)	(59,914)	(675,500)	(28,052)	(157,877)	(185,929)
Equity Securities						
Fair value	398,194	3,222,192	3,620,386	3,707,255	—	3,707,255
Cost or amortized cost	429,530	3,609,357	4,038,887	3,817,654	—	3,817,654
Unrealized Loss	(31,336)	(387,165)	(418,501)	(110,399)	—	(110,399)
Total						
Fair value	22,240,950	5,214,140	27,455,090	9,173,197	8,055,661	17,228,858
Cost or amortized cost	22,887,872	5,661,219	28,549,091	9,311,648	8,213,538	17,525,186
Unrealized Loss	$ (646,922)	$ (447,079)	$ (1,094,001)	$ (138,451)	$ (157,877)	$ (296,328)

As of December 31, 2015 and 2014, the Company held equity securities that were in unrealized loss positions. The total unrealized loss on these securities in 2015 and 2014 was $418,501 and $110,399, respectively.

The fixed income portfolio contained 62 securities in an unrealized loss position as of December 31, 2015. Of these 62 securities, 7 have been in an unrealized loss position for 12 consecutive months or longer

and represent $59,914 in unrealized losses. All fixed income securities in the investment portfolio continue to pay the expected coupon payments under the contractual terms of the securities. Credit-related impairments on fixed income securities that we do not plan to sell, and for which we are not more likely than not to be required to sell, are recognized in net earnings. Any non-credit related impairment is recognized in comprehensive earnings. Based on management's analysis, the fixed income portfolio is of a high credit quality and it is believed it will recover the amortized cost basis of the fixed income securities. Management monitors the credit quality of the fixed income investments to assess if it is probable that the Company will receive its contractual or estimated cash flows in the form of principal and interest. There were no OTTI losses recognized in other comprehensive earnings in the periods presented. Key factors considered in the evaluation of credit quality include:

- Changes in technology that may impair the earnings potential of the investment;
- The discontinuance of a segment of business that may affect future earnings potential;
- Reduction or elimination of dividends;
- Specific concerns related to the issuer's industry or geographic area of operation;
- Significant or recurring operating losses, poor cash flows and/or deteriorating liquidity ratios; and
- Downgrades in credit quality by a major rating agency.

Based on management's analysis, it was concluded that the securities in an unrealized loss position were not other-than-temporarily impaired at December 31, 2015, and 2014.

During 2015 and 2014, the Company did not recognize any impairment losses.

As required by law, certain fixed maturity investments amounting to $2,950,105 and $2,262,657 at December 31, 2015 and 2014, respectively, were on deposit with either regulatory authorities or banks. In addition, $947,554 was pledged in 2015 as part of a capital lease arrangement.

3. FAIR VALUE DISCLOSURES

Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. We determined the fair value of certain financial instruments based on their underlying characteristics and relevant transactions in the marketplace. GAAP guidance requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance also describes three levels of inputs that may be used to measure fair value.

The following are the levels of the fair value hierarchy and a brief description of the type of valuation inputs that are used to establish each level:

- **Level 1** is applied to valuations based on readily available, unadjusted quoted prices in active markets for identical assets.
- **Level 2** is applied to valuations based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g., interest rates, yield curves, prepayment speeds, default rates, loss severities) or can be corroborated by observable market data.
- **Level 3** is applied to valuations that are derived from techniques in which one or more of the significant inputs are unobservable. Financial assets are classified based upon the lowest level of significant input that is used to determine fair value.

As a part of the process to determine fair value, management utilizes widely recognized, third-party pricing sources to determine fair values. Management has obtained an understanding of the third-party

pricing sources' valuation methodologies and inputs. The following is a description of the valuation techniques used for financial assets that are measured at fair value, including the general classification of such assets pursuant to the fair value hierarchy.

Corporate, Agencies, and Municipal Bonds: The pricing vendor employs a multi-dimensional model which uses standard inputs including (listed in order of priority for use) benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, market bids/offers and other reference data. The pricing vendor also monitors market indicators, as well as industry and economic events. All bonds valued using these techniques are classified as Level 2. All Corporate, Agencies, and Municipal securities are deemed Level 2.

Mortgage-backed Securities (MBS)/Collateralized Mortgage Obligations (CMO) and Asset-backed Securities (ABS): The pricing vendor evaluation methodology includes principally interest rate movements and new issue data. Evaluation of the tranches (non-volatile, volatile, or credit sensitivity) is based on the pricing vendors' interpretation of accepted modeling and pricing conventions. This information is then used to determine the cash flows for each tranche, benchmark yields, pre-payment assumptions and to incorporate collateral performance. To evaluate CMO volatility, an option adjusted spread model is used in combination with models that simulate interest rate paths to determine market price information. This process allows the pricing vendor to obtain evaluations of a broad universe of securities in a way that reflects changes in yield curve, index rates, implied volatility, mortgage rates, and recent trade activity. MBS/CMO and ABS with corroborated and observable inputs are classified as Level 2. All MBS/CMO and ABS holdings are deemed Level 2.

U.S. Treasury Bonds and Common Stock: U.S. treasury bonds and exchange traded equities have readily observable price levels and are classified as Level 1 (fair value based on quoted market prices). All common stock holdings are deemed Level 1.

Due to the relatively short-term nature of cash, cash equivalents, and the mortgage on the home office, their carrying amounts are reasonable estimates of fair value. The surplus notes are carried at face value and given that there is no readily available market for these to trade in, management believes that face value accurately reflects fair value. Cash and cash equivalents are classified as Level 1 of the hierarchy. The mortgage on the home office and the surplus notes are carried at Level 2 of the hierarchy.

Assets measured at fair value on a recurring basis as of December 31, 2015, are as summarized below:

	Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2015				
Available-for-sale:				
U.S. treasury	$ 1,233,023	$ —	$ —	$ 1,233,023
MBS/ABS/CMBS	—	18,010,566	—	18,010,566
Corporate	—	29,595,269	—	29,595,269
Municipal	—	16,356,450	—	16,356,450
Equities	8,884,951	—	—	8,884,951
	$ 10,117,974	$63,962,285	$ —	$74,080,259

Assets measured at fair value on a recurring basis as of December 31, 2014, are as summarized below:

	Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2014				
Available-for-sale:				
U.S. treasury	$ 536,382	$ —	$ —	$ 536,382
MBS/ABS/CMBS	—	18,402,127	—	18,402,127
Corporate	—	29,878,139	—	29,878,139
Municipal	—	13,807,863	—	13,807,863
Equities	9,151,235	—	—	9,151,235
	$ 9,687,617	$62,088,129	$ —	$71,775,746

As noted in the previous tables, the Company did not have any assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of December 31, 2015 and 2014. Additionally, there were no securities transferred in or out of levels 1 or 2 during the years ended December 31, 2015 and 2014.

4. POLICY ACQUISITION COSTS

Policy acquisition costs deferred and amortized to income for the years ended December 31 are summarized as follows:

	2015	2014
Deferred policy acquisition costs (DAC), beginning of year	$ 3,800,544	$ 3,318,839
Deferred:		
Direct commission	6,885,761	6,479,631
Premium taxes	620,726	702,728
Ceding commissions	(851,412)	(208,048)
Underwriting	341,006	328,548
Net deferred	6,996,081	7,302,859
Amortized	6,813,891	6,821,154
DAC, end of year	$ 3,982,734	$ 3,800,544
Policy acquisition costs:		
Amortized to expense	$ 6,813,891	$ 6,821,154
Period costs:		
Contingent commission	1,528,651	1,361,570
Other underwriting expenses	6,212,869	6,139,873
Total policy acquisition costs	$ 14,555,411	$ 14,322,597

5. **DEBT**

As of December 31, 2015 and 2014, outstanding debt balances totaled $ 3,273,560 and $2,785,710, respectively. The Company incurred interest expense for the years ended December 31, 2015 and 2014 of $136,295 and $133,799, respectively. The average rate on debt in 2015 was 4.50 percent. The debt balance is comprised of the following:

Surplus Notes

The Company has $1,921,428 and $1,992,857 of surplus notes issued, for cash, and outstanding as of December 31, 2015 and 2014, respectively. Payment of principal and interest on all surplus notes requires specific approval by the Illinois Department of Insurance. The Company's obligation to pay principal and interest on surplus notes is subordinate to the insurance claims of policyholders of the Company in accordance with terms of Section 56 of the Illinois Insurance Code.

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

Additional information regarding each surplus note follows:

Date Issued	Interest Rate	Par Value (Face Amount of Notes)	Carrying Value of Note	Principal and/or Interest Paid Current Year	Total Principal and/or Interest Paid	Unapproved Principal and/or Interest	Date of Maturity
12/31/2003	5.35%	1,600,000	1,600,000	85,600	1,031,200	—	12/31/2033
7/15/2004	7.00%	410,000	250,000	17,500	443,707	—	7/15/2034
8/31/2004	7.00%	250,000	71,428	74,998	340,304	—	8/31/2016
		2,260,000	1,921,428	178,098	1,815,211	—	

Note holders are entitled to 1/28th of the principal each year. To date, the note holders of the surplus notes maturing on 12/31/2033 and 7/15/2034 have elected to waive principal repayment.

Leasehold Obligations

The Company entered into a sale leaseback arrangement in September 2015 that is accounted for as a capital lease. Under the agreement, Pacific Western Equipment Finance Company purchased electronic data processing software and titled vehicles which are leased to the Company. These assets remain on the Company's books due to provisions within the agreement that trigger capital lease accounting. To secure the lowest rate possible of 4.7 percent, the Company pledged bonds totaling $947,554. There was no gain or loss recognized as part of this transaction. Lease payments for 2015 totaled $64,182. The term of the electronic data processing lease is 48 months and the term of the titled vehicles lease is 36 months. The outstanding lease obligation at December 31, 2015, was $859,818.

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

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

Home Office Mortgage

The Company maintains a mortgage on its home office. Interest is charged at a fixed rate of 2.6 percent and the loan matures in 2017. The building is used as collateral to secure the loan. The loan balance at year end 2015 and 2014 was $492,315 and $792,853, respectively. The interest paid on the loan in 2015 was $17,153 and $25,430 in 2014.

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

Year	Amount
2016	$317,820
2017	185,395
	503,215
Interest portion	10,900
Total	$492,315

The Company maintains a revolving line of credit with American Bank & Trust, which permits borrowing up to an aggregate principal amount of $2.0 million. This facility was entered into during 2013 and is renewed annually. There are no financial covenants governing this agreement. As of and during the years ended December 31, 2015 and 2014, no amounts were outstanding on this facility.

6. REINSURANCE

In the ordinary course of business, the Company assumes and cedes premiums and selected insured risks with other insurance companies, known as reinsurance. A large portion of the reinsurance is put into effect under contracts known as treaties and, in some instances, by negotiation on each individual risk (known as facultative reinsurance). In addition, there are several types of treaties including quota share, excess of loss and catastrophe reinsurance contracts that protect against losses over stipulated amounts arising from any one occurrence or event. The arrangements allow the Company to pursue greater diversification of business and serve to limit the maximum net loss to a single event, such as a catastrophe. Through the quantification of exposed policy limits in each region and the extensive use of computer-assisted modeling techniques, management monitors the concentration of risks exposed to catastrophic events.

Through the purchase of reinsurance, the Company also generally limits its net loss on any individual risk to a maximum of $500,000, although certain treaties contain an annual aggregate deductible before reinsurance applies.

Premiums, written and earned, along with losses and settlement expenses incurred for the years ended December 31 are summarized as follows:

	2015	2014
WRITTEN		
Direct	$49,047,060	$ 46,339,636
Reinsurance assumed	346,280	335,174
Reinsurance ceded	(7,762,059)	(5,598,098)
Net	$41,631,281	$ 41,076,712
EARNED		
Direct	$47,616,234	$ 45,253,225
Reinsurance assumed	326,234	316,813
Reinsurance ceded	(7,722,607)	(7,449,253)
Net	$40,219,861	$ 38,120,785
LOSS AND SETTLEMENT EXPENSES INCURRED		
Direct	$28,462,833	$ 34,236,132
Reinsurance assumed	220,831	214,223
Reinsurance ceded	(4,883,150)	(11,701,977)
Net	$23,800,514	$ 22,748,378

The reinsurance assumed business consists of assigned risk pools, which require the Company to participate in certain workers' compensation and other liability pools, as a result of their licensure and premium writings in the various states in which it does business.

At December 31, 2015 and 2014, respectively, the Company had prepaid reinsurance premiums and recoverables on paid and unpaid losses and settlement expenses totaling $19,158,224 and $25,822,425. More than 98 percent of the Company's reinsurance recoverables are due from companies with financial strength ratings of "A" or better by A.M. Best.

The following table displays net reinsurance balances recoverable, after consideration of collateral, from the Company's top 10 reinsurers as of December 31, 2015. These reinsurers all have financial strength ratings of "A" or better by A.M. Best. Also shown are the amounts of written premium ceded to these reinsurers during the calendar year 2015.

(in 000's of US dollars)	A.M. Best Rating	S & P Rating	Net Reinsurer Exposure as of December 31, 2015	Percent of Total	Ceded Premiums Written	Percent of Total
Everest Reinsurance Company	A+	A+	4,081	20.4%	1,944	25.0%
Partner Reinsurance Company	A+	A+	3,511	17.6%	1,221	15.7%
Lloyd's Syn Number 1414	A	A+	3,121	15.6%	68	0.9%
Swiss Reinsurance	A+	AA-	2,575	12.9%	1,133	14.6%
Aspen Insurance UK Ltd	A	A	2,269	11.4%	868	11.2%
Platinum Underwriters	A	A-	1,494	7.5%	1	0.0%
Allied World Reinsurance	A	A	1,121	5.6%	861	11.1%
Hannover Ruckversicherungs	A+	AA-	929	4.7%	769	9.9%
Toa Reinsurance Company	A+	A+	652	3.3%	—	0.0%
Endurance	A	A	96	0.5%	174	2.2%
All other reinsurers*			122	0.5%	723	9.4%
			19,971	100.0%	7,762	100.0%

Ceded unearned premiums and reinsurance balances recoverable on paid losses and settlement expenses are reported separately as an asset, rather than being netted with the related liability, since reinsurance does not relieve the Company of its liability to policyholders. Such balances are subject to the credit risk associated with the individual reinsurer. On a quarterly basis, the financial condition of the Company's reinsurers is monitored. As part of the monitoring efforts, management reviews annual summarized financial data and publically available information. The credit risk associated with the reinsurance balances recoverable is analyze by monitoring the A.M. Best and S&P ratings of the reinsurers. In addition, the Company subjects its reinsurance recoverables to detailed recoverability tests, including one based on average default by A.M. Best rating.

Once regulatory action (such as receivership, finding of insolvency, order of conservation or order of liquidation) is taken against a reinsurer, the paid and unpaid recoverable for the reinsurer are specifically identified and written off through the use of the allowance for estimated unrecoverable amounts from reinsurers. When such a balance is written off, it is done in full. The Company then re-evaluates the remaining allowance and determines whether the balance is sufficient as detailed above, and if needed, an additional allowance is recognized and income charged. The Company had no allowance recorded related to uncollectible amounts on paid and unpaid recoverables at December 31, 2015 and 2014. The Company has no receivables with a due date that extends beyond 90 days from the date of billing that are not included in the allowance for uncollectible amounts.

7. UNPAID LOSSES AND SETTLEMENT EXPENSES

The following table is a reconciliation of the Company's unpaid losses and settlement expenses (LAE) for the years 2015 and 2014.

(in 000's US dollars)	2015	2014
Unpaid losses and LAE at beginning of year:		
Gross	$ 64,617	$ 57,336
Ceded	(25,822)	(20,994)
Net	38,795	36,342
Increase (decrease) in incurred losses and LAE:		
Current year	24,293	22,267
Prior years	(493)	481
Total incurred	23,800	22,748
Loss and LAE payments for claims incurred:		
Current year	(6,466)	(7,798)
Prior years	(14,231)	(12,497)
Total paid	(20,697)	(20,295)
Net unpaid losses and LAE at end of year	41,898	38,795
Unpaid losses and LAE at end of year:		
Gross	61,056	64,617
Ceded	(19,158)	(25,822)
Net	$ 41,898	$ 38,795

(in 000's US dollars)	2015	2014
Supplemental ceded unpaid losses and LAE at end of year disclosure:		
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 in 2015 and $0 in 2014	$(19,535)	$(25,855)
Reinsurance balances payable	377	33
	$(19,158)	$(25,822)

Differences from the initial reserve estimates emerged as changes in the ultimate loss estimates as those estimates were updated through the reserve analysis process. The recognition of the changes in initial reserve estimates occurred over time as claims were reported, initial case reserves were established, initial reserves were reviewed in light of additional information and ultimate payments were made on the collective set of claims incurred as of that evaluation date. The new information on the ultimate settlement value of claims is updated until all claims in a defined set are settled. As a small specialty insurer with a niche product portfolio, the Company's experience will ordinarily exhibit fluctuations from period to period. While management attempts to identify and react to systematic changes in the loss environment, they must also consider the volume of experience directly available to the Company and interpret any particular period's indications with a realistic technical understanding of the reliability of those observations.

A discussion of significant components of reserve development for the two most recent calendar years follows:

2015

The Company experienced favorable development relative to prior years' reserve estimates in its property line of business primarily from the 2014 accident year. The largest contributor to the adverse development in the casualty line of business was Liquor Liability, with approximately 89.4 percent of the development coming from this business.

2014

The Company experienced favorable development relative to prior years' reserve estimates in its property line of business primarily from the 2013 accident year. The largest contributor to the adverse development in the casualty line of business was BOP Liability, with approximately half of the development coming from the 2013 accident year.

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8. INCOME TAXES

The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are summarized as follows at December 31:

	2015	2014
Deferred tax assets:		
Tax discounting of claim reserves	$ 830,440	$ 1,231,812
Unearned premium reserve	1,660,239	1,561,989
AMT credit carryforward	166,535	471,644
Deferred compensation	275,992	72,243
Provision for uncollectible accounts	34,000	17,000
Other	478,386	456,434
Deferred tax assets before allowance	3,445,592	3,811,122
Less valuation allowance	—	—
Total deferred tax assets	$ 3,445,592	$ 3,811,122
Deferred tax liabilities:		
Net unrealized appreciation of securities	$ 273,080	$ 800,516
Deferred policy acquisition costs	1,354,130	1,292,195
Property and equipment	23,271	64,789
Other	394,459	380,232
Total deferred tax liabilities	2,044,940	2,537,732
Net deferred tax asset	$ 1,400,652	$ 1,273,390

Income tax expense attributable to income from operations for the years ended December 31, 2015 and 2014, differed from the amounts computed by applying the U.S. federal tax rate of 34 percent to pretax income from continuing operations as demonstrated in the following table:

	2015	2014
Provision for income taxes at the statutory federal tax rates	$1,025,600	$ 803,938
Increase (reduction) in taxes resulting from:		
Tax-exempt interest income	(174,808)	(164,482)
15% proration of tax exempt interest & dividends received deduction	26,222	24,672
Officer life insurance, net	3,474	3,338
Nondeductible expenses	35,313	27,500
Prior year true-ups and other	(54,059)	84,183
Total	$ 861,742	$ 779,149

The Company's effective tax rate was 28.6 percent and 33.0 percent for 2015 and 2014, respectively. Effective rates are dependent upon components of pretax earnings and the related tax effects.

The Company has recorded its deferred tax assets and liabilities using the statutory federal tax rate of 34 percent. Management believes it is more likely than not that all deferred tax assets will be recovered given the carry back availability as well as the results of future operations, which will generate sufficient taxable income to realize the deferred tax asset. In addition, it is believed that when these deferred items reverse in future years, taxable income will be taxed at an effective rate of 34 percent.

Federal and state income taxes paid in 2015 and 2014 amounted to $950,000 and $750,000, respectively. As of December 31, 2015, the Company does not have any capital or operating loss carryforwards. Periods still subject to Internal Revenue Service (IRS) audit include 2012 through current year. There are currently no open tax exams.

9. EMPLOYEE BENEFITS

401(K) AND BONUS AND INCENTIVE PLANS

The Company maintains a 401(k) and bonus and incentive plans covering executives, managers, and associates. Excluding the 401(k), at the CEO's discretion, funding of these plans is primarily dependent upon reaching predetermined levels of combined ratio, growth in statutory surplus, growth in direct written premium, and overall renewal retention ratios. Bonuses are earned as the Company generates earnings in excess of this required return. While some management incentive plans may be affected somewhat by other performance factors, the larger influence of corporate performance ensures that the interests of the executives, managers, and associates corresponds with those of the stakeholders.

The 401(k) plan offers a matching percentage up to 4 percent of eligible compensation, as well as a profit sharing percentage of each employee's compensation. Participants are 100 percent vested in the matching percentage and vest at a rate of 25 percent per year for the profit sharing distribution. Additionally, bonuses may be awarded to executives, managers, and associates through company incentive plans, provided certain financial or operational goals are met. Annual expenses for these incentive plans totaled $776,390 and $751,675 for 2015 and 2014, respectively.

DEFERRED COMPENSATION

In November 2012, the Company entered into a deferred compensation agreement with an executive of the Company. The agreement requires the Company to make payments to the executive beginning at retirement (age 62). In the event of separation of service without cause prior to age 62, benefits under this agreement vest 25 percent in November 2017, 50 percent in November 2022, 75 percent in November 2027, and 100 percent on January 1, 2032. In the event of death prior to retirement, benefits become fully vested and are payable to the executive's beneficiaries. Using a discount rate of 4.34 percent, the fully vested obligation under the agreement would total approximately $1,548,000 on January 1, 2032. As of December 31, 2015 and 2014, the accrued liability related to this agreement totaled $173,676 and $105,676, respectively. The Company's expense related to this plan was $68,000 and $69,992 in 2015 and 2014, respectively.

10. STATUTORY INFORMATION AND DIVIDEND RESTRICTIONS

The statutory financial statements of the Company are presented on the basis of accounting practices prescribed or permitted by the Illinois Department of Insurance, which has adopted the National Association of Insurance Commissioners ("NAIC") statutory accounting practices as the basis of its statutory accounting practices. The Company did not use any permitted statutory accounting practices that differ from NAIC prescribed statutory accounting practices. In converting from statutory to GAAP, typical adjustments include deferral of policy acquisition costs, the inclusion of statutory non-admitted assets and the inclusion of net unrealized holding gains or losses in equity relating to available for sale investment securities, and the reclassification of surplus notes from equity to debt.

The NAIC has Risk-based capital ("RBC") requirements that require insurance companies to calculate and report information under a risk-based formula, which measures statutory capital and surplus needs based upon a regulatory definition of risk relative to the company's balance sheet and mix of products. As of December 31, 2015 and 2014, the Company had RBC amounts in excess of the authorized control level RBC, as defined by the NAIC. Illinois Casualty Company (ICC), had an authorized control level RBC of $6,175,978 and $6,156,557 as of December 31, 2015 and 2014, respectively, compared to actual statutory capital and surplus of $26,855,678 and $25,193,388, respectively, for these same periods.

Year-end statutory surplus for 2015 and 2014 presented in the table below includes $115 and $33,064 of Estrella Innovative Solutions, LLC common stock (cost basis of $170,078 and $160,078) held by Illinois Casualty Company. This investment is eliminated in the GAAP consolidated financial statements.

The following table includes selected information for our insurance subsidiary for the year ending and as of December 31:

(in 000's US dollars)	2015	2014
Net income, statutory basis	$ 1,849,291	$ 1,381,055
Surplus, statutory basis	$ 26,855,678	$ 25,193,388

No Illinois domiciled company may pay any extraordinary dividend or make any other extraordinary distribution to its security holders until: (a) 30 days after the Director has received notice of the declaration thereof and has not within such period disapproved the payment, or (b) the Director approves such payment within the 30-day period. For purposes of this subsection, an extraordinary dividend or distribution is any dividend or distribution of cash or other property whose fair market value, together with that of other dividends or distributions, made within the period of 12 consecutive months ending on the date on which the proposed dividend is scheduled for payment or distribution exceeds the greater of: (a) 10% of the company's surplus as regards policyholders as of the 31st day of December next preceding, or (b) the net income of the company for the 12-month period ending the 31st day of December next preceding, but does not include pro rata distributions of any class of the company's own securities.

The Company did not pay any dividends to security holders in 2015 or 2014. It did however, make cash dividend payments in the amount of $1,452 and $1,315 in 2015 and 2014, respectively, to Wisconsin policyholders in accordance with policy contractual obligations.

11. RELATED PARTY

Mr. John R. Klockau, a director of the Company, holds two surplus note from the Company totaling $1,150,000. The first note is for $1,000,000 and bears interest at 5.35%. The second note is for $150,000 and bears interest at 7.00%. Mr. Klockau was paid interest in the amount of $64,000 in both 2015 and 2014. Additionally, Mr. Klockau is a claims consultant and was paid $14,011 and $14,181 in 2015 and 2014, respectively, related to his services to the Company.

Mr. Scott T. Burgess is a director of the Company and a Senior Managing Director of Griffin Financial Group. Mr. Burgess was paid $2,284 and $1,092 in 2015 and 2014, respectively. Griffin Financial Group was paid $75,000 and $0 in 2015 and 2014, respectively.

12. COMMITMENTS AND CONTINGENT LIABILITIES

The Company is party to numerous claims, losses, and litigation matters that arise in the normal course of business. Many of such claims, losses, or litigation matters involve claims under policies that the Company underwrites as an insurer. Management believes that the resolution of these claims and losses will not have a material adverse effect on the Company's financial condition, results of operations, or cash flows.

The Company has operating lease obligations related to managing the business. Expenses associated with the unexpired portion of the agreements totals approximately $21,000 per year. Minimum future rental payments under non-cancellable agreements are as follows:

Year	Payments
2016	21,153

Rent expense totaled $32,457 and $26,738 in 2015 and 2014, respectively.

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13. SUBSEQUENT EVENTS

Subsequent events have been evaluated through the date the financial statements were issued. On February 16, 2016, the Board of Directors approved a plan of demutualization. The Company is currently organized as a mutual insurance company and has prepared these financial statements for use in its filing with the US Securities and Exchange Commission in order to complete the plan of demutualization.

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Illinois Casualty Company (A Mutual Insurance Company)
Condensed Consolidated Balance Sheets

	As of	
	June 30, 2016 (Unaudited)	December 31, 2015
Assets		
Investments and cash:		
Fixed income		
Available-for-sale, at fair value (amortized cost - $61,099,706 at 6/30/2016 and $63,994,827 at 12/31/2015)	$ 64,502,039	$ 65,195,308
Equity securities available -for-sale, at fair value (cost - $9,670,992 at 6/30/2016 and $9,282,252 at 12/31/2015)	9,828,551	8,884,951
Cash and cash equivalents	3,385,977	2,179,511
Total investments and cash	77,716,567	76,259,770
Accrued investment income	505,341	580,786
Premiums and reinsurance balances receivable, net of allowances for uncollectible amounts of $100,000 at 6/30/2016 and 12/31/2015	17,253,833	15,637,909
Ceded unearned premiums	270,220	57,304
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $0 at 6/30/2016 and 12/31/2015	15,557,412	19,535,058
Current federal income taxes	299,412	773,206
Net deferred federal income taxes	392,014	1,400,652
Deferred policy acquisition costs, net	4,214,425	3,982,734
Property and equipment, at cost, net of accumulated depreciation of $3,937,709 at 6/30/2016 and $3,553,073 at 12/31/2015	6,046,614	4,241,099
Other assets	1,352,546	904,864
Total assets	$ 123,608,384	$ 123,373,382
Liabilities and Equity		
Liabilities:		
Unpaid losses and settlement expenses	57,386,924	61,055,626
Unearned premiums	25,262,805	23,948,476
Reinsurance balances payable	233,285	—
Corporate debt	3,743,315	3,273,560
Accrued expenses	3,263,302	4,096,190
Other liabilities	843,017	833,795
Total liabilities	90,732,648	93,207,647
Equity:		
Accumulated other comprehensive earnings, net of tax	2,349,529	530,097
Retained earnings	30,526,207	29,635,638
Total equity	32,875,736	30,165,735
Total liabilities and equity	$ 123,608,384	$ 123,373,382

See accompanying notes to consolidated financial statements.

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Illinois Casualty Company (A Mutual Insurance Company)
Condensed Consolidated Statements of Earnings and Comprehensive Earnings (Unaudited)

	For the Three-Month Periods Ended June 30,	
	2016	2015
Net premiums earned	$10,555,466	$ 9,732,731
Net investment income	422,068	391,721
Net realized investment gains	13,970	10,159
Other income	17,536	72,525
Consolidated revenues	11,009,040	10,207,136
Losses and settlement expenses	6,177,420	5,901,996
Policy acquisition costs	4,011,294	3,548,834
Interest expense on debt	50,275	32,010
General corporate expenses	106,582	79,580
Total expenses	10,345,571	9,562,420
Earnings before income taxes	663,469	644,716
Income tax expense:		
Current	437,965	289,273
Deferred	(195,068)	(136,517)
Total income tax expense	242,897	152,756
Net earnings	$ 420,572	$ 491,960
Other comprehensive earnings (loss), net of tax	810,414	(910,886)
Comprehensive earnings	$ 1,230,986	$ (418,926)

See accompanying notes to consolidated financial statements.

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Illinois Casualty Company (A Mutual Insurance Company)
Condensed Consolidated Statements of Earnings and Comprehensive Earnings (Unaudited)

	For the Six-Month Periods Ended June 30,	
	2016	2015
Net premiums earned	$ 20,846,228	$ 19,217,351
Net investment income	769,894	693,951
Net realized investment gains	138,218	33,693
Other income	75,861	136,439
Consolidated revenues	21,830,201	20,081,434
Losses and settlement expenses	12,556,916	11,747,392
Policy acquisition costs	7,543,274	7,017,988
Interest expense on debt	91,622	64,456
General corporate expenses	199,471	147,277
Total expenses	20,391,283	18,977,113
Earnings before income taxes	1,438,918	1,104,321
Income tax expense:		
Current	476,995	230,478
Deferred	71,355	84,829
Total income tax expense	548,350	315,307
Net earnings	$ 890,568	$ 789,014
Other comprehensive earnings (loss), net of tax	1,819,432	(552,766)
Comprehensive earnings	$ 2,710,000	$ 236,248

See accompanying notes to consolidated financial statements.

Illinois Casualty Company (A Mutual Insurance Company)
Condensed Consolidated Statements of Cash Flows (Unaudited)

	For the Six-Month Periods Ended June 30,	
	2016	2015
Cash flows from operating activities:		
Net earnings	$ 890,568	$ 789,014
Adjustments to reconcile net earnings to net cash provided by operating activities		
Net realized investment gains	(138,218)	(33,693)
Depreciation	385,482	274,415
Deferred income tax	71,355	84,829
Amortization of bond premium and discount	108,231	131,054
Change in:		
Accrued investment income	75,445	5,920
Premiums and reinsurance balances receivable (net of direct write-offs)	(1,615,924)	(2,626,818)
Reinsurance balances payable	233,285	22,741
Ceded unearned premium	(212,916)	(13,033)
Reinsurance balances recoverable on unpaid losses	3,977,646	3,135,935
Deferred policy acquisition costs	(231,691)	(205,839)
Accrued expenses	(832,888)	(955,633)
Unpaid losses and settlement expenses	(3,668,702)	(998,125)
Unearned premiums	1,314,329	1,648,972
Current federal income tax	473,794	(19,522)
Other	(277,439)	(196,976)
Net cash provided by operating activities	552,357	1,043,241
Cash flows from investing activities:		
Purchases of:		
Fixed income, available-for-sale	(4,570,653)	(6,924,809)
Equity securities, available-for-sale	(388,740)	—
Property and equipment	(584,052)	(491,304)
Property held for investment income	(1,626,245)	—
Proceeds from sales, maturities and calls of:		
Fixed income, available-for-sale	7,495,759	6,319,928
Property and equipment	19,300	11,759
Net cash provided by (used in) investing activities	345,369	(1,084,426)
Cash flows from financing activities:		
Proceeds from sale leaseback	777,643	—
Proceeds from bank overdraft	—	35,754
Repayments of borrowed funds	(307,883)	(149,304)
Demutualization and initial public offering costs	(161,020)	—
Net cash provided by (used in) financing activities	308,740	(113,550)
Net increase (decrease) in cash	1,206,466	(154,735)
Cash and cash equivalents at beginning of period	2,179,511	1,141,656
Cash and cash equivalents at end of period	$ 3,385,977	$ 986,921

See accompanying notes to consolidated financial statements.

Notes to Unaudited Condensed Consolidated Financial Statements

1. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

A. DESCRIPTION OF BUSINESS

Illinois Casualty Company (A Mutual Insurance Company) (herein, "the Company") is a specialty insurance carrier primarily underwriting commercial multi-peril, liquor liability, workers' compensation, and umbrella liability coverages for the food and beverage industry. The Company writes business in Illinois, Iowa, Indiana, Minnesota, Missouri, and Wisconsin and markets through independent agents. Approximately 40 percent and 38 percent of premium is written in Illinois for the three-months ended June 30, 2016 and 2015, respectively. Approximately 39 percent and 38 percent of the premium is written in Illinois for the six-months ended June 30, 2016 and 2015, respectively. The Company has three wholly owned subsidiaries, Beverage Insurance Agency, Estrella Innovative Solutions, Inc., and ICC Realty, LLC.; however the Company operates as a single segment.

B. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with U.S. generally accepted accounting principles (GAAP) for interim financial reporting and with the instructions to Form 10-Q. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. As such, these unaudited condensed consolidated interim financial statements should be read in conjunction with the Company's December 31, 2015, audited financial statements. The condensed consolidated balance sheet at December 31, 2015, was derived from the audited consolidated balance sheet of the Company as of that date. Management believes that the disclosures are adequate to make the information presented not misleading, and all normal and recurring adjustments necessary to present fairly the financial position at June 30, 2016, and the results of operations of the Company and its subsidiaries for all periods presented have been made. The results of operations for any interim period are not necessarily indicative of the operating results for a full year.

The preparation of the unaudited condensed consolidated interim financial statements requires management to make estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated interim financial statements, and the reported amounts of revenue and expenses during the period. These amounts are inherently subject to change and actual results could differ significantly from these estimates.

C. PROSPECTIVE ACCOUNTING STANDARDS

The dates presented below, represent the implementation dates for publicly traded entities. The Company's status as an Emerging Growth Company could delay the required adoption of each of these standards.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which will supersede the current revenue recognition requirements in Topic 605, Revenue Recognition. The ASU is based on the principle that revenue is recognized to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to obtain or fulfill a contract. The new guidance will be effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period. Management does not believe adoption will have a material effect on the Company's financial statements.

In May 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2015-09, Disclosure about Short-Duration Contracts. The guidance addresses enhanced

disclosure requirements for insurers relating to short-duration insurance contract claims and the unpaid claims liability rollforward for long and short-duration contracts. This ASU is effective for annual reporting periods beginning after December 15, 2015, and for interim periods after December 15, 2016. Early adoption is permitted. The Company has not early-adopted this ASU and while disclosures will be increased, management does not believe adoption will have a material effect on the Company's financial statements.

In January 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-01, Financial Instruments Overall: Recognition and Measurement of Financial Assets and Financial Liabilities. The guidance affects the accounting for equity investments, financial liabilities under the fair value option, and the presentation and disclosure requirements of financial instruments. The amendments will be applied to fiscal years beginning after December 15, 2017, including interim periods within those fiscal years. Early adoption is permitted for the accounting guidance on financial liabilities under the fair value option. The Company is currently assessing the impact this new standard will have on its consolidated financial statements.

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-02, Leases, which will supersede the current lease requirements in Topic 840, Leases. The ASU requires lessees to recognize a right of use asset and related lease liability for all leases, with a limited exception for short term leases. Leases will be classified as either finance or operating, with the classification affecting the pattern of expense recognition in the statement of operations. Currently, leases are classified as either capital or operating, with only capital leases recognized on the balance sheet. The reporting of lease related expenses in the statements of operations and cash flows will be generally consistent with the current guidance. The new lease guidance will be effective for fiscal years beginning after December 15, 2018, including interim periods within those fiscal years and will be applied using a modified retrospective transition method to the beginning of the earliest period presented. The effect of applying the new lease guidance on accounting for leases has not yet been determined.

In June 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2016-13, Financial Instruments Credit Losses. The guidance affects the recognition of expected credit losses. Credit losses relating to available for sale securities will be recorded through an allowance for credit losses. The amendments will be applied to fiscal years beginning after December 15, 2019, and early adoption is permitted as of fiscal years beginning after December 15, 2018. The effect of applying the new guidance on accounting for credit losses has not yet been determined.

D. PROPERTY AND EQUIPMENT

Property and equipment are presented at cost, less accumulated depreciation, and are depreciated for financial statement purposes for a period based on their economic life. Computer equipment is depreciated using accelerated methods over 3 years and equipment over a range of 5 to 7 years. Buildings are depreciated over 39 years and related improvements over 15 years. Annually, the Company reviews the major asset classes held for impairment. For the periods ended June 30, 2016 and December 31, 2015, the Company recognized no impairments. Property and equipment are summarized as follows:

	As of	
	June 30, 2016	December 31, 2015
Automobiles	$ 621,185	$ 460,790
Furniture and fixtures	489,267	474,213
Computer equipment and software	3,079,162	2,690,705
Real estate and related improvements	5,794,709	4,168,464
Total cost	9,984,323	7,794,172
Accumulated depreciation	(3,937,709)	(3,553,073)
Net property and equipment	$ 6,046,614	$ 4,241,099

E. COMPREHENSIVE EARNINGS

Comprehensive earnings include net earnings plus unrealized gains/losses on available-for-sale investment securities, net of tax. In reporting the components of comprehensive earnings on a net basis in the statement of earnings, the Company used a 34 percent tax rate. Other comprehensive earnings (loss), as shown in the consolidated statements of earnings and comprehensive earnings, is net of tax expense of $417,486 and tax benefit of $469,244 for the three-months ended June 30, 2016 and 2015, respectively. Other comprehensive earnings (loss), as shown in the consolidated statements of earnings and comprehensive earnings, is net of tax expense of $937,283 and tax benefit of $284,758 for the six-months ended June 30, 2016 and 2015, respectively.

The following table illustrates the components of other comprehensive earnings for each period presented in the condensed consolidated interim financial statements.

	Three-Month Periods Ended June 30,					
	2016			2015		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Other comprehensive earnings (loss), net of tax						
Unrealized gains and losses on investments:						
Unrealized holding (losses) gains arising during the period	$ 1,241,870	$ (422,236)	$ 819,634	$ (1,369,972)	$ 465,791	$ (904,181)
Reclassification adjustment for (gains) losses included in net income	(13,970)	4,750	(9,220)	(10,159)	3,454	(6,705)
Total other comprehensive (loss) earnings	$ 1,227,900	$ (417,486)	$ 810,414	$ (1,380,131)	$ 469,245	$ (910,886)

	Six-Month Periods Ended June 30,					
	2016			2015		
	Pre-tax	Tax	After-tax	Pre-tax	Tax	After-tax
Other comprehensive earnings (loss), net of tax						
Unrealized gains and losses on investments:						
Unrealized holding (losses) gains arising during the period	$ 2,894,933	$ (984,277)	$ 1,910,656	$ (803,832)	$ 273,303	$ (530,529)
Reclassification adjustment for (gains) losses included in net income	(138,218)	46,994	(91,224)	(33,693)	11,456	(22,237)
Total other comprehensive (loss) earnings	$ 2,756,715	$ (937,283)	$ 1,819,432	$ (837,525)	$ 284,759	$ (552,766)

The following table provides the reclassifications out of accumulated other comprehensive income for the periods presented:

Details about Accumulated Other Comprehensive Income Component	Amounts Reclassified from Accumulated Other Comprehensive Income				Affected Line Item in the Statement where Net Income is Presented
	Three-Months Ended June 30,		Six-Months Ended June 30,		
	2016	2015	2016	2015	
Unrealized gains on available-for-sale investments					
	$ (13,970)	$ (10,159)	$ (138,218)	$ (33,693)	Net realized gains on investments
	4,750	3,454	46,994	11,456	Income tax expense
	$ (9,220)	$ (6,705)	$ (91,224)	$ (22,237)	Net of tax

2. INVESTMENTS

The Company's investments include fixed income debt securities and common stock equity securities. As disclosed elsewhere in this prospectus, all of the Company's investments are presented as

available-for-sale, which are carried at fair value. When available, quoted market prices are obtained to determine fair value for the Company's investments. If a quoted market price is not available, fair value is estimated using a secondary pricing source or using quoted market prices of similar securities. The Company has no investment securities for which fair value is determined using Level 3 inputs as defined in note 3 to the unaudited condensed consolidated interim financial statements, "Fair Value Disclosures". Realized gains and losses on disposition of investments are based on specific identification of the investments sold on the settlement date, which does not differ significantly from trade date accounting.

The following is a summary of the proceeds from sales, maturities, and calls of available-for-sale securities and the related gross realized gains and losses for the three-months ended June 30, 2016 and 2015.

	For the Three Months Ended June 30,			
	Proceeds	Gains	Losses	Net realized gain
2016				
Fixed income	$1,318,280	$24,591	$(10,621)	$13,970
Equities	$ —	$ —	$ —	$ —
2015				
Fixed income	$2,994,008	$10,159	$ —	$10,159
Equities	$ —	$ —	$ —	$ —

The following is a summary of the proceeds from sales, maturities, and calls of available-for-sale securities and the related gross realized gains and losses for the six-months ended June 30, 2016 and 2015.

	For the Six Months Ended June 30,			
	Proceeds	Gains	Losses	Net realized gain
2016				
Fixed income	$7,495,759	$148,842	$(10,624)	$138,218
Equities	$ —	$ —	$ —	$ —
2015				
Fixed income	$6,319,928	$ 33,693	$ —	$ 33,693
Equities	$ —	$ —	$ —	$ —

The amortized cost and estimated fair value of fixed income securities at June 30, 2016, by contractual maturity, are shown as follows:

	Amortized Cost	Fair Value
Available-for-sale:		
Due in one year or less	$ 1,502,068	$ 1,504,224
Due after one year through five years	16,456,405	17,065,270
Due after five years through 10 years	17,813,698	19,319,535
Due after 10 years	5,853,411	6,561,191
Asset and mortgage backed securities without a specific due date	19,474,124	20,051,819
Total available-for-sale	$ 61,099,706	$ 64,502,039

Expected maturities may differ from contractual maturities due to call provisions on some existing securities.

In addition, the following table is a schedule of cost or amortized cost and estimated fair values of investments in fixed income and equity securities as of June 30, 2016 and December 31, 2015:

	Cost or Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
2016				
Available-for-sale:				
U.S. treasury	$ 1,243,608	$ 1,273,133	$ 29,525	$ —
MBS/ABS/CMBS	19,474,124	20,051,819	597,469	(19,774)
Corporate	27,893,502	29,443,743	1,588,890	(38,649)
Municipal	12,488,472	13,733,344	1,244,872	—
Total fixed income	61,099,706	64,502,039	3,460,756	(58,423)
Equity securities*	9,670,992	9,828,551	498,545	(340,986)
Total available-for-sale	$ 70,770,698	$ 74,330,590	$ 3,959,301	$ (399,409)

	Cost or Amortized Cost	Fair Value	Gross Unrealized Gains	Gross Unrealized Losses
2015				
Available-for-sale:				
U.S. treasury	$ 1,242,679	$ 1,233,023	$ —	$ (9,656)
MBS/ABS/CMBS	17,948,856	18,010,566	205,253	(143,543)
Corporate	29,537,101	29,595,269	580,469	(522,301)
Municipal	15,266,191	16,356,450	1,090,259	—
Total fixed income	63,994,827	65,195,308	1,875,981	(675,500)
Equity securities*	9,282,252	8,884,951	21,200	(418,501)
Total available-for-sale	$ 73,277,079	$ 74,080,259	$ 1,897,181	$ (1,094,001)

* Equity securities consist primarily of exchange traded funds (“ETF”) made up of Dividends Select, the S&P 500, and one bond ETF.

Included within MBS/ABS/CMBS, as defined in Note 3 “Fair Value Disclosures”, are residential mortgage backed securities of $10,485,860 and $9,201,791 and commercial mortgage backed securities of $6,717,772 and $6,874,455 at June 30, 2016 and December 31, 2015, respectively.

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ANALYSIS

The following table is also used as part of the impairment analysis and displays the total value of securities that were in an unrealized loss position as of June 30, 2016 and December 31, 2015. The table segregates the securities based on type, noting the fair value, cost (or amortized cost), and unrealized loss on each category of investment as well as in total. The table further classifies the securities based on the length of time they have been in an unrealized loss position.

	June 30, 2016			December 31, 2015		
	< 12 Mos.	12 Mos & Greater	Total	< 12 Mos.	12 Mos & Greater	Total
U.S. Treasury						
Fair value	$ —	$ —	$ —	$ 1,233,023	$ —	$ 1,233,023
Cost or amortized cost	—	—	—	1,242,679	—	1,242,679
Unrealized Loss	—	—	—	(9,656)	—	(9,656)
MBS/ABS/CMBS						
Fair value	1,148,968	65,596	1,214,564	9,404,729	728,591	10,133,320
Cost or amortized cost	1,167,584	66,754	1,234,338	9,530,244	746,619	10,276,863
Unrealized Loss	(18,616)	(1,158)	(19,774)	(125,515)	(18,028)	(143,543)
Corporate						
Fair value	1,134,546	469,242	1,603,788	11,205,004	1,263,357	12,468,361
Cost or amortized cost	1,149,518	492,919	1,642,437	11,685,419	1,305,243	12,990,662
Unrealized Loss	(14,972)	(23,677)	(38,649)	(480,415)	(41,886)	(522,301)
Subtotal, fixed income						
Fair value	2,283,514	534,838	2,818,352	21,842,756	1,991,948	23,834,704
Cost or amortized cost	2,317,102	559,673	2,876,775	22,458,342	2,051,862	24,510,204
Unrealized Loss	(33,588)	(24,835)	(58,423)	(615,586)	(59,914)	(675,500)
Equity Securities						
Fair value	373,922	3,323,979	3,697,901	398,194	3,222,192	3,620,386
Cost or amortized cost	429,530	3,609,357	4,038,887	429,530	3,609,357	4,038,887
Unrealized Loss	(55,608)	(285,378)	(340,986)	(31,336)	(387,165)	(418,501)
Total						
Fair value	2,657,436	3,858,817	6,516,253	22,240,950	5,214,140	27,455,090
Cost or amortized cost	2,746,632	4,169,030	6,915,662	22,887,872	5,661,219	28,549,091
Unrealized Loss	$ (89,196)	$ (310,213)	$ (399,409)	$ (646,922)	$ (447,079)	$ (1,094,001)

The following table shows the composition and the credit quality of the fixed income securities in an unrealized loss position at June 30, 2016. The table includes comparable credit quality ratings by Standard and Poor's Rating Services, Inc. and Moody's Investors Service.

Comparable Rating	Amortized Cost	Fair Value	Unrealized Loss	Percent to Total
AAA	$ 435,737	$ 434,643	$ (1,094)	1.9%
AA	798,601	779,922	(18,679)	31.9%
A	749,831	735,053	(14,778)	25.3%
BBB	643,130	639,052	(4,078)	7.0%
BB+ and Below	249,476	229,682	(19,794)	33.9%
Total	$2,876,775	$2,818,352	$(58,423)	100.0%

The fixed income portfolio contained 8 securities in an unrealized loss position as of June 30, 2016. Of these 8 securities, 3 have been in an unrealized loss position for 12 consecutive months or longer and represent $24,835 in unrealized losses. All fixed income securities in the investment portfolio continue to pay the expected coupon payments under the contractual terms of the securities. Credit-related impairments on fixed income securities that we do not plan to sell, and for which we are not more likely than not to be required to sell, are recognized in net earnings. Any non-credit related impairment is recognized in comprehensive earnings. Based on management's analysis, the fixed income portfolio is of a high credit quality and it is believed it will recover the amortized cost basis of the fixed income securities. Management monitors the credit quality of the fixed income investments to assess if it is probable that the Company will receive its contractual or estimated cash flows in the form of principal and interest. The Company recognized other-than-temporary impairment (OTTI) on one fixed income security in the amount of $6,897 during the three-month and six-month periods ended June 30, 2016. The Company did not recognize any OTTI on the fixed income investment portfolio during the three-month and six-month periods ended June 30, 2015.

As of June 30, 2016, the Company held 3 common stock securities that were in an unrealized loss position for 12 consecutive months or longer. The unrealized loss of these securities was $285,378. Based on management's analysis, it was concluded that the securities in an unrealized loss position were not other-than-temporarily impaired at June 30, 2016, or December 31, 2015. The Company did not recognize any OTTI on common stock securities during the three-month and six-month periods ended June 30, 2016 and 2015.

3. FAIR VALUE DISCLOSURES

Fair value is defined as the price in the principal market that would be received for an asset to facilitate an orderly transaction between market participants on the measurement date. The fair value of certain financial instruments is determined based on their underlying characteristics and relevant transactions in the marketplace. GAAP guidance requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. The guidance also describes three levels of inputs that may be used to measure fair value.

The following are the levels of the fair value hierarchy and a brief description of the type of valuation inputs that are used to establish each level:

- **Level 1** is applied to valuations based on readily available, unadjusted quoted prices in active markets for identical assets.
- **Level 2** is applied to valuations based upon quoted prices for similar assets in active markets, quoted prices for identical or similar assets in inactive markets; or valuations based on models where the significant inputs are observable (e.g. interest rates, yield curves, prepayment speeds, default rates, loss severities) or can be corroborated by observable market data.

- **Level 3** is applied to valuations that are derived from techniques in which one or more of the significant inputs are unobservable. Financial assets are classified based upon the lowest level of significant input that is used to determine fair value.

As a part of the process to determine fair value, management utilizes widely recognized, third-party pricing sources to determine fair values. Management has obtained an understanding of the third-party pricing sources' valuation methodologies and inputs. The following is a description of the valuation techniques used for financial assets that are measured at fair value, including the general classification of such assets pursuant to the fair value hierarchy.

Corporate, Agencies, and Municipal Bonds: The pricing vendor employs a multi-dimensional model which uses standard inputs including (listed in order of priority for use) benchmark yields, reported trades, broker/dealer quotes, issuer spreads, two-sided markets, benchmark securities, market bids/offers and other reference data. The pricing vendor also monitors market indicators, as well as industry and economic events. All bonds valued using these techniques are classified as Level 2. All Corporate, Agencies, and Municipal securities are deemed Level 2.

Mortgage-backed Securities (MBS)/Collateralized Mortgage Obligations (CMO) and Asset-backed Securities (ABS): The pricing vendor evaluation methodology includes principally interest rate movements and new issue data. Evaluation of the tranches (non-volatile, volatile, or credit sensitivity) is based on the pricing vendors' interpretation of accepted modeling and pricing conventions. This information is then used to determine the cash flows for each tranche, benchmark yields, pre-payment assumptions and to incorporate collateral performance. To evaluate CMO volatility, an option adjusted spread model is used in combination with models that simulate interest rate paths to determine market price information. This process allows the pricing vendor to obtain evaluations of a broad universe of securities in a way that reflects changes in yield curve, index rates, implied volatility, mortgage rates, and recent trade activity. MBS/CMO and ABS with corroborated and observable inputs are classified as Level 2. All MBS/CMO and ABS holdings are deemed Level 2.

U.S. Treasury Bonds and Common Stock: U.S. treasury bonds and exchange traded equities have readily observable price levels and are classified as Level 1 (fair value based on quoted market prices). All common stock holdings are deemed Level 1.

Due to the relatively short-term nature of cash, cash equivalents, and the mortgage on the home office, their carrying amounts are reasonable estimates of fair value. The surplus notes reported under Note 4 "Debt", are carried at face value and given that there is no readily available market for these to trade in, management believes that face value accurately reflects fair value. Cash and cash equivalents are classified as Level 1 of the hierarchy. The mortgage on the home office and the surplus notes are classified as Level 2 of the hierarchy.

Assets measured at fair value on a recurring basis as of June 30, 2016, are as summarized below:

	Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2016				
Available-for-sale:				
U.S. treasury	$ 1,273,133	$ —	$ —	$ 1,273,133
MBS/ABS/CMBS	—	20,051,819	—	20,051,819
Corporate	—	29,443,743	—	29,443,743
Municipal	—	13,733,344	—	13,733,344
Equities	9,828,551	—	—	9,828,551
	$ 11,101,684	$63,228,906	$ —	$74,330,590

Assets measured at fair value on a recurring basis as of December 31, 2015, are as summarized below:

	Quoted in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Total
2015				
Available-for-sale:				
U.S. treasury	$ 1,233,023	$ —	$ —	$ 1,233,023
MBS/ABS/CMBS	—	18,010,566	—	18,010,566
Corporate	—	29,595,269	—	29,595,269
Municipal	—	16,356,450	—	16,356,450
Equities	8,884,951	—	—	8,884,951
	$ 10,117,974	$63,962,285	$ —	$74,080,259

As noted in the previous tables, the Company did not have any assets measured at fair value on a recurring basis using significant unobservable inputs (Level 3) as of June 30, 2016 and December 31, 2015. Additionally, there were no securities transferred in or out of levels 1 or 2 during the six-month periods ended June 30, 2016 and 2015.

4. DEBT

Long-term debt consists of the following as of the periods referenced below:

	June 30, 2016	December 31, 2015
Surplus notes	$ 1,921,428	$ 1,921,428
Leasehold obligations	1,482,817	859,818
Home office mortgage	339,070	492,314
Total	$ 3,743,315	$ 3,273,560

5. REINSURANCE

In the ordinary course of business, the Company assumes and cedes premiums and selected insured risks with other insurance companies, known as reinsurance. A large portion of the reinsurance is put into effect under contracts known as treaties and, in some instances, by negotiation on each individual risk (known as facultative reinsurance). In addition, there are several types of treaties including quota share, excess of loss and catastrophe reinsurance contracts that protect against losses over stipulated amounts arising from any one occurrence or event. The arrangements allow the Company to pursue greater diversification of business and serve to limit the maximum net loss to a single event, such as a catastrophe. Through the quantification of exposed policy limits in each region and the extensive use of computer-assisted modeling techniques, management monitors the concentration of risks exposed to catastrophic events.

Premiums, written and earned, along with losses and settlement expenses incurred for the periods presented is summarized as follows:

	Three-Month Periods Ended June 30,	
	2016	2015
WRITTEN		
Direct	$ 13,801,168	$ 12,922,310
Reinsurance assumed	85,665	70,923
Reinsurance ceded	(2,106,014)	(2,113,941)
Net	$ 11,780,819	$ 10,879,292
EARNED		
Direct	$ 12,447,927	$ 11,763,899
Reinsurance assumed	83,482	63,054
Reinsurance ceded	(1,975,943)	(2,094,222)
Net	$ 10,555,466	$ 9,732,731
LOSS AND SETTLEMENT EXPENSES INCURRED		
Direct	$ 5,958,742	$ 8,392,669
Reinsurance assumed	33,351	17,193
Reinsurance ceded	185,327	(2,507,866)
Net	$ 6,177,420	$ 5,901,996

	Six-Month Periods Ended June 30,	
	2016	2015
WRITTEN		
Direct	$ 25,878,233	$ 24,843,646
Reinsurance assumed	131,385	133,303
Reinsurance ceded	(4,061,978)	(4,123,659)
Net	$ 21,947,640	$ 20,853,290
EARNED		
Direct	$ 24,552,444	$ 23,186,109
Reinsurance assumed	142,846	141,867
Reinsurance ceded	(3,849,062)	(4,110,625)
Net	$ 20,846,228	$ 19,217,351
LOSS AND SETTLEMENT EXPENSES INCURRED		
Direct	$ 17,248,096	$ 15,651,377
Reinsurance assumed	55,950	61,165
Reinsurance ceded	(4,747,130)	(3,965,150)
Net	$ 12,556,916	$ 11,747,392

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6. UNPAID LOSSES AND SETTLEMENT EXPENSES

The following table is a reconciliation of the Company's unpaid losses and settlement expenses (LAE) for the periods ending June 30, 2016, and December 31, 2015:

(in 000's US dollars)	As of June 30, 2016	As of December 31, 2015
Unpaid losses and LAE at beginning of the period:		
Gross	$ 61,056	$ 64,617
Ceded	(19,158)	(25,822)
Net	41,898	38,795
Increase (decrease) in incurred losses and LAE:		
Current year	12,781	24,293
Prior years	(224)	(493)
Total incurred	12,557	23,800
Loss and LAE payments for claims incurred:		
Current year	(2,608)	(6,466)
Prior years	(10,017)	(14,231)
Total paid	(12,625)	(20,697)
Net unpaid losses and LAE at end of the period	$ 41,830	$ 41,898
Unpaid losses and LAE at end of the period:		
Gross	57,387	61,056
Ceded	(15,557)	(19,158)
Net	$ 41,830	$ 41,898

7. INCOME TAXES

The Company's effective tax rate for the three-month period ended June 30, 2016, was 36.6 percent, compared to 23.7 percent for the same period in 2015. The Company's effective tax rate for the six-month period ended June 30, 2016, was 38.1 percent, compared to 28.6 percent for the same period in 2015. Effective rates are dependent upon components of pretax earnings and the related tax effects.

Income tax expense for the three-month periods and the six-month periods ended June 30, 2016 and 2015, differed from the amounts computed by applying the U.S. federal tax rate of 34 percent to pretax income from continuing operations as demonstrated in the following tables:

	For the Three-Month Periods Ended June 30, 2016	2015
Provision for income taxes at the statutory federal tax rates	$ 225,579	$ 219,203
Increase (reduction) in taxes resulting from:		
Tax-exempt interest income	(38,931)	(42,555)
15% proration of tax exempt interest & Dividends received deduction	5,839	6,383
Officer life insurance, net	5,793	(13,954)
Nondeductible expenses	111,434	7,904
Prior year true-ups and other	(66,817)	(24,225)
Total	$ 242,897	$ 152,756

	For the Six-Month Periods Ended June 30,	
	2016	2015
Provision for income taxes at the statutory federal tax rates	$489,232	$375,469
Increase (reduction) in taxes resulting from:		
Tax-exempt interest income	(82,596)	(82,562)
15% proration of tax exempt interest	12,389	12,384
Officer life insurance, net	11,587	(8,114)
Nondeductible expenses	121,654	22,309
Prior year true-ups and other	(3,916)	(4,179)
Total	$548,350	$315,307

The Company has recorded its deferred tax assets and liabilities using the statutory federal tax rate of 34 percent. Management believes it is more likely than not that all deferred tax assets will be recovered given the net operating loss (NOL) carry back availability as well as the results of future operations, which will generate sufficient taxable income to realize the deferred tax asset. In addition, it is believed that when these deferred items reverse in future years, taxable income will be taxed at an effective rate of 34 percent.

Federal and state income taxes paid in 2016 and 2015 amounted to $0 and $950,000, respectively. As of June 30, 2016 and December 31, 2015, the Company does not have any capital or operating loss carryforwards. Periods still subject to Internal Revenue Service (IRS) audit include 2012 through current year. Generally, the IRS can include returns filed within the last three years in an audit. Additional years can be added if a substantial error is identified. Generally, if a substantial error is identified, the IRS will not go back more than the last six years. There are currently no open tax exams.

8. RELATED PARTY

Mr. John R. Klockau, a director of the Company, holds two surplus note from the Company totaling $1,150,000. The first note is for $1,000,000 and bears interest at 5.35 percent. The second note is for $150,000 and bears interest at 7.00 percent. The Company has accrued interest in the amount of $32,000 as of June 30, in both 2016 and 2015. Additionally, Mr. Klockau is a claims consultant and was paid $5,528 and $6,687 as of June 30, 2016 and 2015, respectively, related to his services to the Company.

Mr. Scott T. Burgess is a director of the Company and a Senior Managing Director of Griffin Financial Group. Mr. Burgess was paid $560 and $476 as of June 30, 2016 and 2015, respectively. Griffin Financial Group was paid $0 and $0 as of June 30, 2016 and 2015, respectively.

Report of Independent Registered Public Accounting Firm on Financial Statement Schedules

Audit Committee, Board of Directors and Policyholders
Illinois Casualty Company
Rock Island, Illinois

In connection with our audit of the consolidated financial statements of Illinois Casualty Company for each of the two years in the period ended December 31, 2015, we have also audited Schedules III, IV, V, and VI on pages F-46 through F-50. These financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statement schedules based on our audits of the basic financial statements. The schedules are presented for purposes of complying with the Securities and Exchange Commission's rules and regulations and are not a required part of the consolidated financial statements.

In our opinion, the financial statement schedules referred to above, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information required to be included therein.

/s/ BKD, LLP

Cincinnati, Ohio
August 12, 2016

ILLINOIS CASUALTY COMPANY AND SUBSIDIARY

Schedule III — Supplemental Insurance Information
Years ended December 31, 2015 and 2014
(Dollars in thousands)

	Deferred policy acquisition costs	Future policy benefits, losses, claims and loss expenses	Unearned premiums	Other policy and benefits payable	Net premium earned
December 31, 2015					
Commercial Business	3,983	61,056	23,948		40,220
Total	$ 3,983	$ 61,056	$ 23,948	$ —	$ 40,220
December 31, 2014					
Commercial Business	3,801	64,617	22,498		38,121
Total	$ 3,801	$ 64,617	$ 22,498	$ —	$ 38,121

ILLINOIS CASUALTY COMPANY AND SUBSIDIARY

Schedule III — Supplemental Insurance Information

Years ended December 31, 2015 and 2014

(Dollars in thousands)

	Net investment income	Benefits, claims, losses and settlement expenses	Amortization of DPAC	Other operating expenses	Premium written
December 31, 2015					
Commercial Business	1,333	23,801	6,814	8,192	49,047
Total	$ 1,333	$ 23,801	$ 6,814	$ 8,192	$49,047
December 31, 2014					
Commercial Business	1,141	22,748	6,821	7,899	46,340
Total	$ 1,141	$ 22,748	$ 6,821	$ 7,899	$46,340

See note 18 of the notes to the consolidated financial statements.

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

ILLINOIS CASUALTY COMPANY AND SUBSIDIARY
Schedule IV — Reinsurance
Years ended December 31, 2015 and 2014
(Dollars in thousands)

Premiums Earned	Gross Amount	Ceded to Other Companies	Assumed From Other Companies	Net Amount	Percentage of Amount Assumed to Net
2015	$47,616	$ 7,723	$ 326	$ 40,219	0.8%
2014	$45,253	$ 7,449	$ 317	$ 38,121	0.8%

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

ILLINOIS CASUALTY COMPANY AND SUBSIDIARY
Schedule V — Allowance for Uncollectible Premiums and Other Receivables
Years ended December 31, 2015 and 2014
(Dollars in thousands)

	2015	2014
Beginning balance	50	—
Additions	50	50
Deletion	—	—
Ending balance	100	50

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

ILLINOIS CASUALTY COMPANY AND SUBSIDIARY
Schedule VI — Supplemental Information
Years ended December 31, 2015 and 2014
(Dollars in thousands)

	Deferred policy acquisition costs	Reserve for Losses and loss adj. expenses	Discount if any deducted in column C	Unearned premium	Net earned premiums	Net investment income
2015	$ 3,983	$ 61,056	$ —	$ 23,948	$ 40,220	$ 1,333
2014	$ 3,801	$ 64,617	$ —	$ 22,498	$ 38,121	$ 1,141

	Losses and LAE Incurred		Amortization of DPAC	Paid losses and adjustment expenses	Net written premiums
	Current year	Prior year			
2015	$ 23,801	$ 22,748	$ 6,814	$ 20,697	$ 41,631
2014	$ 22,748	$ 21,062	$ 6,821	$ 20,295	$ 41,077

See accompanying notes to consolidated financial statements and report of independent registered public accounting firm.

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ICC HOLDINGS, INC.

UP TO 3,680,000 SHARES COMMON STOCK

PROSPECTUS

GRIFFIN FINANCIAL GROUP, LLC

, 2016

Until , 2016, all dealers effecting transactions in these securities, whether or not participating in this offering, may be required to deliver a prospectus. This is in addition to the obligation of dealers to deliver a prospectus when acting as underwriters.

PART II INFORMATION NOT REQUIRED IN PROSPECTUS

Item 13. Other Expenses of Issuance and Distribution.

The following table sets forth the costs and expenses payable by us in connection with the registration of our common stock hereunder. All amounts are estimated, except for the SEC registration fee and the CUSIP assignment fee. We also expect to incur an estimated $250,000 in conversion expenses, which will include legal expenses, filing fees with the Illinois Department of Insurance, and printing, postage, and mailing charges. See “The Conversion and Offering” for a description of our obligation with respect to such expenses.

SEC registration fee	$ 4,118
CUSIP assignment fee	*
Printing, postage and mailing	*
Legal fees and expenses	350,000
Underwriting expenses	*
Accounting fees and expenses	*
Valuation fees and expenses	*
Transfer and offering agent fees and expenses	*
Miscellaneous	*
Total	$ *

Item 14. Indemnification of Directors and Officers.

Pennsylvania law provides that a Pennsylvania corporation may indemnify directors, officers, employees, and agents of the corporation against liabilities they may incur in such capacities for any action taken or any failure to act, whether or not the corporation would have the power to indemnify the person under any provision of law, unless such action or failure to act is determined by a court to have constituted recklessness or willful misconduct. Pennsylvania law also permits the adoption of a bylaw amendment, approved by shareholders, providing for the elimination of a director’s liability for monetary damages for any action taken or any failure to take any action unless the director has breached or failed to perform the duties of his office, and the breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

Our bylaws provide for (i) the indemnification of the directors, officers, employees, and agents of ICC Holdings, Inc. and its subsidiaries to the fullest extent permitted by Pennsylvania law and (ii) the elimination of a directors’ liability for monetary damages to the fullest extent permitted by Pennsylvania law unless the director has breached or failed to perform the duties of his or her office under Subchapter B of Chapter 17 of the Pennsylvania Business Corporation Law, and such breach or failure to perform constitutes self-dealing, willful misconduct or recklessness.

We also maintain an insurance policy insuring our directors, officers and certain other persons against liabilities and expenses incurred by any of them in certain stated proceedings and under certain stated conditions.

In the agency agreement with Griffin, Griffin agrees to indemnify our officers, directors and controlling persons against certain liabilities, including liabilities under the Securities Act of 1933 under certain conditions and with respect to certain limited information.

Item 15. Recent Sales of Unregistered Securities.

None.

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Item 16. Exhibits and Financial Statement Schedules.

(a) Exhibits

1.1	Form of Agency Agreement among ICC Holdings, Inc., Illinois Casualty Company and Griffin Financial Group, LLC*
2.1	Plan of Conversion from mutual to stock form of Illinois Casualty Company, dated as of February 16, 2016, as amended and restated June 14, 2016
3.1	Form of Amended and Restated Articles of Incorporation of ICC Holdings, Inc.*
3.2	Form of Amended and Restated Bylaws of ICC Holdings, Inc.*
4.1	Form of certificate evidencing shares of common stock of ICC Holdings, Inc.*
5.1	Opinion of Stevens & Lee regarding stock of ICC Holdings, Inc. being issued*
8.1	Opinion of Stevens & Lee regarding certain United States federal income tax issues
10.1	ICC Holdings, Inc. Stock Incentive Plan*
10.2	Employment Agreement between ICC Holdings, Inc., Illinois Casualty Company and Arron K. Sutherland*
10.3	ICC Holdings, Inc. Employee Stock Ownership Plan*
10.4	Purchase Agreement among ICC Holdings, Inc., Illinois Casualty Company, and certain investors, including R. Kevin Clinton
10.5	Purchase Agreement among ICC Holdings, Inc., Illinois Casualty Company, and Rock Island Investors, LLC
10.6	Purchase Agreement among ICC Holdings, Inc., Illinois Casualty Company, and Tuscarora Wayne
10.7	Illinois Casualty Company Profit Sharing Cash Bonus Program
21.1	Subsidiaries of ICC Holdings, Inc.
23.1	Consent of R. Kevin Clinton*
23.2	Consent of Feldman Financial Advisors, Inc.
23.3	Consent of Stevens & Lee (contained in Exhibits 5.1 and 8.1)
23.4	Consent of BKD, LLP
24.1	Power of Attorney (contained on signature page to Draft Registration Statement on Form S-1)
99.1	Form of Illinois Casualty Company Member Proxy Materials
99.2	Pro Forma Valuation Appraisal Report, valued as of April 29, 2016, prepared for Illinois Casualty Company by Feldman Financial Advisors, Inc.
99.3	Letter, dated April 29, 2016, to Illinois Casualty Company from Feldman Financial Advisors, Inc. regarding fair value of subscription rights
99.4	Form of Stock Order Form
99.5	Form of Escrow Agreement

* To be filed by amendment.

(b) Financial Statement Schedules

The following schedules have been filed as a part of this Registration Statement and are included in the Registrant's audited Financial Statements included in the prospectus at page F-1.

Schedule III — Supplemental Insurance Information

Schedule IV — Reinsurance

Schedule V — Allowance for Uncollectible Premiums and Other Receivables

Schedule VI — Supplemental Information

Item 17. Undertakings.

The undersigned registrant hereby undertakes:

(1) To file, during any period in which offers or sales are being made, a post-effective amendment to this registration statement: (i) to include any prospectus required by Section 10(a)(3) of the Securities Act of 1933; (ii) to reflect in the prospectus any fact or events arising after the effective date of the registration statement (or the most recent post-effective amendment thereof) which, individually or in the aggregate, represent a fundamental change in the information set forth in the registration statement; and (iii) to include any material information with respect to the plan of distribution not previously disclosed in the registration statement or any material change to such information in the registration statement.

(2) That, for the purpose of determining any liability under the Securities Act of 1933, each such post-effective amendment shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(3) To remove from registration by means of a post-effective amendment any of the securities being registered which remain unsold at the termination of the offering.

The undersigned hereby undertakes to provide to the underwriter at the closing specified in the underwriting agreements certificates in such denominations and registered in such names as required by the underwriter to permit prompt delivery to each purchaser.

Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the forgoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act of 1933 and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b) (1) or (4) or 497(h) under the Securities Act of 1933 shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

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SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, the Registrant has duly caused this Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Rock Island, State of Illinois, on October 12, 2016.

ICC HOLDINGS, INC.

By: /s/ Arron K. Sutherland
Arron K. Sutherland, President and
Chief Executive Officer

Pursuant to the requirements of the Securities Act of 1933, this Registration Statement has been signed below by the following persons in the capacities and on the dates indicated.

Signature	Capacity	Date
/s/ Arron K. Sutherland Arron K. Sutherland	President and Chief Executive Officer (Principal Executive Officer)	October 12, 2016
* Joel K. Heriford	Director	October 12, 2016
* Gerald J. Pepping	Director	October 12, 2016
* Mark J. Schwab	Director	October 12, 2016
* Scott T. Burgess	Director	October 12, 2016
* James R. Dingman	Director	October 12, 2016
* John R. Klockau	Director	October 12, 2016
* Daniel H. Portes	Director	October 12, 2016
* Christine C. Schmitt	Director	October 12, 2016
* Michael R. Smith	Chief Financial Officer (Principal Financial and Accounting Officer)	October 12, 2016

By: /s/ Arron K. Sutherland
Arron K. Sutherland
As Attorney-in-Fact

EXHIBIT INDEX

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99.4	Form of Stock Order Form
99.5	Form of Escrow Agreement

* To be filed by amendment.

Exhibit 2.1

AMENDED AND RESTATED

PLAN OF CONVERSION

OF

ILLINOIS CASUALTY COMPANY

Under Section 59.1 of the
Illinois Insurance Code, 215 ILCS 5/59.1

As Approved on February 16, 2016
by the Board of Directors

and

As amended and restated as of June 14, 2016

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AMENDED AND RESTATED

PLAN OF CONVERSION

OF

ILLINOIS CASUALTY COMPANY

Under Section 59.1 of the
Illinois Insurance Code, 215 ILCS 5/59.1

This Plan of Conversion, as amended and restated as of June 14, 2016, provides for the conversion of Illinois Casualty Company, a mutual insurance company organized under the laws of Illinois (such entity, both before and after the Conversion, being referred to as "ICC"), from a mutual insurance company into a stock insurance company (the "Conversion") and the issuance by ICC of newly-issued shares of common stock of ICC to ICC Holdings, Inc., a Pennsylvania corporation ("HoldCo"), as authorized by Section 59.1 of the Illinois Insurance Code, 215 ILCS 5/59.1 (the "Act"). In the Conversion, all Eligible Members will receive subscription rights to purchase shares of common stock of HoldCo, in exchange for the extinguishment of their Membership Interests in ICC. As required by Section 59.1(2) of the Illinois Insurance Code, this Plan of Conversion has been approved and adopted by at least two-thirds of the members of the Board of Directors (the "Board") of ICC, at a meeting duly called and held on February 16, 2016 (the "Adoption Date"). Capitalized terms used herein without definition have the meaning set forth in Article 2 hereof.

ARTICLE 1
REASONS FOR THE CONVERSION

The principal purpose of the Conversion is to convert ICC from a mutual insurance company into a stock insurance company in order to enhance its strategic and financial flexibility and to provide the Eligible Members with the right to acquire an equity interest in HoldCo. The Board believes that the Conversion is in the best interest of ICC because the additional capital resulting from the Conversion should: (i) support further organic growth in direct written premium; (ii) enhance the prospect for ICC to receive a rating upgrade from A. M. Best & Company; (iii) permit prudent geographic expansion; and (iv) provide a more cost effective capital structure. In addition, the additional capital and holding company should enhance ICC's ability to acquire other property and casualty insurance companies. The Board further believes that the transaction is fair and equitable, is consistent with the purpose and intent of Section 59.1 and will not prejudice the interests of the Members.

In its present structure as a mutual insurance company, ICC can increase its statutory capital only through earnings generated by its business or by the issuance of surplus notes. Reliance on earnings to provide a long-term source of permanent capital, however, limits ICC's ability to develop new business, expand geographically, make acquisitions, and provide greater stability and protection for its policyholders. Surplus notes do not provide permanent capital and must be repaid out of the company's earnings.

ARTICLE 2
DEFINITIONS

2.01 Certain Terms. As used in this Plan of Conversion, the following terms have the meanings set forth below:

"Adoption Date" has the meaning specified in the preamble.

"Affiliate" means a Person who, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the Person specified or who is acting in concert with the Person specified.

"Amended and Restated Articles of Incorporation" has the meaning specified in Section 14.01(a).

"Amended and Restated By-laws" has the meaning specified in Section 15.04(a).

"Application" has the meaning specified in Section 4.01.

"Appraised Value" means the final estimated pro forma market value of ICC, as determined by Feldman Financial.

"Board" has the meaning specified in the preamble.

"Code" means the Internal Revenue Code of 1986, as amended.

"Common Stock" means the common stock of HoldCo, par value $0.01 per share.

"Community Offering" means the offering for sale by HoldCo of any shares of Common Stock not subscribed for in the Subscription Offering as set forth in Article 8 hereof, and includes any Public Offering. HoldCo may retain the assistance of a broker-dealer or syndicate of broker-dealers to assist it in connection with the sale of Common Stock in the Community Offering.

"Conversion" has the meaning specified in the preamble.

"Decision and Order" means the final and effective decision and order issued by the Director and evidencing the Director's approval of the Application and this Plan of Conversion.

"Director" means the Director of the Division.

"Division" means the Division of Insurance of the State of Illinois.

"Effective Date Filing" has the meaning specified in Section 15.03.

"Effective Time" means 12:01 a.m., Illinois time, on the Plan Effective Date. This is the time that this Plan of Conversion is deemed to be effective.

“Eligible Member” means a Member who is the Owner of an Eligible Policy. ICC may deem a Person to be an Eligible Member in order to correct any immaterial administrative errors or oversights in the context of the Conversion.

“Eligible Policy” means any Policy that is In Force on the Adoption Date.

“Employee” means any natural person who is a full or part-time employee of ICC.

“ESOP” means the Employee Stock Ownership Plan to be established by HoldCo prior to the commencement of the Offering.

“Feldman Financial” means Feldman Financial Advisors, Inc.

“Gross Proceeds” means the product of (x) the Purchase Price and (y) the number of shares for which subscriptions and orders are received in the Offering and accepted by HoldCo.

“HoldCo” means ICC Holdings, Inc., a Pennsylvania corporation which will become the sole stockholder of ICC, which will issue shares of Common Stock in the Offering.

“ICC” has the meaning specified in the preamble.

“ICC Records” means the books, records and accounts of ICC.

“ICC Shares” means the duly authorized shares of common stock of ICC to be issued to HoldCo on the Plan Effective Date in accordance with this Plan of Conversion.

“Illinois Insurance Code” means 215 ILCS 59.1 et seq.

“In Force” has the meaning specified in Section 16.03(a).

“Insider” means any officer or director of ICC.

“Maximum of the Valuation of Range” has the meaning specified in Section 5.01.

“Member” means a person who, according to the ICC Records and pursuant to its bylaws, is deemed to be a holder of a Membership Interest in ICC, but shall not include a person named in a Policy as an additional insured.

“Membership Interests” means, with respect to ICC, the interests of Members arising under Illinois law and the articles of incorporation and bylaws of ICC prior to the Conversion, including the right to vote and the right to participate in any distribution of surplus in the event that ICC is liquidated.

“Minimum of the Valuation of Range” has the meaning specified in Section 5.01.

"MRP" means any executive stock incentive plan that may be established by HoldCo and under which stock options, shares of restricted stock, or restricted stock units may be granted to directors and employees of HoldCo or any of its subsidiaries.

"Notice of Special Meeting" has the meaning specified in Section 14.02(a).

"Offering" means the offering of shares of Common Stock pursuant to this Plan in the Subscription Offering and the Community Offering or any Public Offering.

"Officer" means the chairman of the board of directors, president, vice-president (but not an assistant vice president, second vice president or other vice president having authority similar to an assistant or second vice president), secretary, treasurer or principal financial officer, controller or principal accounting officer and any other Person performing similar functions for ICC or HoldCo.

"Order Form" means the form provided on behalf of HoldCo by which Common Stock may be ordered in the Offering.

"Owner" means, with respect to any Policy, the Person or Persons specified or determined pursuant to the provisions of Section 16.02.

"Participant" means a Person to whom Common Stock is offered under the Subscription Offering.

"Person" means an individual, partnership, firm, association, corporation, joint-stock company, limited liability company, trust, government or governmental agency, state or political subdivision of a state, public or private corporation, board, association, estate, trustee, or fiduciary, or any similar entity.

"Plan Effective Date" has the meaning specified in Section 15.04(a).

"Plan of Conversion" means this Plan of Conversion, as amended and restated as of June 14, 2016 (including all Exhibits hereto), as it may be further amended from time to time in accordance with Section 19.06 or corrected in accordance with Section 19.07. Any reference to the term "Plan of Conversion" shall be deemed to incorporate by reference all of the Exhibits thereto.

"Policy" or "Policies" has the meaning specified in Section 16.01(a).

"Prospectus" means the one or more documents to be used in offering the Common Stock in the Offering and for providing information to Persons in connection with the Offering.

"Public Offering" means an underwritten firm commitment or best efforts offering to the public through one or more underwriters or registered broker-dealers

"Purchase Price" has the meaning specified in Section 5.02.

"Registration Statement" means the registration statement filed or to be filed with the SEC by HoldCo under the Securities Act with respect to the offer and sale of shares of HoldCo common stock in connection with the Offering.

"SEC" means the United States Securities and Exchange Commission.

"Securities Act" means the Securities Act of 1933, as amended.

"Special Meeting" has the meaning specified in Section 14.01.

"Standby Purchaser" means one or more Persons that enter into a Stock Purchase Agreement to purchase stock in the Offering in excess of ten percent (10%) of the number of shares issued in the Offering.

"Stock Purchase Agreement" means any Stock Purchase Agreement entered into between HoldCo and a Standby Purchaser.

"Subscription Offering" means the offering of the Common Stock that is described in Section 7.01 hereof.

"Subscription Rights" means nontransferable rights to subscribe for Common Stock in the Subscription Offering granted to Participants pursuant to the terms of this Plan.

"Valuation Range" means the range of the estimated pro forma market value of ICC as converted to a stock insurance company as determined by Feldman Financial in accordance with Section 5.01 hereof.

2.02 Terms Generally. As used in this Plan of Conversion, except to the extent that the context otherwise requires:

(a) when a reference is made in this Plan of Conversion to an Article, Section or Exhibit, such reference is to an Article or Section of, or an Exhibit to, this Plan of Conversion unless otherwise indicated;

(b) the words "hereby", "herein", "hereof", "hereunder" and words of similar import refer to this Plan of Conversion as a whole (including any Exhibits hereto) and not merely to the specific section, paragraph or clause in which such word appears;

(c) whenever the words "include," "includes," or "including" (or similar terms) are used in this Plan of Conversion, they are deemed to be followed by the words "without limitation";

(d) the definitions contained in this Plan of Conversion are applicable to the singular as well as the plural forms of such terms; and

(e) whenever the context may require, any pronoun shall include the corresponding masculine, feminine and neuter forms.

ARTICLE 3
ADOPTION BY THE BOARD OF DIRECTORS

3.01 Adoption by the Board. This Plan of Conversion has been approved and adopted by at least two-thirds of the members of the Board at a meeting duly called and held on February 16, 2016 and amended and restated as of June 14, 2016. This Plan of Conversion provides for the conversion of ICC into a stock insurance company in accordance with the requirements of Section 59.1(2).

ARTICLE 4
APPROVAL BY THE DIRECTOR

4.01 Application for Approval. Following the adoption of this Plan of Conversion by the Board, ICC shall file an application (the "Application") with the Director for approval of this Plan of Conversion in accordance with Section 59.1(3) of the Illinois Insurance Code. The Application shall include true and complete copies of the following documents:

(a) this Plan of Conversion;

(b) the independent appraisal of market value of ICC provided by Feldman Financial in accordance with Section 5.01 and required by Section 59.1(6)(f) of the Illinois Insurance Code;

(c) the form of notice of the Special Meeting, required by Section 59.1(4)(b) of the Illinois Insurance Code;

(d) the form of information statement and proxy to be solicited from Eligible Members, required by Section 59.1(4)(c)(ii) of the Illinois Insurance Code;

(e) the form of notice to persons whose Policies are issued after the Adoption Date but before the Plan Effective Date, required by Section 59.1(10)(a) of the Illinois Insurance Code;

(f) the proposed amended and restated articles of incorporation and amended and restated bylaws of ICC;

(g) a Form A with respect to HoldCo and with respect to the acquisition of more than 10% of the stock of HoldCo by any Standby Purchaser; and

(h) any other information or documentation as the Director may request.

If the Director requires modifications to this Plan of Conversion, the Board shall submit any amended Plan of Conversion to the Director for his review and approval.

4.02 Director Approval. This Plan of Conversion is subject to the approval of the Director.

ARTICLE 5
TOTAL NUMBER OF SHARES AND PURCHASE PRICE OF COMMON STOCK.

The number of shares of Common Stock required to be offered and sold by HoldCo in the Offering will be determined as follows:

5.01 Independent Appraiser. Feldman Financial has been retained by ICC to determine the Valuation Range. The Valuation Range will consist of a midpoint valuation, a valuation fifteen percent (15%) above the midpoint valuation (the "Maximum of the Valuation Range") and a valuation fifteen percent (15%) below the midpoint valuation (the "Minimum of the Valuation Range"). The Valuation Range will be based upon the financial condition and results of operations of ICC, the pro forma book value and earnings per share of ICC as converted to a stock company, a comparison of ICC with comparable publicly-held insurance companies, and such other factors as Feldman Financial may deem to be relevant, including that value which Feldman Financial estimates to be necessary to attract a full subscription for the Common Stock. Feldman Financial will submit to ICC the Valuation Range and a related report that describes the data and methodology used to determine the Valuation Range.

5.02 Purchase Price. The Purchase Price for Common Stock in the Offering will be $10.00 per share and will be uniform as to all purchasers in the Offering.

5.03 Number of Shares of Common Stock to be Offered. The maximum number of shares of Common Stock to be offered in the Offering shall be equal to the sum of: (i) the Maximum of the Valuation Range divided by the Purchase Price, plus (ii) the number of shares required to enable the ESOP to purchase ten percent (10.0%) of the total number of shares of Common Stock issued in the Offering.

5.04 Number of Shares of Common Stock to be Sold. Feldman Financial will submit to ICC the Appraised Value as of the end of the latest calendar quarter for which financial statements of ICC are included in the Registration Statement. If the Gross Proceeds of the Offering do not equal or exceed the Minimum of the Valuation Range, then ICC may cancel the Offering and terminate this Plan, establish a new Valuation Range and extend, reopen or hold a new Offering, or take such other action as it deems to be reasonably necessary.

5.05 Results of Offering. If the Gross Proceeds of the Offering equal or exceed the Valuation Range, the following steps will be taken:

(a) *Subscription Offering Exceeds Maximum*. If the number of shares to which Participants subscribe in the Subscription Offering multiplied by the Purchase Price is greater than the Maximum of the Valuation Range, then HoldCo on the Effective Date shall issue shares of Common Stock to the subscribing Participants; provided, however, that the number of shares of Common Stock issued shall not exceed the number of shares of Common Stock offered in the Offering. In the event of an oversubscription in the Subscription Offering, shares of Common Stock shall be allocated among the subscribing Participants as provided in Section 7.01 hereof; provided, however, that no fractional shares of Common Stock shall be issued.

(b) *Subscription Offering Meets or Exceeds Minimum, but does not Exceed Maximum*. If the number of shares of Common Stock subscribed for by Participants in the Subscription Offering multiplied by the Purchase Price is equal to or greater than the Minimum of the Valuation Range, but less than or equal to the Maximum of the Valuation Range, then HoldCo on the Effective Date shall issue shares of Common Stock to the subscribing Participants in an amount sufficient to satisfy the subscriptions of such Participants in full. To the extent that shares of Common Stock remain unsold after the subscriptions of all Participants in the Subscription Offering have been satisfied in full, HoldCo shall have the right in its absolute discretion to accept, in whole or in part, orders received from purchasers in the Community Offering, including without limitation orders from Standby Purchasers pursuant to any Stock Purchase Agreement; *provided, however*, that the number of shares of Common Stock issued shall not exceed the Maximum of the Valuation Range; and, *provided further*, that no fractional shares of Common Stock shall be issued.

(c) *Subscription Offering Does Not Meet Minimum*. If the number of shares of Common Stock subscribed for by Participants in the Subscription Offering multiplied by the Purchase Price is less than the Minimum of the Valuation Range, then in such event HoldCo may accept orders received from purchasers in the Community Offering, including without limitation orders from Standby Purchasers pursuant to any Stock Purchase Agreement. If the aggregate number of shares of Common Stock subscribed for in the Subscription Offering together with the orders for shares accepted in the Community Offering multiplied by the Purchase Price is equal to or greater than the Minimum of the Valuation Range, then on the Effective Date HoldCo shall: (A) issue shares of Common Stock to subscribing Participants in an amount sufficient to satisfy the subscriptions of such Participants in full, and (B) issue to purchasers in the Community Offering whose orders have been accepted such additional number of shares of Common Stock such that the aggregate number of shares of Common Stock to be issued to subscribing Participants and to purchasers in the Community Offering multiplied by the Purchase Price shall be equal to the Minimum of the Valuation Range; *provided, however*, that no fractional shares of Common Stock shall be issued. HoldCo may in its absolute discretion elect to issue shares of Common Stock to purchasers in the Community Offering in excess of the number determined by reference to clause (B) of the preceding sentence; *provided, however*, that the number of shares of Common Stock issued shall not exceed the Maximum of the Valuation Range.

(d) *Offering Does Not Meet Minimum*. If the aggregate number of shares of Common Stock subscribed for in the Subscription Offering together with the orders for shares accepted in the Community Offering multiplied by the Purchase Price is less than the Minimum of the Valuation Range, then in such event HoldCo and ICC may (w) cancel the Offering and terminate this Plan, (x) establish a new Valuation Range, (y) extend, reopen or hold a new Offering, or (z) take such other action as they deem reasonably necessary. If a new Valuation Range is established and the Offering is extended, reopened or continued as part of a new Offering, Persons who previously submitted subscriptions or orders will be required to confirm, revise or cancel their original subscriptions or orders. If original subscriptions or orders are canceled, any related payment will be refunded (without interest).

If, following a reduction in the Valuation Range, the aggregate number of shares of Common Stock for which subscriptions and orders have been accepted in the Offering multiplied by the Purchase Price is equal to or greater than the Minimum of the Valuation Range (as such Valuation Range has been reduced), then HoldCo on the Effective Date shall: (i) issue shares of Common Stock to Participants in the Subscription Offering in an amount sufficient to satisfy the subscriptions of such subscribers in full, and (ii) issue to purchasers in the Community Offering whose orders have been accepted such additional number of shares of Common Stock such that the aggregate number of shares of Common Stock to be issued multiplied by the Purchase Price shall be at least equal to the Minimum of the Valuation Range (as such Valuation Range has been reduced).

(e) *Participant Eligibility*. Notwithstanding anything to the contrary set forth in this Plan, ICC and HoldCo shall have the right in their absolute discretion and without liability to any subscriber, purchaser, underwriter, broker-dealer, or any other Person to determine which proposed Persons and which subscriptions and orders in the Offering meet the criteria provided in this Plan for eligibility to purchase Common Stock and the number of shares eligible for purchase by any Person. The determination of these matters by HoldCo and ICC shall be final and binding on all parties and all Persons. Except for orders submitted by any Standby Purchaser in accordance with the provisions of a Stock Purchase Agreement, ICC and HoldCo shall have absolute and sole discretion to accept or reject, in whole or in part, any offer to purchase that is made or received in the course of the Community Offering, irrespective of a Person's eligibility under this Plan to participate in the Community Offering.

ARTICLE 6
GENERAL PROCEDURE FOR THE OFFERINGS.

6.01 Commencement of Offerings. As soon as practicable after the registration of the Common Stock under the Securities Act, and after the receipt of all required regulatory approvals, the Common Stock shall be first offered for sale in the Subscription Offering. It is anticipated that any shares of Common Stock remaining unsold after the Subscription Offering will be sold through a Community Offering. The purchase price per share for the Common Stock shall be a uniform price determined in accordance with Section 5.02 hereof.

ARTICLE 7
SUBSCRIPTION OFFERING.

7.01 Allocation of Subscription Rights. Subscription Rights to purchase shares of Common Stock at the Purchase Price will be distributed by HoldCo to the Participants in the following priorities:

(a) Eligible Members (First Priority). Each Eligible Member shall receive, without payment, nontransferable Subscription Rights to purchase up to the lesser of (i) five percent (5%) of the total shares of Common Stock sold in the Offering, and (ii) such maximum purchase limitation as may be established for the Community Offering; *provided, however*, that the maximum number of shares that may be purchased by Eligible Members in the aggregate shall be equal to the Maximum of the Valuation Range divided by the Purchase Price.

In the event of an oversubscription for shares of Common Stock pursuant to this Section 7.01(a), available shares shall be allocated among subscribing Eligible Members so as to permit each such Eligible Member, to the extent possible, to purchase a number of shares which will make his or her total allocation equal to the lesser of (i) the number of shares that he or she subscribed for or (ii) 1,000 shares. Any shares of Common Stock remaining after such initial allocation will be allocated among the subscribing Eligible Members whose subscriptions remain unsatisfied in the proportion in which (i) the aggregate number of shares as to which each such Eligible Member's subscription remains unsatisfied bears to (ii) the aggregate number of shares as to which all such Eligible Members' subscriptions remain unsatisfied; *provided, however*, that no fractional shares of Common Stock shall be issued. If, because of the magnitude of the oversubscription, shares of Common Stock cannot be allocated among subscribing Eligible Members so as to permit each such Eligible Member to purchase the lesser of 1,000 shares or the number of shares subscribed for, then shares of Common Stock will be allocated among the subscribing Eligible Members in the proportion in which: (i) the aggregate number of shares subscribed for by each such Eligible Member bears to (ii) the aggregate number of shares subscribed for by all Eligible Members; *provided, however*, that no fractional shares of Common Stock shall be issued.

(b) ESOP (Second Priority). The ESOP shall receive, without payment, Subscription Rights to purchase at the Purchase Price a number of shares of Common Stock equal to nine and ten percent (10.0%) of the total number of shares of Common Stock to be issued in the Offering as set forth in Section 5.03. An oversubscription by Eligible Members shall not reduce the number of shares of Common Stock that may be purchased by the ESOP under this section.

(c) Directors, Officers and Employees of ICC (Third Priority). Each director, officer and employee of ICC shall receive, without payment, nontransferable Subscription Rights to purchase up to the lesser of (i) five percent (5%) of the total shares of Common Stock sold in the Offering, and (ii) such maximum purchase limitation as may be established for the Community Offering; *provided, however*, that such Subscription Rights shall be subordinated to the Subscription Rights of the Eligible Members and the ESOP; and *provided, further*, that such Subscription Rights may be exercised only to the extent that there are shares of Common Stock that could have been purchased by Eligible Members and the ESOP, but which remain unsold after satisfying the subscriptions of all Eligible Members and the ESOP; *provided, however*, that the aggregate number of shares purchased by all of the directors, officers and employees and their Affiliates shall not exceed five percent (5%) of the total number of shares issued in the Offering. In the event of an oversubscription among the directors, officers, and employees, the number of shares issued to any one director, officer or employee shall be equal to the product of (i) the number of shares available for issuance to all directors, officers, and employees, and (ii) a fraction, expressed as a percentage, the numerator of which is the number of shares to which the subscribing director, officer or employee subscribed and the denominator of which is the total number of shares subscribed by all directors, officers and employees.

A director, officer or employee who subscribes to purchase shares of Common Stock and who also is eligible to purchase shares of Common Stock as an Eligible Member will be deemed to purchase Common Stock first in his or her capacity as an Eligible Member.

(d) Limitations on Subscription Rights. Subscription rights granted under this Plan will be nontransferable, nonnegotiable personal rights to subscribe for and purchase shares of Common Stock at the purchase price established hereunder. Subscription Rights under this Plan will be granted without payment, but subject to all the terms, conditions and limitations of this Plan. Any Person purchasing Common Stock hereunder will be deemed to represent and affirm to HoldCo and ICC that such Person is purchasing for his or her own account and not on behalf of any other Person.

ARTICLE 8
COMMUNITY OFFERING AND PUBLIC OFFERING.

8.01 Community Offering. If less than the total number of shares of Common Stock offered by HoldCo in connection with the Conversion are sold in the Subscription Offering, it is anticipated that remaining shares of Common Stock shall, if practicable, be sold by HoldCo in the Community Offering.

8.02 Preference in Community Offering. In the Community Offering, HoldCo may accept, in its sole and absolute discretion, orders received from persons who became policyholders of ICC after the Adoption Date, insurance producers who have produced business for ICC within twelve months prior to the date of their subscription, and the Standby Purchaser before accepting orders from the general public.

8.03 Delivery of Offering Materials. A Prospectus and an Order Form shall be furnished to such Persons as ICC and HoldCo may select in connection with the Community Offering, and each order for Common Stock in the Community Offering shall be subject to the absolute right of HoldCo to accept or reject any such order in whole or in part either at the time of receipt of an order or as soon as practicable following completion of the Community Offering. In the event of an oversubscription, subject to the preferences described above and the right of HoldCo to accept or reject, in its sole discretion, any order received in the Community Offering, any available shares will be allocated so as to permit each purchaser whose order is accepted in the Community Offering to purchase, to the extent possible, the lesser of 1,000 shares and the number of shares subscribed for by such person. Thereafter, any shares remaining will be allocated among purchasers whose orders have been accepted but remain unsatisfied on a *pro rata* basis, provided no fractional shares shall be issued.

8.04 Commencement of Community Offering. HoldCo may commence the Community Offering concurrently with, at any time during, or as soon as practicable after the end of, the Subscription Offering, and the Community Offering must be completed within 45 days after the completion of the Subscription Offering, unless extended by HoldCo.

8.05 Public Offering. HoldCo may sell any shares of Common Stock remaining following the Subscription Offering and Community Offering in a Public Offering, if desired. The provisions of Section 10.01 shall not be applicable to the sales to underwriters for purposes of the Public Offering, but shall be applicable to sales by the underwriters to the public. The price to be paid by the underwriters in such an offering shall be equal to the Purchase Price less an underwriting discount to be negotiated among such underwriters and HoldCo, subject to any required regulatory approval or consent.

8.06 Alternative Offering Procedures. If for any reason a Public Offering of shares of Common Stock not sold in the Subscription Offering and the Community Offering cannot be effected, or if the number of shares of Common Stock remaining to be sold after the Subscription Offering and Community Offering is so small that a Public Offering of those remaining shares would be impractical, HoldCo shall use its best efforts to obtain other purchases in such manner and upon such condition as may be necessary, including without limitation selling shares of Common Stock to any Standby Purchaser as described in Section 9.01 hereof.

ARTICLE 9
STANDBY PURCHASER.

9.01 Sale of Shares to Standby Purchaser. If the aggregate number of shares of Common Stock subscribed for in the Subscription Offering multiplied by the Purchase Price is less than the Maximum of the Valuation Range, then in such event HoldCo may sell shares of Common Stock to Standby Purchasers at the Purchase Price, provided that the total number of shares sold in the Offering multiplied by the Purchase Price do not exceed the Maximum of the Valuation Range. Any order submitted by Standby Purchasers in the Community Offering may be accepted by HoldCo prior to accepting any other order received in the Community Offering.

ARTICLE 10
LIMITATIONS ON SUBSCRIPTIONS AND PURCHASES OF COMMON STOCK.

10.01 Maximum Number of Shares That May be Purchased. The following additional limitations and exceptions shall apply to all purchases of Common Stock in the Offering:

(a) To the extent that shares are available, no Person may purchase fewer than the lesser of (i) 50 shares of Common Stock or (ii) shares of Common Stock having an aggregate purchase price of $500.00 in the Offering.

(b) In addition to the other restrictions and limitations set forth herein, the maximum amount of Common Stock which any Person together with any Affiliate may, directly or indirectly, subscribe for or purchase in the Offering (including without limitation the Subscription Offering and/or Community Offering), shall not exceed five percent (5%) of the total shares of Common Stock sold in the Offering, except that Standby Purchasers may purchase such number of shares of Common Stock as provided in Section 9.01 provided such purchase is approved by the Director as otherwise provided under the Illinois Insurance Code. The limit set forth in this section shall not be construed to increase any other purchase limit provided herein. Purchases of shares of Common Stock in the Offering by any Person other than the ESOP and any Standby Purchaser shall not exceed five percent (5%) of the total shares of Common Stock sold in the Offering irrespective of the different capacities in which such person may have received Subscription Rights under this Plan.

(c) For purposes of the foregoing limitations and the determination of Subscription Rights, (i) directors, officers, and employees shall not be deemed to be Affiliates or a group acting in concert solely as a result of their capacities as such, (ii) shares of Common Stock purchased by any plan participant in the ESOP using personal funds or funds held in any tax-qualified retirement account pursuant to the exercise of Subscription Rights granted to such

plan participant in his individual capacity as an Eligible Member or as a director, officer or employee and/or purchases by such plan participant in the Community Offering shall not be deemed to be purchases by the ESOP for purposes of calculating the maximum amount of Common Stock that the ESOP may purchase, and (iii) no Person shall be deemed to be an Affiliate of any Standby Purchaser.

(d) HoldCo may increase or decrease any of the purchase limitations set forth herein at any time; *provided* that in no event shall the maximum purchase limitation applicable to Eligible Members be less than the maximum purchase limitation percentage applicable to any other class of subscribers or purchasers in the Offering other than the ESOP and any Standby Purchaser. In the event that either an individual or aggregate purchase limitation is increased after commencement of the Offering, any Person who ordered the maximum number of shares of Common Stock shall be permitted to purchase an additional number of shares such that such Person may subscribe for or order the then maximum number of shares permitted to be subscribed for or ordered by such Person, subject to the rights and preferences of any person who has priority rights to purchase shares of Common Stock in the Offering. In the event that either an individual or the aggregate purchase limitation is decreased after commencement of the Offering, the orders of any Person who subscribed for or submitted an order for the maximum number of shares of Common Stock shall be decreased by the minimum amount necessary so that such Person shall be in compliance with the then maximum number of shares permitted to be subscribed for or ordered by such Person.

(e) Each Person who purchases Common Stock in the Offering shall be deemed to confirm that such purchase does not conflict with the purchase limitations under this Plan or otherwise imposed by law. ICC shall have the right to take any action as it may, in its sole discretion, deem necessary, appropriate or advisable in order to monitor and enforce the terms, conditions, limitations and restrictions contained in this Section and elsewhere in this Plan and the terms, conditions and representations contained in the Order Form, including, but not limited to, the absolute right of ICC and HoldCo to reject, limit or revoke acceptance of any order and to delay, terminate or refuse to consummate any sale of Common Stock that they believe might violate, or is designed to, or is any part of a plan to, evade or circumvent such terms, conditions, limitations, restrictions and representations. Any such action shall be final, conclusive and binding on all Persons, and HoldCo and ICC shall be free from any liability to any Person on account of any such action.

ARTICLE 11
TIMING OF THE OFFERINGS, MANNER OF
PURCHASING COMMON STOCK AND ORDER FORMS.

11.01 Commencement of the Offering. The exact timing of the commencement of the Offering shall be determined by HoldCo in consultation with any financial advisory or investment banking firm retained by it in connection with the Offering. HoldCo may consider a number of factors in determining the exact timing of the commencement of the Offering, including, but not limited to, its pro forma current and projected future earnings, local and national economic conditions and the prevailing market for stocks in general and stocks of insurance companies in particular. HoldCo shall have the right to withdraw, terminate, suspend, delay, revoke or modify the Offering at any time and from time to time, as it in its sole discretion may determine, without liability to any Person, subject to any necessary regulatory approval or concurrence.

11.02 Right to Reject Orders. ICC and HoldCo shall have the absolute right, in their sole discretion and without liability to any Person, to reject any Order Form, including, but not limited to, any Order Form that is (i) improperly completed or executed, (ii) not timely received, (iii) not accompanied by the proper payment, or (iv) submitted by a Person whose representations ICC or HoldCo believes to be false or who it otherwise believes, either alone, or acting in concert with others, is violating, evading or circumventing, or intends to violate, evade or circumvent, the terms and conditions of this Plan. HoldCo and ICC may, but will not be required to, waive any irregularity on any Order Form or may require the submission of corrected Order Forms or the remittance of full payment for shares of Common Stock by such date as ICC and HoldCo may specify. The interpretation of ICC and HoldCo of the terms and conditions of the Order Forms shall be final and conclusive. Once HoldCo receives an Order Form, the order shall be deemed placed and will be irrevocable; *provided, however*, that no Order Form shall be accepted until the Prospectus has been filed with the SEC and mailed or otherwise made available to the Persons entitled to Subscription Rights in the Offering, and any Order Form received prior to that time shall be rejected and no sale of Common Stock shall be made in respect thereof.

11.03 Policyholders Outside the United States. HoldCo shall make reasonable efforts to comply with the securities laws of all jurisdictions in the United States in which Persons entitled to subscribe reside. However, HoldCo has no obligation to offer or sell shares to any Person under the Plan if such Person resides in a foreign country or in a jurisdiction of the United States with respect to which (i) there are few Persons otherwise eligible to subscribe for shares under this Plan who reside in such jurisdiction, (ii) the granting of Subscription Rights or the offer or sale of shares of Common Stock to such Persons would require HoldCo or its directors, officers or employees, under the laws of such jurisdiction, to register as a broker or dealer, salesman or selling agent or to register or otherwise qualify the Common Stock for sale in such jurisdiction, or HoldCo would be required to qualify as a foreign corporation or file a consent to service of process in such jurisdiction, or (iii) such registration or qualification in the judgment of HoldCo would be impracticable or unduly burdensome for reasons of cost or otherwise.

ARTICLE 12
PAYMENT FOR COMMON STOCK.

12.01 Purchase Price for Shares. Payment for shares of Common Stock ordered by Persons in the Offering shall be equal to the Purchase Price per share multiplied by the number of shares that are being ordered. Payment for shares subscribed for or ordered in the Subscription Offering or the Community Offering shall be made by bank draft, check, or money order at the time the Order Form is delivered to HoldCo. Payment for all shares of Common Stock subscribed for must be received in full and collected by HoldCo or by any subscription agent engaged by HoldCo. All subscription payments will be deposited by HoldCo in an escrow account at a bank designated by HoldCo and ICC. Payment for shares ordered through a broker-dealer or underwriter in the Community Offering or any Public Offering may be paid by delivery of a wire transfer of immediately available funds to such escrow account.

12.02 Payment for Shares by ESOP. Consistent with applicable laws and regulations, payment for shares of Common Stock ordered by the ESOP may be made with funds contributed or loaned by HoldCo or ICC and/or funds obtained pursuant to a loan from an unrelated financial institution pursuant to a loan commitment which is in force from the time that any such plan submits an Order Form until the closing of the transactions contemplated hereby.

12.03 Shares Nonassessable. Each share of Common Stock issued in the Offering shall be nonassessable upon payment in full of the Purchase Price.

ARTICLE 13
CONDITIONS OF THE OFFERING

13.01 Closing Conditions. Consummation of the Offering is subject to (i) the receipt of all required federal and state approvals for the issuance of Common Stock in the Offering, (ii) approval of the Plan by the members of ICC as provided in Section 59.1(4)(c)(i) of the Conversion Act, and (iii) the sale in the Offering of such minimum number of shares of Common Stock within the Valuation Range as may be determined by the Board of Directors of ICC.

ARTICLE 14
APPROVAL BY ELIGIBLE MEMBERS

14.01 Special Meeting.

(a) After the approval of the Application by the Director, ICC shall hold a special meeting of Eligible Members to vote on this Plan of Conversion (the “Special Meeting”). At the Special Meeting, each Eligible Member shall be entitled to one vote on a single proposal (the “Proposal”) to (i) adopt and approve this Plan of Conversion and the other transactions contemplated by this Plan of Conversion, and (ii) amend and restate the articles of incorporation of ICC to read in the form attached as Exhibit A (the “Amended and Restated Articles of Incorporation”).

(b) Adoption of this Plan of Conversion and the Amended and Restated Articles of Incorporation, pursuant to Section 59.1(4)(c)(i) of the Illinois Insurance Code, is subject to the approval of at least two-thirds of the votes cast by Eligible Members in person or by proxy at the Special Meeting.

14.02 Notice of the Special Meeting.

(a) ICC shall mail notice of the Special Meeting substantially in the form of Exhibit C (the “Notice of Special Meeting”). The Notice of Special Meeting shall be mailed within forty-five (45) days following the Director’s approval of this Plan of Conversion. Such notice shall inform each Eligible Member of such Eligible Member’s right to vote upon the Proposal and the place, the day, and the hour of the Special Meeting. Such notice and other materials set forth in Sections 14.02(c) shall be mailed by first class or priority mail or an equivalent of first class or priority mail, to the last-known address of each Eligible Member as it appears on the ICC Records, at least thirty (30) days prior to the date of the Special Meeting, and shall be in a form satisfactory to the Director.

Beginning on the date that the first Notice of Special Meeting is mailed pursuant to Section 14.02(a) and continuing until the Plan Effective Date, ICC shall also make available at its statutory home office located at 225 20th Street, Rock Island, Illinois, 61201, during regular business hours, copies of the Notice of Special Meeting, this Plan of Conversion and its Exhibits, each in its entirety, for inspection by Eligible Members.

(b) The Notice of the Special Meeting shall be accompanied by information relevant to the Special Meeting, including a copy or summary of this Plan of Conversion, a form of proxy allowing the Eligible Members to vote for or against the Plan of Conversion, policyholder information statement regarding this Plan of Conversion and such other explanatory information that the Director approves or requires, all of which shall be in a form satisfactory to the Director. With the prior approval of the Director, ICC may also send supplemental information relating to this Plan of Conversion to Eligible Members either before or after the date of the Special Meeting.

ARTICLE 15
THE CONVERSION

15.01 <u>Effect on ICC</u>. On the Plan Effective Date, ICC shall be converted from a mutual insurance company into a stock insurance company in accordance with Section 59.1 and the Stock Offering shall occur in accordance with this Plan of Conversion. Under the terms of this Plan of Conversion, HoldCo will acquire all of the ICC Shares. HoldCo thereupon will become the sole shareholder of ICC and will have all the rights, privileges, immunities and powers and will be subject to all of the duties and liabilities to the extent provided by law of a shareholder of an insurance company organized under the laws of the State of Illinois.

15.02 <u>Effect on Existing Policies</u>.

(a) Any Policy In Force on the Plan Effective Date will remain In Force under the terms of such Policy, except that the following rights, to the extent they existed in ICC, shall be extinguished on the Plan Effective Date:

(i) any voting rights of the policyholder provided under or as a result of the Policy;

(ii) any right to share in the surplus of ICC, except as provided in Section 15.02(b).

(b) Except as otherwise provided in Section 15.02(c), an Owner of a participating Policy In Force on the Plan Effective Date will continue to have a right to receive policyholder dividends as provided in the participating Policy, if any.

(c) Upon the renewal date of any Qualified Policyholder’s participating Policy that occurs after December 31, 2012, ICC may issue the insured a nonparticipating Policy as a substitute for the participating Policy. Upon the renewal date of any Policy of any policyholder that is not a Qualified Policyholder that occurs after the Plan Effective Date, ICC may issue the insured a nonparticipating Policy as a substitute for the participating Policy, *provided, however,*

that if any dividend has been declared by ICC but not paid with respect to such Policy, ICC may not issue such insured a nonparticipating Policy until such policyholder's renewal date occurring after such dividend is paid by ICC.

15.03 Filing of Plan of Conversion and Amended and Restated Articles. As soon as practicable following (i) the receipt of the Decision and Order, (ii) the Director's determination that all conditions to such approval contained in the Decision and Order have been satisfied, except for those conditions required by the Decision and Order to be satisfied after the Plan Effective Date and with respect to which the Director has received commitments from ICC and/or HoldCo to satisfy after the Plan Effective Date acceptable to the Director, (iii) the adoption of this Plan of Conversion and the Amended and Restated Articles of Incorporation by the Eligible Members as provided in this Plan of Conversion, and (iv) the satisfaction or waiver of all of the conditions contained in this Plan of Conversion, ICC shall file with the Director (A) the minutes of the Special Meeting, (B) a certificate of the Secretary of ICC setting forth the results of the vote on the Plan of Conversion and the Amended and Restated Articles of Incorporation and certifying as to whether or not it was approved by not less than two-thirds of the Eligible Members voting in person or by proxy at the Special Meeting and (C) the Amended and Restated Articles of Incorporation and the Amended and Restated By-laws of ICC (the filing described in clauses (A), (B) and (C) above, the "Effective Date Filing").

15.04 Effectiveness of Plan of Conversion.

(a) The "Plan Effective Date" of the Plan of Conversion shall be the date and time as of which all of the following steps have been completed: (i) the Plan of Conversion has been approved by the Director, (ii) the Eligible Members have approved the Plan of Conversion by the requisite vote, (iii) the Amended and Restated Articles of Incorporation have been duly adopted and (iv) the Effective Date Filing shall have been made by ICC. Subsequent to the Plan Effective Date, the bylaws of ICC shall be substantially in the form attached hereto as Exhibit B (the "Amended and Restated By-laws"). This Plan of Conversion shall be deemed to have become effective at the Effective Time.

(b) At the Effective Time:

(i) ICC shall by operation of Section 59.1 of the Illinois Insurance Code become a stock insurance company;

(ii) the Amended and Restated Articles of Incorporation and the Amended and Restated By-laws shall without further action become effective; and

(iii) all of the Membership Interests shall be extinguished.

(c) On the Plan Effective Date:

(i) ICC shall issue all of the authorized ICC Shares to HoldCo, representing all of the issued and outstanding common stock of ICC; and

(ii) HoldCo shall issues shares of Common Stock to Persons whose subscriptions and orders were accepted in the Offering.

15.05 Tax Considerations. This Plan of Conversion shall not become effective and the Conversion shall not occur unless, on or prior to the Plan Effective Date, ICC shall have received a favorable opinion of Stevens & Lee, P.C., special counsel to ICC, or other nationally-recognized independent tax counsel to ICC, dated as of the Plan Effective Date, addressed to the Board and in form and substance satisfactory to ICC, which, notwithstanding any qualifications expressed therein, is substantially to the effect that ICC will not recognize any gain or loss for U.S. federal income tax purposes as a result of the Conversion.

ARTICLE 16
POLICIES

16.01 Policies.

(a) For the purposes of this Plan of Conversion, the term "Policy" means each insurance policy that has been issued or will be issued or assumed through assumption reinsurance, if any, by ICC.

(b) The following policies and contracts shall be deemed not to be Policies for purposes of this Plan of Conversion:

(i) any reinsurance assumed by ICC as a reinsurer on an indemnity basis (but assumption certificates may constitute Policies if they otherwise fall within the definition of Policies as provided in Section 16.01(a));

(ii) all administrative services agreements; and

(iii) any policy or contract issued by ICC and ceded to another insurance company through assumption reinsurance.

16.02 Determination of Ownership. Unless otherwise stated herein, the Owner of any Policy as of any date shall be determined on the basis of the ICC Records as of such date in accordance with the following provisions:

(a) the Owner shall be the owner of the Policy as shown on the ICC Records;

(b) except as otherwise set forth in this Section 16.02, the identity of the Owner of a Policy shall be determined without giving effect to any interest of any other Person in such Policy;

(c) in any situation not expressly covered by the foregoing provisions of this Section 16.02, the owner of the Policy, as reflected on the ICC Records, and as determined in good faith by ICC, shall conclusively be presumed to be the Owner of such Policy for purposes of this Section 16.02, and except for administrative errors, ICC shall not be required to examine or consider any other facts or circumstances;

(d) the mailing address of an Owner as of any date for purposes of this Plan of Conversion shall be the Owner's last known address as shown on the ICC Records as of such date;

(e) in no event may there be more than one Owner of a Policy, although more than one Person may constitute a single Owner. If a Person owns a Policy with one or more other Persons, they will constitute a single Owner with respect to the Policy; and

(f) any dispute as to the identity of the Owner of a Policy or the right to vote shall be resolved in accordance with the foregoing and such other procedures as ICC may determine. Any determinations made by ICC shall be conclusive as between ICC and any Owner of a Policy or any other Person with an interest therein but shall not preclude any actions among such Persons.

16.03 In Force.

(a) A Policy shall be deemed to be in force ("In Force") as of any date if, as shown in the ICC Records:

(i) the Policy has been issued or coverage has been bound by ICC or assumed by ICC through assumption reinsurance as of such date; and

(ii) such Policy has not expired, cancelled, non-renewed or otherwise terminated, provided that a Policy shall be deemed to be In Force after lapse for nonpayment of premiums until expiration of any applicable grace period (or similar period however designated in such Policy) during which the Policy is in full force for its basic benefits.

(b) The date of expiration, cancellation or termination of a Policy shall be as shown on the ICC Records.

(c) A Policy shall not be deemed to be In Force as of a given date if the Policy is returned to ICC and all premiums are refunded within thirty (30) days of such date.

(d) Any dispute as to whether a Policy is In Force shall be resolved in accordance with the foregoing.

ARTICLE 17
SUBSEQUENT POLICYHOLDERS

17.01 Notice to Subsequent Policyholders. Upon the issuance of a Policy that becomes effective after the Adoption Date and before the Plan Effective Date (excluding renewals of Policies In Force on the Adoption Date), ICC shall send to the Owner of such Policy (a "Subsequent Policyholder") a written notice regarding this Plan of Conversion, substantially in the form attached as Exhibit D hereto. Such notice shall specify such Subsequent Policyholder's right to rescind such Policy as provided in Section 17.02 within forty-five (45) days after the Plan Effective Date and shall be accompanied by a copy or summary of this Plan of Conversion. The form of such notice shall be filed with and approved by the Director.

17.02 Option to Rescind. Each Subsequent Policyholder shall be entitled to rescind his Policy and receive a full refund of any amounts paid for the Policy within ten (10) days after the receipt by ICC of the notice of rescission by such Subsequent Policyholder. No Subsequent Policyholder that has made or filed a claim under a Policy will be entitled to rescission or refund of any premiums paid for such policy. If a Subsequent Policyholder rescinds its Policy pursuant to the right described in this Section 17.02, such Subsequent Policyholder will have no insurance coverage under such Policy and may not make or file a claim under such Policy.

ARTICLE 18
OFFICERS AND BOARD OF DIRECTORS

18.01 Directors. Each of the members of ICC's Board immediately prior to the Effective Time shall remain as a director of ICC as of the Effective Time, and thereafter, HoldCo, as the sole shareholder of ICC, shall have the right to elect the directors of ICC.

18.02 Officers. The officers of ICC immediately prior to the Effective Time shall serve as officers of ICC after the Effective Time until new officers are duly elected pursuant to the Amended and Restated Articles of Incorporation and the Amended and Restated By-laws.

ARTICLE 19
ADDITIONAL PROVISIONS

19.01 Continuation of Corporate Existence. Upon the conversion of ICC to a stock insurance company in accordance with the terms of this Plan of Conversion and the provisions of Section 59.1(10):

(a) the corporate existence of ICC as a mutual insurance company shall be continued in ICC's corporate existence as a stock insurance company;

(b) all the rights, franchises and interests of ICC as a mutual insurance company in and to every type of property, real, personal and mixed, and things in action thereunto belonging, shall be deemed transferred to and vested in ICC as a stock insurance company without any deed or transfer;

(c) ICC (as converted to a stock insurance company) shall be deemed to have assumed all the obligations and liabilities of ICC (as the former mutual insurance company);

(d) Except to the extent any surplus note is converted to shares of HoldCo common stock in accordance with its terms, all outstanding surplus notes, guaranty fund interests or other surplus debentures issued by ICC prior to the Effective Time shall remain in full force and effect following the Conversion and, in accordance with Section 19.01(c), all liabilities and obligations thereunder shall be deemed to have been assumed by ICC (as the converted stock company).

19.02 Conflict of Interest. No director, officer, agent or employee of ICC, or any of its subsidiaries or affiliates or any other person shall receive any fee, commission or other valuable consideration whatsoever, other than his or her usual regular salary and compensation, for in any

manner aiding, promoting or assisting in the transactions contemplated by this Plan of Conversion; *provided*, that ICC may pay reasonable fees and compensation to attorneys, accountants and actuaries for services performed in the independent practice of their professions, even if such attorney, accountant or actuary is also a director or agent of ICC.

19.03 Registration of Shares; Listing of Shares on Stock Exchange.

HoldCo shall register the Common Stock pursuant to the Securities Exchange Act of 1934, as amended. HoldCo shall use its best efforts to (i) encourage and assist a market maker to establish and maintain a market for that class of stock and (ii) list that class of stock on a national or regional securities exchange or to have quotations for that class of stock disseminated on the Nasdaq Stock Market.

19.04 Restrictions on Transfer of Common Stock.

(a) All shares of the Common Stock which are purchased in the Offering by Persons other than directors and officers of ICC shall be transferable without restriction. Shares of Common Stock purchased by directors and officers of ICC in the Offering shall be subject to the restriction that such shares shall not be sold for a period of one year following the date of purchase. The shares of Common Stock issued by HoldCo to officers and directors of ICC shall bear the following legend giving appropriate notice of such one year restriction:

> The shares represented by this Certificate may not be sold by the registered holder hereof for a period of one year from the date of the issuance printed hereon. This restrictive legend shall be deemed null and void after one year from the date of this Certificate.

(b) In addition, HoldCo shall give appropriate instructions to the transfer agent for its Common Stock with respect to the applicable restrictions relating to the transfer of restricted stock. Any shares issued at a later date as a stock dividend, stock split or otherwise with respect to any such restricted stock shall be subject to the same holding period restrictions as may then be applicable to such restricted stock.

(c) The foregoing restriction on transfer shall be in addition to any restrictions on transfer that may be imposed by federal and state securities laws.

19.05 No Preemptive Rights. No Member or other Person shall have any preemptive right to acquire ICC Shares in connection with this Plan of Conversion.

19.06 Amendment or Withdrawal of Plan of Conversion.

(a) At any time prior to the Plan Effective Date, ICC may, by resolution of not less than two-thirds of the Board, amend or withdraw this Plan of Conversion (including the Exhibits hereto). Any amendment shall require the written consent of the Director. No amendment may change the Plan of Conversion after its approval by the Eligible Members in a manner that the Director determines is material unless the Plan of Conversion, as amended, is submitted for reconsideration by the Eligible Members of ICC pursuant to the provisions of Sections 14.01 and 14.02. No amendment may change the Adoption Date of the Plan of Conversion.

(b) After the Plan Effective Date, the Amended and Restated Articles of Incorporation adopted pursuant to this Plan of Conversion may be amended pursuant to the provisions of such articles of incorporation, the Illinois Insurance Code and the statutory provisions generally applicable to the amendment of the articles of incorporation of insurance companies, or such other statutory provisions as may be applicable at the time of the amendment.

19.07 Corrections. Prior to the Plan Effective Date, ICC, with the prior consent of the Director, may make such modifications as are appropriate to correct errors, cure ambiguities, clarify existing items or make additions to correct manifest omissions in this Plan of Conversion or any exhibits hereto.

19.08 Notices. If ICC complies substantially and in good faith with the notice requirements of Section 59.1 of the Illinois Insurance Code with respect to the giving of any required notice to Members, the failure of ICC to give any Member any required notice does not impair the validity of any action taken under Section 59.1 of the Illinois Insurance Code.

19.09 Limitation of Actions. Any action or proceeding challenging the validity of or arising out of acts taken or proposed to be taken pursuant to Section 59.1 shall be commenced within 30 days after the Plan Effective Date. No Person shall have any rights or claims against ICC or its Board based upon the withdrawal or termination of this Plan of Conversion.

19.10 Costs and Expenses. All the costs and expenses related to the Plan of Conversion, including the costs of outside advisors and consultants of the regulatory agencies, shall be borne, directly or indirectly, by ICC.

19.11 Headings. Article and Section headings contained in this Plan of Conversion are for convenience only and shall not be considered in construing or interpreting any of the provisions hereof.

19.12 Governing Law. The Plan of Conversion shall be governed by and construed in accordance with the laws of the State of Illinois, without regard to such State’s principles of conflicts of law.

[Remainder of this page intentionally left blank]

IN WITNESS WHEREOF, ICC by authority of its Board, has caused this Plan of Conversion to be duly executed as of the day and year first above written.

Illinois Casualty Company

By: /s/ Arron Sutherland
Name: Arron Sutherland
Title: President and CEO

Exhibit 8.1

STEVENS & LEE
LAWYERS & CONSULTANTS

620 Freedom Business Center, Suite 200
King of Prussia, PA 19406
(610) 205-6000 Fax (610) 337-4374
www.stevenslee.com

October 12, 2016

Board of Directors
ICC Holdings, Inc.
225 20th Street
Rock Island, IL 61201

Re: Conversion of Illinois Casualty Company from Mutual Insurance Company to Stock Insurance Company

Ladies and Gentlemen:

We have been requested to provide this opinion concerning matters of U.S. federal income tax law in connection with (1) the proposed conversion of Illinois Casualty Company, an Illinois mutual insurance company ("Illinois Casualty") to a stock insurance company (the "Conversion") pursuant to the Amended and Restated Plan of Conversion of Illinois Casualty Company originally approved by the Board of Directors of Illinois Casualty on February 16, 2016 and amended and restated on June 14, 2016 (the "Plan of Conversion"); and (2) the issuance of all of the capital stock of the converted Illinois Casualty to ICC Holdings, Inc., a Pennsylvania corporation ("ICC Holdings") and the issuance of shares of common stock by ICC Holdings in an initial public offering in accordance with the Form S-1 Registration Statement filed by ICC Holdings on October 12, 2016 (the "S-1 Registration Statement"), and related exhibits thereto. This opinion is being provided solely in connection with the filing of the S-1 Registration Statement with the Securities and Exchange Commission.

For purposes of this opinion letter, capitalized words and phrases that are used but not defined herein shall have the meanings given to such terms in the Plan of Conversion.

For purposes of providing this opinion, we have examined and are relying upon (without any independent verification or review thereof) the truth and accuracy, at all relevant times, of the statements, covenants, representations and warranties contained in the following documents (including all schedules and exhibits thereto):

1. the S-1 Registration Statement;

2. the Officer's Certificate provided to us by Illinois Casualty; and

3. such other instruments and documents related to Illinois Casualty and ICC Holdings and the Plan of Conversion as we have deemed necessary or appropriate.

In addition, in connection with providing this opinion, we have assumed (without any independent investigation thereof) that:

1. original documents (including signatures) are authentic; documents submitted to us as copies conform to the original documents; and there has been (or will be by the Effective Date) due execution and delivery of all documents where due execution and delivery are prerequisites to the effectiveness thereof;

2. any representation or statement referred to above made "to the best of knowledge" or otherwise similarly qualified is correct without such qualification, and all statements and representations, whether or not qualified, are true and will remain true through the Effective Date and thereafter where relevant; and

3. all transactions that are related or incidental to the Conversion will be consummated pursuant to the Plan of Conversion, and will be effective under the laws of the State of Illinois and applicable federal and state insurance laws.

The opinion expressed herein is conditioned on the initial and continuing accuracy of the facts, information, representations and assumptions contained in the aforesaid documents or otherwise referred to above.

Based on the foregoing documents, materials, assumptions and information, and subject to the qualifications and assumptions set forth herein, if the Conversion is consummated in accordance with the provisions of the Plan of Conversion (and without any waiver, breach or amendment of any of the provisions thereof), it is our opinion that, under current law (i) the Conversion will constitute a "reorganization" within the meaning of Code Section 368(a), and (ii) the statements made regarding U.S. federal income tax consequences set forth in the S-1 Registration Statement under the heading "Federal Income Tax Considerations," insofar as they constitute statements of law or legal conclusions, are correct in all material respects.

The opinion set forth above is based on the existing provisions of the Code, Treasury Regulations (including Temporary Treasury Regulations) promulgated under the Code, published Revenue Rulings, Revenue Procedures and other announcements of the Internal Revenue Service (the "Service") and existing court decisions, any of which could be changed at any time. Any such changes might be retroactive with respect to transactions entered into prior to the date of such changes and could significantly modify the opinion set forth above. Nevertheless, we undertake no responsibility to advise you of any subsequent developments in the application, operation or interpretation of the U.S. federal income tax laws.

As you are aware, no ruling has been or will be requested from the Service concerning the U.S. federal income tax consequences of the Conversion or the Offering. In reviewing this letter, you should be aware that the opinion set forth above represents our conclusion regarding the application of existing U.S. federal income tax law to the instant transaction. If the facts vary from those relied upon (or if any representation, covenant, warranty or assumption upon which we have relied is inaccurate, incomplete, breached or ineffective), our opinion contained herein could be inapplicable in whole or in part. You should be aware that an opinion of counsel represents only counsel's best legal judgment, and has no binding effect or official status of any kind, and that no assurance can be given that contrary positions may not be taken by the Service or that a court considering the issues would not hold otherwise.

As stated above, this opinion is being delivered to the Board of Directors of ICC Holdings solely for the purpose of being included as an exhibit to the S-1 Registration Statement. We consent to the filing of this opinion as an exhibit to the S-1 Registration Statement and to the use of our name in the S-1 Registration Statement wherever it appears. In giving this consent, however, we do not hereby admit that we are in the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules or regulations promulgated thereunder.

Very truly yours,

STEVENS & LEE

/s/ Stevens & Lee

Exhibit 10.4

Execution Version

PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this "**Agreement**") dated as of September 7, 2016, is entered into by and between ICC Holdings, Inc., a Pennsylvania corporation (the "**Company**"), Illinois Casualty Company, an Illinois mutual insurance company ("**Illinois Casualty**"), and the individuals and accounts listed on the signature page hereto (each, a "**Clinton-Flood Standby Purchaser**" and together, the "**Clinton-Flood Standby Purchasers**").

W I T N E S S E T H:

WHEREAS, the Company proposes, as soon as practicable after the Registration Statement, as defined herein, becomes effective, to distribute to Eligible Members, as defined herein, of Illinois Casualty non-transferable rights (the "**Rights**") to subscribe for and purchase up to 3,680,000 shares of Common Stock of the Company (the "**Shares**") at a subscription price (the "**Subscription Price**") of $10.00 per share (such offering, the "**Subscription Offering**") in accordance with the Plan of Conversion, as defined herein, adopted by Illinois Casualty; and

WHEREAS, contemporaneously with the Subscription Offering, the Company will offer the Shares to the public at the Subscription Price (the "**Community Offering**"); and

WHEREAS, the Company has requested the Clinton-Flood Standby Purchasers to agree to purchase from the Company in the Community Offering upon expiration of the Subscription Offering, and the Clinton-Flood Standby Purchasers are willing to so purchase at the Subscription Price, up to a certain number of Shares not purchased in connection with the Subscription Offering; and

WHEREAS, the Company has requested that a limited number of other investors (the "**Other Standby Purchasers**" and, together with the Clinton-Flood Standby Purchasers, collectively, the "**Standby Purchasers**") to agree to purchase from the Company in the Community Offering upon expiration of the Subscription Offering, and the Other Standby Purchasers are willing to so purchase at the Subscription Price, up to a certain number of Shares not purchased in connection with the Subscription Offering;

WHEREAS, each of the Clinton-Flood Standby Purchasers has a substantive pre-existing relationship with the Company; and

WHEREAS, the Company may engage Griffin Financial Group, LLC ("**Griffin**") and other FINRA member broker-dealers to offer any of the Shares not sold in the Subscription Offering and the Community Offering to the public in a syndicated offering (the "**Syndicated Offering**" and together with the Subscription Offering and the Community Offering, the "**Offerings**").

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and intending to be legally bound, the parties hereto hereby agree as follows:

Section 1. Certain Other Definitions. The following terms used herein shall have the meanings set forth below:

“**90-Day Limit**” shall have the meaning given to such term in Section 9(c)(ii) hereof.

“**Adjusted Shareholders’ Equity**” shall mean the amount equal to (a) the Company’s shareholders’ equity (determined without regard to its accumulated other comprehensive income), each as calculated in accordance with GAAP, as reported in any Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed by the Company with the Commission (each, the “**Applicable Filing**”), *less* (b) the net proceeds from any offering of Equity Securities following the Closing Date, *plus* (c) the aggregate purchase amount of all repurchases of Equity Securities since the Closing Date through the date of the Applicable Filing by the Company, Illinois Casualty, their respective subsidiaries or the ESOP.

“**Affiliate**” shall have the meaning set forth in Rule 12b-2 under the Exchange Act and shall include Persons who become Affiliates of any Person subsequent to the date hereof.

“**Aggregate Maximum Standby Purchase Commitment**” shall have the meaning given to such term in Section 2(b) hereof.

“**Agreement**” shall have the meaning set forth in the preamble hereof.

“**Associate**” shall have the meaning set forth in Rule 12b-2 under the Exchange Act and shall include Persons who become Associates of any Person subsequent to the date hereof.

“**Bankruptcy and Equity Exception**” shall have the meaning given to such term in Section 3(b) hereof.

“**Board**” shall mean the board of directors of the Company.

“**Business Day**” shall mean any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the Commonwealth of Pennsylvania.

“**Candidate**” shall have the meaning given to such term in Section 13(b)(vi) hereof.

“**Clinton Maximum Standby Purchase Commitment**” shall mean the sum of the number of Shares set forth opposite each Clinton Standby Purchaser’s name on the signature page hereto.

“**Clinton Standby Purchasers**” shall mean those Clinton-Flood Standby Purchasers identified on Schedule 1 hereto.

“**Clinton-Flood Standby Purchaser**” and “**Clinton-Flood Standby Purchasers**” shall have the meaning set forth in the preamble hereof.

“**Closing**” shall mean the closing of the purchase described in Section 2 hereof, which shall be held at 10:00 a.m. Eastern Time on the Closing Date at the offices of Stevens & Lee, 620 Freedom Business Center, King of Prussia, Pennsylvania 19406, or such other time and place as may be agreed to by the parties hereto.

“**Closing Date**” shall mean the date on which the closing of the sale of the Shares pursuant to the Offerings takes place.

“**Commission**” shall mean the United States Securities and Exchange Commission, or any successor agency thereto.

“**Common Stock**” shall mean the common stock of the Company, par value $0.01 per share.

“**Company**” shall have the meaning set forth in the preamble hereof.

“**Conversion Plan Approval**” shall mean the approval of the Plan of Conversion by the Department and the requisite vote of the Voting Members.

“**Department**” shall mean the Illinois Insurance Department.

“**Designated Securities**” shall have the meaning given to such term in Section 11(b) hereof.

“**Disability**” shall mean the inability of a Kevin Clinton, for a period of six (6) consecutive months or for an aggregate of nine (9) months in any twenty-four (24) consecutive month period, to perform his duties as a result of such him becoming physically or mentally incapacitated as determined in good faith by the Board.

“**Eligible Members**” shall mean the members of Illinois Casualty eligible to purchase Shares in the Subscription Offering.

“**Equity Securities**” shall include (i) any Common Stock, (ii) any security convertible into or exercisable or exchangeable for, with or without consideration, shares of the Common Stock (including any option to purchase such a convertible security), (iii) any security carrying any warrant or right to subscribe to or purchase any shares of the Common Stock, and (iv) any such warrant or right.

“**ESOP**” shall mean the employee stock ownership plan to be established by the Company prior to the commencement of the Offerings.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder.

“**Financial Statements**” has the meaning set forth in Section 3(g) hererof.

“**First Offer Termination Event**” shall mean the earliest to occur of (a) the seventh anniversary of the Closing Date, or (b) the first date upon which the Clinton-Flood Standby Purchasers together no longer beneficially owns shares of the Common Stock representing more than five percent (5%) of the issued and outstanding shares of the Common Stock.

“**Flood Maximum Standby Purchase Commitment**” shall mean the sum of the number of Shares set forth opposite each Flood Standby Purchaser’s name on the signature page hereto.

“**Flood Standby Purchasers**” shall mean those Clinton-Flood Standby Purchasers identified on Schedule 2 hereto.

“**GAAP**” shall mean the current accounting principles generally accepted in the United States of America, consistently applied by the Company with prior practice.

“**Griffin**” shall have the meaning set forth in the recitals hereof.

“**Governmental Entity**” shall mean any federal or state court, administrative agency or commission or other governmental authority or instrumentality, other than the Department.

“**Gross Up Right**” shall have the meaning given to such term in Section 11(a) hereof.

“Illinois Casualty” shall have the meaning set forth in the recitals hereof.

“**including**” shall mean including, without limitation.

“**Law**” shall have the meaning given to such term in Section 6(d) hereof.

“**Material Adverse Effect**” shall mean (a) a material adverse effect on the financial condition, or on the earnings, operations, assets, business or prospects of the Company, Illinois Casualty and their respective subsidiaries taken as a whole, or (b) the failure of Aaron K. Sutherland to continue to serve in his current executive role with the Company; provided, however, that in determining whether a Material Adverse Effect has occurred under clause (a), there shall be excluded any effect to the extent resulting from (i) actions or omissions of the Company or Illinois Casualty expressly required or contemplated by the terms of this Agreement, (ii) changes after the date hereof in general economic conditions in the United States, including financial market volatility or downturn, (iii) changes after the date hereof affecting generally the industries or markets in which the Company and Illinois Casualty operate, (iv) acts of war, sabotage or terrorism, military actions or the escalation thereof, or outbreak of hostilities, (v) any changes after the date hereof in applicable laws or accounting rules or principles, including changes in GAAP, or (vi) the announcement or pendency of the transactions contemplated by this Agreement; provided further, however, that any circumstance, event, change, development or effect referred to in clauses (ii), (iii), (iv) and (v) shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur to the extent that such circumstance, event, change, development or effect has a disproportionate effect on the Company and Illinois Casualty compared to other participants in the industries or markets in which the Company and Illinois Casualty operate.

“**Maximum Standby Purchase Commitment**” shall have the meaning given to such term in Section 2(a) hereof.

“**No Recommendation Notice**” shall have the meaning given to such term in Section 13(b)(i) hereof.

“**Nominating Committee**” shall have the meaning given to such term in Section 13(b)(i) hereof.

“**Nominee List**” shall have the meaning given to such term in Section 13(b)(i) hereof.

“**non-public information**” shall have the meaning given to such term in Section 6(d) hereof.

“**Offer Period**” shall have the meaning given to such term in Section 11(b) hereof.

“**Offered Shares**” shall have the meaning given to such term in Section 9(d) hereof.

“**Offering Expiration Date**” shall mean the date on which the Offerings expire.

“**Other Purchase Agreements**” shall have the meaning given to such term in Section 2(b) hereof.

“**Other Standby Purchasers**” shall have the meaning set forth in the recitals hereof.

“**Person**” shall mean individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

“**Plan of Conversion**” shall mean the plan of conversion adopted by Illinois Casualty in connection with its conversion from a mutual insurance company to a stock insurance company pursuant to Section 59.1 of the Illinois Insurance Code, 215 ILCS 5/59.1.

“**Prospectus**” shall mean the final Prospectus included in the Registration Statement for use in connection with the Offerings.

“**Public Sale Notice**” shall have the meaning given to such term in Section 9(d) hereof.

“**Purchased Shares**” shall have the meaning given to such term in Section 2(a) hereof.

“**Registration Statement**” shall mean the Company’s Registration Statement on Form S-1 under the Securities Act or such other appropriate form under the Securities Act, pursuant to which the shares of Common Stock to be issued in the Offerings will be registered pursuant to the Securities Act.

“**Replacement Director**” shall have the meaning given to such term in Section 13(b) hereof.

“**Representatives**” shall have the meaning given to such term in Section 6(d) hereof.

“**Rights**” shall have the meaning set forth in the recitals hereof.

“**Securities Act**” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder.

“**Shares**” shall have the meaning set forth in the recitals hereof.

“**Standby Purchasers**” shall have the meaning set forth in the recitals hereof.

“**Standstill Termination Event**” shall mean the earliest to occur of (a) the seventh anniversary of the Closing Date, or (b) the date on which the Company includes a balance sheet in a filing with the Commission in which the Adjusted Shareholders’ Equity at the end of such fiscal quarter is less than 85% of the Starting Shareholders’ Equity.

“**Starting Shareholders’ Equity**” shall mean the amount equal to (a) Illinois Casualty’s members’ equity (determined without regard to its accumulated other comprehensive income), each as calculated in accordance with GAAP, for the fiscal quarter ending immediately prior to the Closing Date (the “**Measurement Date**”), *plus* (b) the net proceeds from the Offerings, including the net proceeds from the Standby Purchasers.

“**Statutory Financial Statements**” has the meaning set forth in Section 3(h) hereof.

“**Subscription Agent**” shall have the meaning set forth in Section 6(a)(vi) hereof.

“**Subscription Offering**” shall have the meaning set forth in the recitals hereof.

“**Subscription Price**” shall have the meaning set forth in the recitals hereof.

“**Transfer**” shall have the meaning set forth in Section 9(a) hereof.

“**Unsubscribed Shares**” shall mean the number of Shares not purchased in connection with the Subscription Offering.

“Voting Members” shall mean the members of Illinois Casualty eligible to vote to adopt and approve the Plan of Conversion.

“**VWAP Price**” shall mean the average of daily volume weighted average price of the Common Stock on the NASDAQ Stock Market for the 20 trading days immediately preceding the date of the Public Sale Notice.

Section 2. Standby Purchase Commitment.

(a) Subject to the terms, conditions and limitations of this Agreement and to the availability of Shares after purchases made in the Subscription Offering, each Clinton-Flood Standby Purchaser agrees to purchase from the Company, at the Subscription Price, such number of Shares up to the number set forth opposite such Clinton-Flood Standby Purchaser’s name on the signature page hereto (together, the “**Maximum Standby Purchase Commitment**”) as may be determined pursuant to Sections 2(b) and 2(c) hereof (such number of Shares purchased being the “**Purchased Shares**”).

(b) The number of Shares to be sold by the Company to the Clinton-Flood Standby Purchasers pursuant to this Agreement and to the Other Standby Purchasers pursuant to purchase agreements nearly identical to this Agreement (the “**Other Purchase Agreements**”) shall be 1,400,000 (the “**Aggregate Maximum Standby Purchase Commitment**”).

(c) Subject to the terms of this Agreement, if the number of Unsubscribed Shares is

(i) equal to or greater than the Aggregate Maximum Standby Purchase Commitment, then (A) the Clinton Standby Purchasers jointly and severally agree to purchase from the Company a number of Shares equal to the Clinton Maximum Standby Purchase Commitment at the Subscription Price per Share and (B) the Flood Standby Purchasers jointly and severally agree to purchase from the Company a number of Shares equal to the Flood Maximum Standby Purchase Commitment at the Subscription Price per Share, or

(ii) greater than zero but less than the Aggregate Maximum Standby Purchase Commitment, then

(A) the Clinton Standby Purchasers jointly and severally agree to purchase from the Company, at the Subscription Price per Share, a number of Unsubscribed Shares equal to (x) if the total of the Maximum Standby Purchase Commitments of the Clinton-Flood Standby Purchasers is an amount greater than the Unsubscribed Shares, the product of (I) the proportion of the total of the Maximum Standby Purchase Commitments of the Clinton Standby Purchasers represented by such Clinton Standby Purchaser's Maximum Standby Purchase Commitment, expressed as a fraction, multiplied by (II) the number of Unsubscribed Shares, or (y) in any other case under this clause (ii), such Clinton Standby Purchaser's Maximum Standby Purchase Commitment;

(B) concurrently, the Flood Standby Purchasers jointly and severally agree to purchase from the Company, at the Subscription Price per Share, a number of Unsubscribed Shares equal to (x) if the total of the Maximum Standby Purchase Commitments of the Clinton-Flood Standby Purchasers is an amount greater than the Unsubscribed Shares, the product of (I) the proportion of the total of the Maximum Standby Purchase Commitments of the Flood Standby Purchasers represented by such Flood Standby Purchaser's Maximum Standby Purchase Commitment, expressed as a fraction, multiplied by (II) the number of Unsubscribed Shares, or (y) in any other case under this clause (ii), such Flood Standby Purchaser's Maximum Standby Purchase Commitment; following which purchase the number of Unsubscribed Shares shall be reduced by the number of Shares purchased by the Clinton-Flood Standby Purchasers under clauses (A) and (B) of this Section 2(c)(ii); and

(C) if, following the purchase of Shares by the Clinton-Flood Standby Purchasers pursuant to clauses (A) and (B) of this Section 2(c)(ii), the number of Unsubscribed Shares is greater than zero, then each of the Other Standby Purchasers agrees to purchase from the Company at the Subscription Price per Share a number of Shares equal to the product of (x) the number of Unsubscribed Shares and (y) the quotient obtained by dividing the (I) their respective Maximum Standby Purchase Commitment by (II) the difference between the Aggregate Maximum Standby Purchase Commitment and the Maximum Standby Purchase Commitment of the Clinton-Flood Standby Purchasers.

(d) Payment of the Subscription Price for the Purchased Shares shall be made, on the Closing Date, against delivery of certificates or a book entry statement evidencing the Purchased Shares, in United States dollars by means of a wire transfer of immediately available funds.

Section 3. Representations and Warranties of the Company. The Company represents and warrants as of the date hereof and as of the Closing Date (except for the representations and warranties that are as of a specific date, which shall be made as of such date) to the Clinton-Flood Standby Purchasers as follows:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted. Illinois Casualty is a mutual insurance company duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted. The copies of the organizational documents of the Company and Illinois Casualty which have been provided to the Clinton-Flood Standby Purchasers are complete and correct and in full force and effect. The Company has no joint venture or similar arrangement, no subsidiaries, no significant assets or liabilities, and it is not engaged in any business.

(b) This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes a binding obligation of the Company enforceable against it in accordance with its terms, subject to (i) the application of bankruptcy, receivership, conservatorship, reorganization, insolvency and similar laws affecting creditors' rights generally and (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought (clauses (i) and (ii) collectively, the "**Bankruptcy and Equity Exception**").

(c) The authorized capital of the Company consists of (i) 10,000,000 shares of Common Stock, none of which shares were issued and outstanding as of the date of this Agreement, and (ii) 1,000,000 shares of preferred stock, none of which preferred stock has been issued, as of the date hereof. Except for equity awards to be granted to management upon completion of the Offerings as described in the Registration Statement and the Other Purchase Agreements, there are no options, warrants, subscriptions, calls, rights, convertible securities or other agreements or commitments obligating the Company to issue, transfer, sell, redeem, repurchase or otherwise acquire any shares of its capital stock.

(d) At the time the Registration Statement becomes effective, the Registration Statement will comply in all material respects with the requirements of the Securities Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, at the time the Registration Statement becomes effective and at the Closing Date, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with the information furnished to the Company in writing by any of the Clinton-Flood Standby Purchasers for use in the Registration Statement or in the Prospectus.

(e) All of the Shares and the Purchased Shares will have been duly authorized for issuance prior to the Closing (assuming the Conversion Plan Approval has been obtained), and, when issued and distributed as set forth in the Prospectus, will be validly issued, fully paid and non-assessable; and none of the Shares will have been issued in violation of the preemptive rights of any security holders of the Company arising as a matter of law or under or pursuant to the Company's Articles of Incorporation, as amended, the Company's bylaws, as amended, or any agreement or instrument to which the Company is a party or by which it is bound.

(f) Neither the execution, delivery or performance of this Agreement or the Plan of Conversion by the Company or Illinois Casualty, nor the consummation by the Company or Illinois Casualty of the transactions contemplated hereby or thereby, will: (i) conflict with or result in any breach of any provisions of the organizational documents of the Company or Illinois Casualty; (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, vesting, payment, exercise, acceleration, suspension or revocation) under, any of the terms, conditions or provisions of any note, bond, mortgage, deed of trust, security interest, indenture, license, contract, agreement, plan or other instrument or obligation to which the Company or Illinois Casualty is a party or by which it or any of their properties or assets may be bound; (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Company, Illinois Casualty or any of their properties or assets; (iv) result in the creation or imposition of any lien on any asset of the Company or Illinois Casualty; or (v) cause the suspension or revocation of any permit, license, governmental authorization, consent or approval necessary for the Company or Illinois Casualty to conduct its business as currently conducted, except in the case of clauses (ii), (iii), (iv) and (v) for violations, breaches, defaults, terminations, cancellations, accelerations, creations, impositions, suspensions or revocations which would not individually or in the aggregate have or be reasonably likely to result in a Material Adverse Effect. Except for the Conversion Plan Approval, no vote of any member or holder of any other interest of Illinois Casualty (equity or otherwise), is required to consummate the transactions contemplated by this Agreement or the Plan of Conversion.

(g) Illinois Casualty has delivered to the Clinton-Flood Standby Purchasers complete and correct copies of the Financial Statements. The Financial Statements have been derived from the accounting books and records of Illinois Casualty and have been prepared on a basis consistent with GAAP, subject, in the case of interim unaudited Financial Statements, only to normal recurring year-end adjustments. The Financial Statements present fairly in all material respects the consolidated financial position of Illinois Casualty as at the respective dates thereof, and the consolidated statements of income, cash flow and equity included in the Financial Statements present fairly in all material respects the consolidated results of operations, cash flows and consolidated equity of Illinois Casualty for the respective periods indicated. The term "**Financial Statements**" means the unaudited consolidated financial statements of Illinois Casualty as at and for the three-month period ended March 31, 2016 and the audited consolidated financial statements of Illinois Casualty as at and for the years ended December 31, 2015, December 31, 2014 and December 31, 2013, including in each case a consolidated balance sheet and consolidated statements of income, cash flow and equity, as previously made available to the Clinton-Flood Standby Purchasers.

(h) The annual statements of Illinois Casualty for the years ended December 31, 2015, December 31, 2014 and December 31, 2013 and the quarterly statements of Illinois Casualty for the quarters ended March 31, June 30, and September 30, 2015 and March 31, 2016 as filed with the Department (collectively, together with all exhibits and schedules thereto, the "**Statutory Financial Statements**") have been prepared in accordance with the accounting practices prescribed or permitted by the Department, and such accounting practices have been applied on a consistent basis throughout the periods involved, except as expressly set forth in the notes, exhibits or schedules thereto, and the Statutory Financial Statements present fairly in all material respects the financial position and the results of operations for Illinois Casualty as of the dates and for the periods therein in accordance with such accounting practices. Illinois Casualty has made available to the Clinton-Flood Standby Purchasers true and complete copies of all examination reports of the Department and any insurance regulatory agencies since January 1, 2013, relating to Illinois Casualty. Illinois Casualty has delivered to the Clinton-Flood Standby Purchasers true and complete copies of the Statutory Financial Statements.

(i) Since December 31, 2015, there has been no event or condition that, individually or in the aggregate, has had (or is reasonably likely to result in) a Material Adverse Effect, and Illinois Casualty has in all material respects conducted its business in the ordinary course consistent with past practice.

(j) Except for insurance claims litigation arising in the ordinary course of business for which adequate reserves have been established, there is no suit, action, proceeding or investigation (whether at law or equity, before or by any Government Entity or before any arbitrator) pending or, to the knowledge of Illinois Casualty, threatened against or affecting Illinois Casualty, the outcome of which would individually or in the aggregate have or be reasonably likely to result in a Material Adverse Effect, nor is there any judgment, decree, injunction, rule or order of any Government Entity or arbitrator outstanding against Illinois Casualty that would individually or in the aggregate have or be reasonably likely to result in a Material Adverse Effect.

(k) The aggregate reserves of Illinois Casualty as recorded in the Financial Statements and Statutory Financial Statements have been determined in accordance with generally accepted actuarial principles consistently applied (except as set forth therein). The insurance reserving practices and policies of Illinois Casualty have not changed, in any material respect, since December 31, 2015, and the results of the application of such practices and policies are reflected in the Financial Statements and Statutory Financial Statements. All reserves of Illinois Casualty set forth in the Financial Statements and Statutory Financial Statements are fairly stated in accordance with sound actuarial principles and meet the requirements of the insurance laws of the State of Illinois, except where the failure to so state such reserves or meet such requirements would not have or be reasonably likely to result in a Material Adverse Effect.

(l) No Other Standby Purchaser has the benefit of any term or condition of purchase of Common Stock that is more favorable to such Other Standby Purchaser than the terms and conditions of purchase afforded to the Clinton-Flood Standby Purchasers in this Agreement.

Section 4. Representations and Warranties of the Clinton-Flood Standby Purchasers. The Clinton Standby Purchasers, jointly and severally (and not together with the Flood Standby Purchasers) represent and warrant as to the Clinton Standby Purchasers only, and the Flood Standby Purchasers, jointly and severally (and not together with the Clinton Standby Purchasers) represent and warrant as to the Flood Standby Purchasers only, as of the date hereof and as of the Closing Date (except for the representations and warranties that are as of a specific date, which shall be made as of such date) to the Company as follows:

(a) Each Clinton-Flood Standby Purchaser, if an entity, is duly organized, validly existing and in good standing (to the extent such concept is applicable) under the laws of the jurisdiction in which it is organized and has the requisite organizational power and authority to enter into and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. Assuming the correctness of the representations and warranties made by the Company in Section 3 hereof, the execution and delivery of this Agreement by the Clinton-Flood Standby Purchasers and performance by the Clinton-Flood Standby Purchasers of the transactions contemplated hereby have been duly authorized by all necessary corporate or, if such Clinton-Flood Standby Purchaser is not a corporation, such partnership, limited liability company or other applicable like action, on the part of such Clinton-Flood Standby Purchaser, and no further consent or authorization in connection therewith is required by the Clinton-Flood Standby Purchasers, their respective board of directors or shareholders, or if the Clinton-Flood Standby Purchasers are not a corporation, such partnership, limited liability company or other applicable like action, on the part of such Clinton-Flood Standby Purchaser.

(b) This Agreement has been duly and validly authorized, executed and delivered by each Clinton-Flood Standby Purchaser, and when delivered by such Clinton-Flood Standby Purchaser in accordance with the terms of this Agreement, will constitute the legal, valid and binding obligations of such Clinton-Flood Standby Purchaser, enforceable against such Clinton-Flood Standby Purchaser in accordance with its respective terms, subject to the Bankruptcy and Equity Exception.

(c) The Clinton-Flood Standby Purchasers were contacted by the Company or Griffin with respect to a potential investment in the Shares. Each of the Clinton-Flood Standby Purchasers understands that such Clinton-Flood Standby Purchaser is acquiring the Purchased Shares in the ordinary course of its/his/her business directly from the Company (and not from Griffin), as principal for its/his/her own account, with no present intention of dividing its/his/her participation with others or reselling or otherwise distributing the same in violation of the Securities Act or any applicable state securities laws. Each of the Clinton-Flood Standby Purchasers does not presently have any agreement or understanding, directly or indirectly, with any Person to: (i) distribute any of the Purchased Shares; (ii) hold or to dispose of the Purchased Shares; or (iii) acquire any Purchased Shares from any other Person other than from the Company pursuant to this Agreement. Notwithstanding the foregoing, except as otherwise set forth in this Agreement, by making the representations herein, each of the Clinton-Flood Standby Purchasers does not agree to hold any of the Purchased Shares for any minimum or other specific term.

(d) Each of the Clinton-Flood Standby Purchasers is an “accredited investor” as that term is defined in Rule 501(a) of Regulation D. Each of the Clinton-Flood Standby Purchasers is not a registered broker-dealer under Section 15 of the Exchange Act, or an unregistered broker-dealer engaged in the business of being a broker-dealer.

(e) Each of the Clinton-Flood Standby Purchasers is not purchasing the Purchased Shares as a result of any advertisement, article, notice or other communication regarding the Purchased Shares published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general advertisement.

(f) Each of the Clinton-Flood Standby Purchasers understands that the Purchased Shares are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and regulations.

(g) Each of the Clinton-Flood Standby Purchasers believes that he/she/it is not a “group” within the meaning of Section 13(d)(3) of the Exchange Act with any Other Standby Purchasers.

Section 5. Deliveries at Closing.

(a) At the Closing, the Company shall deliver to the Clinton-Flood Standby Purchasers the following:

(i) a certificate or certificates or a book entry statement representing the number of shares of Common Stock issued to the Clinton-Flood Standby Purchasers pursuant to Section 2 hereof; and

(ii) a certificate of an officer of the Company certifying on its behalf to the effect that the conditions set forth in Sections 8(a) and 8(c) have been satisfied on and as of the Closing Date.

(b) At the Closing, the Clinton Standby Purchasers shall jointly and severally deliver to the Company the following:

(i) payment of the Subscription Price of the Shares purchased by the Clinton Standby Purchasers, as set forth in Section 2(a) hereof; and

(ii) a certificate of R. Kevin Clinton, on behalf of all the Clinton Standby Purchasers, certifying to the effect that the conditions set forth in Sections 8(b) (with respect to compliance by the Clinton Standby Purchasers) and 8(c) have been satisfied on and as of the Closing Date.

(c) At the Closing, the Flood Standby Purchasers shall jointly and severally deliver to the Company the following:

(i) payment of the Subscription Price of the Shares purchased by the Flood Standby Purchasers, as set forth in Section 2(a) hereof; and

(ii) a certificate of Annette Flood, on behalf of all the Flood Standby Purchasers, certifying to the effect that the conditions set forth in Sections 8(b) (with respect to compliance by the Flood Standby Purchasers) and 8(c) have been satisfied on and as of the Closing Date.

Section 6. Covenants.

(a) The Company agrees as follows between the date hereof and the Closing Date:

(i) to as soon as reasonably practical file with the Commission the Registration Statement;

(ii) to use reasonable best efforts to cause the Registration Statement and any amendments thereto to become effective as promptly as practical;

(iii) to use reasonable best efforts to effectuate the Offerings;

(iv) as soon as reasonably practical after the Company is advised or obtains knowledge thereof, to advise the Clinton-Flood Standby Purchasers with a confirmation in writing, of (A) the time when the Registration Statement or any amendment thereto has been filed or declared effective or the Prospectus or any amendment or supplement thereto has been filed, (B) the issuance by the Commission of any stop order, or of the initiation or threatening of any proceeding suspending the effectiveness of the Registration Statement or any amendment thereto or any order preventing or suspending the use of any preliminary prospectus or the Prospectus or any amendment or supplement thereto, (C) the issuance by any state securities commission of any notice of any proceedings for the suspension of the qualification of the Shares for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose, (D) the receipt of any comments from the Commission, and (E) any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information. The Company will use its reasonable best efforts to prevent the issuance of any such order or the imposition of any such suspension and, if any such order is issued or suspension is imposed, to obtain the withdrawal thereof as promptly as practical;

(v) to operate the Company's business, and cause Illinois Casualty to operate its business, in the ordinary course of business consistent with past practice;

(vi) to notify, or to cause the subscription agent for the Subscription Offering (the "**Subscription Agent**") to notify, the Clinton-Flood Standby Purchasers on each Friday during the exercise period of the Rights, or more frequently if reasonably requested by the Clinton-Flood Standby Purchasers, of the aggregate number of Shares known by the Company or the Subscription Agent to have been subscribed for or ordered in the Subscription Offering as of the close of business on the preceding Business Day or the most recent practical time before such request, as the case may be;

(vii) not to issue any shares of capital stock of the Company, or options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, securities convertible into or exchangeable for capital stock of the Company, or other agreements or rights to purchase or otherwise acquire capital stock of the Company, except for shares of Common Stock issuable in the Offerings and equity awards to management as described in the Registration Statement;

(viii) not to authorize any stock split, stock dividend, stock combination or similar transaction affecting the number of issued and outstanding shares of Common Stock or shares of the Company's preferred stock;

(ix) not to declare or pay any dividends or repurchase any shares of Common Stock or shares of the Company's preferred stock; and

(x) not to incur any indebtedness or guarantees thereof, other than trade payables in the ordinary course of business and consistent with past practice.

(b) The Clinton Standby Purchasers, jointly and severally (and not together with the Flood Standby Purchasers), and the Flood Standby Purchasers, jointly and severally (and not together with the Clinton Standby Purchasers), agree as follows between the date hereof and the Closing Date:

(i) it shall be a condition precedent to the obligations of the Company to complete the registration or qualification pursuant to Section 6(a) hereof that the Clinton-Flood Standby Purchasers shall timely furnish to the Company in writing such information regarding itself/himself/herself and the distribution proposed by the Clinton-Flood Standby Purchasers as shall be reasonably requested by the Company and as shall be required to effect such registration or qualification and shall timely execute a consent by R. Kevin Clinton to be named as a director; and

(ii) to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statement and the qualification of the resale of the Purchased Shares under applicable "blue sky" laws hereunder.

(c) Each of the Clinton-Flood Standby Purchasers and the Company will cooperate with the other and use commercially reasonable efforts to promptly prepare all necessary documentation, to effect all necessary filings and to obtain all necessary permits, consents, waivers, approvals and authorizations of the Commission, the Department and any other third parties or Governmental Entities, necessary or desirable to consummate the purchase of the Purchased Shares by the Clinton-Flood Standby Purchasers contemplated by this Agreement. The Clinton-Flood Standby Purchasers and the Company will furnish each other and each other's counsel with all information concerning themselves, their subsidiaries, directors, officers and shareholders and such other matters as may be necessary or advisable in connection with any application, petition or any other statement or application made by or on behalf of the Clinton-Flood Standby Purchasers or the Company to the Department or Governmental Entity in connection with the purchase of the Purchased Shares by the Clinton-Flood Standby Purchasers as contemplated by this Agreement. The Clinton-Flood Standby Purchasers shall notify the Company promptly of the receipt of any comments of the Department or Governmental Entity with respect to such filings.

(d) After the Closing and during such periods when Mr. Clinton is not serving on the Board, if and for so long as the Clinton-Flood Standby Purchasers beneficially own two

percent (2.0%) of the issued and outstanding shares of the Common Stock and a Standstill Termination Event has not occurred, the Company shall provide one representative designated by the Clinton-Flood Standby Purchasers with reasonable opportunities upon reasonable notice and during regular business hours to discuss with the senior management of the Company at least on a quarterly basis, the business and operations of the Company, with at least one of those meetings each year to be held, if requested by the representative of the Clinton-Flood Standby Purchasers, in-person at the Company's offices or such other mutually agreeable location. Each of the Clinton-Flood Standby Purchasers hereby acknowledges that he/she/it is aware, and each agrees that it will advise their respective representatives, agents, advisors, Affiliates and Associates who are informed as to the matters which are the subject of this provision (collectively, its "**Representatives**"), that the United States securities laws prohibit any Person who has received material, non-public information concerning the Company or the matters which are the subject of this provision from purchasing or selling securities of the Company or from communicating such information to any other Person. Each of the Clinton-Flood Standby Purchasers agrees, and shall instruct its Representatives, to (i) keep such non-public information provided by the Company strictly confidential, (ii) use the same degree of care to protect such non-public information as each would use to protect its own non-public information of a similar nature, but in no event with less than reasonable care, and (iii) not disclose the non-public information in any manner whatsoever to any Person other than another Clinton-Flood Standby Purchaser, except with the specific prior written consent of the Company. As used in this Section 6(d), "**non-public information**" shall not include information which (a) is or becomes public knowledge other than as a result of a breach of the obligations of the Clinton-Flood Standby Purchasers or their respective Representatives (as defined below); (b) was known to a Clinton-Flood Standby Purchaser prior to the date of this Agreement, except as provided to the Clinton-Flood Standby Purchasers pursuant to a confidentiality agreement with Illinois Casualty; (c) becomes available without restriction from a third party not known by the disclosing Clinton-Flood Standby Purchaser to be under any confidentiality obligation to the Company with respect thereto; or (d) is developed by the disclosing Clinton-Flood Standby Purchaser or its Representatives without use of the Company's non-public information. In the event that a Clinton-Flood Standby Purchaser or any of its Representatives are requested or required by law, regulation, deposition, interrogatory, request for documents, subpoena, civil investigative demand, administrative regulatory requirement, order, decree or the rules of any applicable stock exchange or similar legal process (collectively, "**Law**") to disclose any of the foregoing non-public information, such Clinton-Flood Standby Purchaser shall (or will direct its Representatives to) provide the Company with prompt prior written notice of such requirement to the extent permissible under applicable Law and reasonably practicable under the circumstances in order to enable the Company to (A) seek an appropriate protective order or other remedy or (B) waive compliance, in whole or in part, with the terms of this Agreement; and such Clinton-Flood Standby Purchaser or such Representative shall consult and reasonably cooperate with the Company, at the Company's expense, with respect to taking steps to resist or narrow the scope of such request or requirement. If, in the absence of a protective order, such Clinton-Flood Standby Purchaser or such Representative are nonetheless, upon the advice of counsel of such Clinton-Flood Standby Purchaser or such Representative, as applicable, required by applicable Law to disclose the foregoing non-public information, such Clinton-Flood Standby Purchaser or such Representative shall (I) furnish only that portion of the foregoing non-public information that, based upon advice of legal counsel, is legally required, (II) give advance notice

to the Company of the information to be disclosed as far in advance as is legally permissible and practical, and (III) exercise commercially reasonable efforts, at the Company's expense, to obtain reliable assurance that confidential treatment will be accorded such non-public information.

(e) The Company shall at all times reserve and hold available sufficient number of shares of Common Stock to satisfy its obligations under this Agreement.

Section 7. Public Statements. Neither the Company nor the Clinton-Flood Standby Purchasers shall issue any public announcement, statement or other disclosure with respect to this Agreement or the transactions contemplated hereby without the prior consent of the other party hereto, which consent shall not be unreasonably withheld or delayed, except if such public announcement, statement or other disclosure is required by applicable law or applicable stock market regulations, in which case the disclosing party shall consult in advance with respect to such disclosure with the other parties to the extent reasonably practicable.

Section 8. Conditions to Closing.

(a) The obligations of the Clinton-Flood Standby Purchasers to consummate the transactions contemplated hereunder are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) the representations and warranties of the Company in Section 3 shall be true and correct in all respects as of the date hereof and at and as of the Closing Date as if made on such date, except where the failure to be true and correct (without regard to any materiality or Material Adverse Effect qualifications contained therein), would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (and except that (1) representations and warranties made as of a specified date shall be true and correct as of such date and (2) the representations and warranties of the Company set forth in Sections 3(a), 3(b), 3(c), 3(e), 3(f)(i) and 3(i) shall be true and correct in all respects);

(ii) the Company and Illinois Casualty shall have performed in all material respects all of their respective obligations under this Agreement required to be performed on or prior to the Closing Date;

(iii) the Company shall have caused R. Kevin Clinton to be appointed to the Board effective as of the Closing Date;

(iv) as of the Closing Date, none of the following events shall have occurred and be continuing: (A) trading in the Common Stock shall have been suspended by the Commission or trading in securities generally on The New York Stock Exchange or The Nasdaq Capital Market shall have been suspended or limited or minimum prices shall have been established on either such exchange, (B) a banking moratorium shall have been declared either by U.S. federal or New York State authorities, or (C) there shall have occurred any material outbreak or material escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis which has a material adverse effect on the U.S. financial markets;

(v) the gross proceeds from the Offerings, including the purchases by the Other Standby Purchasers and assuming the purchase of the Purchased Shares by the Clinton-Flood Standby Purchasers, is equal to or less than $35,000,000; and

(vi) since the date of this Agreement, a Material Adverse Effect shall not have occurred and no change or other event shall have occurred that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The obligations of the Company to consummate the transactions contemplated hereunder are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) The representations and warranties of the Clinton-Flood Standby Purchasers in Section 4 shall be true and correct in all material respects as of the date hereof and at and as of the Closing Date as if made as of such date (except for representations and warranties made as of a specified date, which shall be true and correct in all material respects as of such specified date); and

(ii) the Clinton-Flood Standby Purchasers shall have performed in all material respects all of their respective obligations under this Agreement required to be performed on or prior to the Closing Date.

(c) The obligations of each of the Company and the Clinton-Flood Standby Purchasers to consummate the transactions contemplated hereunder in connection with the Offerings are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) no judgment, injunction, decree or other legal restraint shall be outstanding, nor shall any action, suit, claim, investigation or other legal proceeding be pending that would reasonably be expected to prohibit, or have the effect of rendering unachievable, the consummation of the Offerings or the transactions contemplated by this Agreement;

(ii) the Registration Statement shall have been filed with the Commission and declared effective; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and any request of the Commission for inclusion of additional information in the Registration Statement or otherwise shall have been complied with;

(iii) at least two-thirds of the votes cast by the Voting Members voting at the meeting of the Voting Members called for such purpose shall have voted to adopt and approve the Plan of Conversion and the transactions contemplated thereunder;

(iv) all consents and approvals of the Department and any other regulatory body or agency necessary to consummate the transactions contemplated by this Agreement shall have been obtained and all notice and waiting periods required by law to pass after receipt of such approvals or consents shall have passed; and

(v) the Shares shall have been authorized for listing on the Nasdaq Capital Market.

Section 9. Restrictions on Transfer.

(a) Except as set forth in Section 9(c), the Clinton-Flood Standby Purchasers shall not, and shall ensure that their respective Affiliates do not, directly or indirectly, purchase, sell, transfer, assign, lend, convey, gift, mortgage, pledge, encumber, hypothecate or otherwise dispose of, directly or indirectly (“**Transfer**”), any shares of the Common Stock. Any purported Transfers of shares of the Common Stock in violation of this Section 9 shall be null and void and no right, title or interest in or to such shares shall be Transferred to the purported transferee, buyer, donee, assignee or encumbrance holder. The Company will not give, and will not permit the Company’s transfer agent to give, any effect to such purported Transfer in its stock records. Following the Closing Date, the Clinton Standby Purchasers, jointly and severally (and not together with the Flood Standby Purchasers) agree as to the Clinton Standby Purchasers only, and the Flood Standby Purchasers, jointly and severally (and not together with the Clinton Standby Purchasers) agree as to the Flood Standby Purchasers only, to cooperate with the Company as reasonably requested by the Company in connection with the qualification of the resale of the Purchased Shares under the Securities Act and applicable “blue sky” laws hereunder.

(b) Each of the Clinton-Flood Standby Purchasers understands and agrees that the Purchased Shares will bear a legend substantially similar to the legend set forth below in addition to any other legend that may be required by applicable law or by any agreement between the Company and any of the Clinton-Flood Standby Purchasers. The legend shall be removed to permit Transfers made in accordance with Sections 9(c)(ii), 9(c)(iii) and 9(c)(iv) unless prohibited by the Securities Act. Alternatively, upon receipt of certifications from the Clinton-Flood Standby Purchasers reasonably satisfactory to the Company’s counsel, the Company shall cause the legend to be removed in accordance with, and pursuant to, Rule 144 promulgated under the Securities Act and any other applicable federal and state securities laws.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED AND/OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND REGISTRATION AND/OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, (B) IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND REGISTRATION AND/OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS PROVIDED THAT AT THE ISSUER’S REQUEST, THE TRANSFEROR THEREOF SHALL HAVE DELIVERED TO THE ISSUER AN OPINION OF COUNSEL (WHICH OPINION SHALL BE IN FORM, SUBSTANCE AND SCOPE REASONABLY SATISFACTORY TO THE ISSUER) TO THE EFFECT THAT SUCH SECURITIES MAY BE SOLD OR TRANSFERRED PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION, OR (C) SUCH SECURITIES MAY BE SOLD PURSUANT TO RULE 144 PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

(c) The provisions of Section 9(a) hereof shall not apply to any of the following Transfers by the Clinton-Flood Standby Purchasers of any shares of Common Stock:

(i) (A) such Clinton-Flood Standby Purchaser's spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) and the spouses of each such natural persons (collectively, "**Family Members**"), (B) a trust under which the distribution of such shares of Common Stock may be made only to such Clinton-Flood Standby Purchaser and/or any Family Member of such Clinton-Flood Standby Purchaser, (ii) another Clinton-Flood Standby Purchaser, (iii) a charitable remainder trust, the income from which will be paid to such Clinton-Flood Standby Purchaser, if a natural person, during his or her life, (iv) a corporation, partnership or limited liability company, the shareholders, partners or members of which are only the Clinton-Flood Standby Purchasers and/or Family Members of the Clinton-Flood Standby Purchasers, or (v) by will or by the laws of intestate succession, to such Clinton-Flood Standby Purchaser's executors, administrators, testamentary trustees, legatees or beneficiaries; *provided*, that such Clinton-Flood Standby Purchaser who Transfers any shares of Common Stock hereunder shall remain bound by the provisions of this Sections 9 and Section 10 hereof and will be treated as a Clinton Standby Purchaser or Flood Standby Purchaser, as applicable, hereunder;

(ii) beginning on the third anniversary of the Closing Date, by offering or selling to any Persons (other than to Persons pursuant to clause (i) above) shares of Common Stock pursuant to Section 9(d) hereof not more than six and one-quarter percent (6-1/4%) of the number equal to the Purchased Shares (as may be reduced by sales pursuant to Section 9(c)(iv) hereof) every ninety (90) days (the "**90-Day Limit**");

(iii) any sale pursuant to a tender or exchange offer to an acquiror seeking to acquire 100% of the Common Stock of the Company that has been approved by the Board prior to such sale; and

(iv) if and for so long as the Clinton-Flood Standby Purchasers together beneficially own any shares of the Common Stock and a First Offer Termination Event has not occurred, following the death or Disability of R. Kevin Clinton, the Clinton Standby Purchasers, including Mr. Clinton's executors, administrators and testamentary trustees, may Transfer his or her Purchased Shares by offering or selling to any Persons (other than to Persons party hereto) shares of Common Stock pursuant to Section 9(d) hereof not more than six and one-quarter percent (6-1/4%) of the number equal to such Clinton Standby Purchaser's Purchased Shares every ninety (90) days beginning, unless an earlier date has been approved by a majority of the members of the Board other than Mr. Clinton or the Replacement Director, (A) one year following such death or Disability, if such event occurs during the first year following the Closing Date, (B) six months following such death or Disability, if such event occurs during the second year following the Closing Date, or (C) beginning following such death or Disability, if such event occurs during the third year following the Closing Date.

(d) If and for so long as the Clinton-Flood Standby Purchasers together beneficially own any shares of the Common Stock and a First Offer Termination Event has not occurred, each Clinton-Flood Standby Purchaser shall provide the Company with not less than thirty (30) days prior written notice (the "**Public Sale Notice**") on each occasion before offering to sell to any Persons (other than to Persons party hereto or pursuant to Section 9(c)(i)) any

shares of Common Stock that it is permitted to sell under the Securities Act (the "**Offered Shares**"). Either the Company or the ESOP shall have a right to purchase individually or together, in either case on or before the expiration of such thirty (30) days, all or any portion of such Offered Shares at a price per share equal to the greater of (i) the VWAP Price, or (ii) the product obtained by multiplying the percentage set forth in the chart below and the Company's then book value as calculated in accordance with GAAP for the most recent quarter preceding the date of the Public Sale Notice by at least forty-five (45) days. The chart for the foregoing sentence is as follows:

Time Period for Receipt of Public Sale Notice		Percentage
Beginning on the third anniversary of the Closing Date and ending on the day immediately prior to the fourth anniversary of the Closing Date	-	85%
Beginning on the fourth anniversary of the Closing Date and ending on the day immediately prior to the fifth anniversary of the Closing Date	-	90%
Beginning on the fifth anniversary of the Closing Date and thereafter	-	95%

If the Company and the ESOP fail (A) to exercise the foregoing right with respect to such Offered Shares within thirty (30) days after receipt of the Public Sale Notice or (B) to complete the purchase of such Offered Shares (including obtaining any required regulatory approvals) within seventy-five (75) days of receipt of such Public Sale Notice, such Clinton-Flood Standby Purchaser may sell such Offered Shares in the market in accordance with Sections 9(c)(ii) or 9(c)(iv) hereof. Any repurchase by the Company pursuant to this Section 9(d) is subject to the prior approval of the Department, to the extent required under applicable Illinois law governing mutual-to-stock conversions or distributions by Illinois Casualty. Any purchase by the ESOP pursuant to this Section 9(d) is subject to the satisfaction any fiduciary duty imposed by Employee Retirement Income Security Act of 1974, as amended, or regulations promulgated thereunder on the trustee(s) of the ESOP.

Section 10. Post-Closing Standstill Provision. If and for so long as the Clinton-Flood Standby Purchasers together beneficially own two percent (2.0%) of the issued and outstanding shares of the Common Stock and a Standstill Termination Event has not occurred, the Clinton Standby Purchasers, jointly and severally (and not together with the Flood Standby Purchasers) agree as to the Clinton Standby Purchasers only, and the Flood Standby Purchasers, jointly and severally (and not together with the Clinton Standby Purchasers) agree as to the Flood Standby Purchasers only, that, without the prior written consent of the Board as specifically expressed in a resolution adopted by a majority of the entire membership of the Board (other than a designee of any of the Standby Purchasers), neither they, nor any of their respective Affiliates or Associates nor any Person acting at their direction or on their behalf, will, directly or indirectly:

(a) with respect to the Company or Common Stock, make, engage or in any way participate in, directly or indirectly, any "solicitation" (as such term is used in the proxy rules of the Commission) of proxies or consents (whether or not relating to the election or removal of directors); seek to advise, encourage or influence any Person with respect to the voting of any Common Stock (other than Affiliates or Associates); initiate, propose or otherwise "solicit" (as

such term is used in the proxy rules of the Commission) shareholders of the Company for the approval of shareholder proposals whether made pursuant to Rule 14a-8 or Rule 14a-4 under the Exchange Act, or otherwise, or cause or encourage or attempt to cause or encourage any other Person to initiate any such shareholder proposal; otherwise communicate with the Company's shareholders or others pursuant to Rule 14a-1(l)(2)(iv) under the Exchange Act; or participate in, or take any action pursuant to, any "shareholder access" proposal which may be adopted by the Commission, whether in accordance with previously proposed Rule 14a-11 or otherwise;

(b) seek, propose, or make any statement with respect to any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, restructuring, recapitalization or similar transactions of or involving the Company or any of its Affiliates or Associates;

(c) except as otherwise permitted by this Agreement, acquire, offer or propose to acquire, or agree to acquire (except by way of stock dividends, stock splits, reverse stock splits or other distributions or offerings made available to holders of any shares of Common Stock generally), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) or otherwise, any shares of Common Stock, Equity Securities, or any loans, debt securities, or assets of the Company or any of its subsidiaries, or rights or options to acquire interests in any of the loans, debt securities, equity securities or assets of the Company or any of its subsidiaries; provided, however, that the designee of the Clinton-Flood Standby Purchasers may receive shares of Common Stock as compensation for his or her service on the Board in accordance with the Company's policies applied to all directors;

(d) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any shares of Common Stock, other than a group composed solely of the Clinton-Flood Standby Purchasers and the Clinton-Flood Standby Purchasers' Family Members;

(e) deposit any shares of Common Stock in any voting trust or subject any shares of Common Stock to any arrangement or agreement with respect to the voting of any shares of Common Stock unless the parties to such voting trust or agreement consist solely of Clinton-Flood Standby Purchasers and the Clinton-Flood Standby Purchasers' Family Members and such entity agrees to a joinder with the Company to be bound by all of the terms and conditions of this Agreement;

(f) act alone or in concert with others to control or seek to control, or influence or seek to influence, the management, the Board or policies of the Company;

(g) make any demand or request for any shareholder list, or any related material, or for the books and records of the Company or its Affiliates;

(h) seek, alone or in concert with others, election or appointment to or representation on, or nominate or, except as otherwise permitted by this Agreement, propose the nomination of any candidate to, the Board, or seek the removal of any member of the Board, in a manner inconsistent with this Agreement;

(i) have any discussions or communications, or enter into any arrangements, understanding or agreements (whether written or oral) with, or knowingly instigate, advise, finance, assist or encourage, any other Person in connection with any of the foregoing (including by granting any waiver to any legal, financial, public relations, proxy solicitation or other firm that represented or was engaged by the Clinton-Flood Standby Purchasers, their respective Affiliates, Associates or any of their legal counsel with respect to the Company, which waiver would permit any such firm to represent any Person in connection with matters relating to the Company), or make any investment in or enter into any arrangement with any other Person that engages, or offers or proposes to engage, in any of the foregoing;

(j) make or disclose any statement regarding any intent, purpose, plan or proposal with respect to the Board, the Company, its management, policies or affairs or any of its securities or assets or this Agreement that is inconsistent with the provisions of this Agreement, including any intent, purpose, plan or proposal that is conditioned on, or would require waiver, amendment, nullification or invalidation of, any provision of this Agreement or take any action that could require the Company to make any public disclosure relating to any such intent, purpose, plan, proposal or condition; or

(k) otherwise take, or solicit, cause or encourage others to take, any action inconsistent with any of the foregoing.

Notwithstanding any other provision of this Agreement (including this Section 10), (a) R. Kevin Clinton, during the term of his service as a director of the Company, shall not be prohibited from acting as a director and complying with his fiduciary duties as a director of the Company, in accordance with all policies and procedures adopted by the Board, including any disclosure policies, and (b) a Clinton-Flood Standby Purchaser is not restricted in any way by this Section 10 from having discussions or communications with other Clinton-Flood Standby Purchasers.

Section 11. Post-Closing Pre-Emptive Rights.

(a) Subject to applicable securities laws, other than the Offerings, following the Closing Date, the Clinton-Flood Standby Purchasers shall have the right to purchase (its "**Gross Up Right**") their respective pro rata share of all Equity Securities, as defined below, that the Company may, from time to time, propose to sell and issue after the date of this Agreement, other than the Equity Securities excluded by Section 11(e) hereof. The pro rata share of a Clinton-Flood Standby Purchaser is equal to the ratio of (i) the total number of outstanding shares of the Common Stock that such Clinton-Flood Standby Purchaser is deemed to be a holder immediately prior to the issuance of such Equity Securities to (ii) the total number of shares of the outstanding Common Stock (including all shares of the Common Stock issued or issuable upon conversion of any securities convertible into the Common Stock or upon the exercise of any outstanding warrants or options) immediately prior to the issuance of the Equity Securities.

(b) If the Company proposes to issue any Equity Securities, it shall give the Clinton-Flood Standby Purchasers written notice of its intention, describing the Equity Securities and the price and the terms and conditions upon which the Company proposes to issue the same. The Clinton-Flood Standby Purchasers shall have twenty (20) days from the receipt of such notice (the "**Offer Period**") to notify the Company in writing that it/he/she intends to exercise its/his/her Gross Up Right and as to the amount of Equity Securities the Clinton-Flood Standby Purchaser intends to purchase, up to the maximum calculated in accordance with Section 11(a) hereof (the "**Designated Securities**"); provided, however, that if providing the Clinton-Flood Standby Purchasers twenty (20) days' notice to respond is not practicable, the Company may provide an earlier deadline for the Clinton-Flood Standby Purchasers to respond to such notice but giving the Clinton-Flood Standby Purchasers the maximum number of days to respond as is practicable but in any event not fewer than five (5) days' notice. Such notice shall constitute a non-binding indication of interest of the Clinton-Flood Standby Purchasers to purchase the amount of Designated Securities specified by the Clinton-Flood Standby Purchasers (or a proportionately lesser amount if the amount of Equity Securities to be offered if such offering of Equity Securities is subsequently reduced) at the price (or range of prices) and other terms set forth in the Company's notice to it. The failure to respond during the Offer Period constitutes a waiver of its/his/her Gross Up Right in respect of such offering. Each of the Clinton-Flood Standby Purchasers participating in the purchase shall execute a binding agreement to purchase any such Equity Securities within thirty (30) days after expiration of the Offer Period, and any Equity Securities that such Clinton-Flood Standby Purchasers indicated it/he/she would purchase but that are not covered by a binding purchase agreement at such time may be sold to other Persons, unless the failure to execute such an agreement is attributable to actions of the Company, in which case the Company shall have the right to sell the Equity Securities to other Persons if it/he/she shall not have executed such an agreement within the later of (i) five (5) Business Days after the reason for such delay has been resolved or (ii) thirty (30) days after expiration of the Offer Period. The Board shall use commercially reasonable efforts to approve any sales to the Clinton-Flood Standby Purchasers pursuant to this Section 11, including for purposes of exempting any such sales to R. Kevin Clinton and any Replacement Director under Rule 16b-3 promulgated by the Securities and Exchange Commission. Notwithstanding the foregoing, the Company shall not be required to offer or sell such Equity Securities to the Clinton-Flood Standby Purchasers if it would cause the Company to be in violation of applicable federal securities or insurance regulatory laws by virtue of such offer or sale.

(c) The Company shall have 180 days after expiration of the Offer Period to sell any Equity Securities in respect of which the Clinton-Flood Standby Purchasers' Gross Up Rights were not exercised, at a price and upon general terms and conditions not materially more favorable to the purchasers thereof than specified in the Company's notice to the Clinton-Flood Standby Purchasers pursuant to Section 11(b) hereof. If the Company has not sold such Equity Securities within 180-day period, the Company shall not thereafter issue or sell any Equity Securities, without first offering such Equity Securities to the Clinton-Flood Standby Purchasers in the manner provided above.

(d) The Gross Up Rights provided by this Section 11 shall not apply to, and shall terminate upon the earlier of (a) the first date upon which the Clinton-Flood Standby Purchasers together no longer beneficially own shares of the Common Stock representing more than five

percent (5%) of the issued and outstanding shares of the Common Stock immediately prior to an issuance contemplated under Section 11(a) hereof, (b) the date of any breach by the Clinton-Flood Standby Purchasers of any material obligation under this Agreement that remains uncured after fifteen (15) days' notice thereof, or (c) the end of the Standstill Period.

(e) The provisions in this Section 11 shall not apply to any issuance of Equity Securities by the Company (i) to employees, consultants, officers or directors of the Company or any of its subsidiaries for the primary purpose of soliciting or retaining their employment or services or in a transaction or pursuant to management or employee agreements, incentive programs or stock purchase or equity compensation plans approved by the Board (including any such programs or plans in existence on the date hereof), (ii) by the Company to a third party as consideration in connection with (but not in connection with raising capital to fund) (A) a strategic business combination or other merger, acquisition or disposition transaction, partnership, joint venture, strategic alliance or investment by the Company or similar non-capital raising transaction approved by the Board, or (B) an investment by the Company or its subsidiaries approved by the Board in any party which is not prior to such transaction an Affiliate of the Company (whether by merger, consolidation, sale or exchange of stock, sale of assets or securities, or otherwise), (iii) as part of any offering registered under the Securities Act; provided, that the Clinton-Flood Standby Purchasers shall not be precluded by the Company, its underwriter(s) or its agent(s) in connection with such offering from purchasing in such offering, and the Company shall use commercially reasonable efforts to cause its underwriter(s) or agent(s) engaged in connection with such offering to allocate shares, on the same terms and conditions offered to the public, a sufficient number of Designated Securities, so as to maintain its/his/her pro rata share of all Equity Securities, (iv) upon the exercise, conversion or exchange of options, warrants or similar rights or other convertible securities, and (v) in connection with any stock split, stock dividend paid on a proportionate basis to all holders of the affected class of capital stock or recapitalization approved by the Board.

Section 12. Post-Closing Voting. If and for so long as the Clinton-Flood Standby Purchasers together beneficially own two percent (2.0%) of the issued and outstanding shares of the Common Stock and a Standstill Termination Event has not occurred, and subject to the final proviso of this paragraph, each of the Clinton-Flood Standby Purchasers shall vote and cause to be voted all shares of Common Stock beneficially owned by such Clinton-Flood Standby Purchasers (a) for persons nominated and recommended by the Board for election as directors of the Board and against any Person nominated for election as a director by any other Person and (b) as directed or recommended by the Board with respect to any proposal presented at any meeting of the Company's shareholders, including, but not limited to (i) the entire slate of directors recommended for election by the Board to the shareholders of the Company at any meeting of the Company's shareholders at which any directors are elected, (ii) any shareholder proposal submitted for a vote at any meeting of the Company's shareholders, and (iii) any proposal submitted by the Company for a vote at any meeting of the Company's shareholders relating (A) to the appointment of the Company's accountants or (B) an equity compensation plan of the Company and/or any material revisions thereto; provided, however, that the Clinton-Flood Standby Purchaser shall not be bound to vote in accordance with the foregoing provisions if the Company is in violation of a material obligation of the Agreement that remains uncured after fifteen (15) days' notice thereof or if such proposal (1) would have a disproportionate effect

on such Clinton-Flood Standby Purchaser compared to (x) all of the Other Standby Purchasers as a group, or (y) all of the other holders of the Common Stock as a group, or (2) (other than the matters specified in clause (1)) requires approval of a related party transaction between the Company and its Affiliate other than as set forth in clauses (a), (b)(i), (b)(ii), and (b)(iii).

Section 13. Nomination and Directorship.

(a) If and for so long as the Clinton-Flood Standby Purchasers together beneficially own two percent (2.0%) of the issued and outstanding shares of the Common Stock and a Standstill Termination Event has not occurred, the Nominating Committee of the Board and the Board will nominate, recommend and support R. Kevin Clinton (or any Replacement Director) for election at each annual meeting of the shareholders of the Company. The Company agrees to solicit proxies for Mr. Clinton (or any Replacement Director) in any year in which Mr. Clinton (or any Replacement Director) is so nominated and include him in the Board's slate of nominees for election as directors of the Company in the same manner as it does for all of the Board's other nominees for election as directors.

(b) The Company and the Clinton-Flood Standby Purchasers agree that if Mr. Clinton is unable to serve as a director, resigns as a director or is removed as a director, and the Clinton-Flood Standby Purchasers are otherwise entitled to a director pursuant to Section 13(a), the Clinton-Flood Standby Purchasers shall have the ability to recommend a Candidate for approval by the Board pursuant to the process described in this Section 13(b), in good faith after exercising its fiduciary duties, which approval shall not be unreasonably withheld, to serve as a replacement on the Board for Mr. Clinton or any successor to Mr. Clinton's Board seat appointed pursuant to this Section 13 (the "**Replacement Director**").

(i) Within a reasonable period of time following such occurrence, the Clinton-Flood Standby Purchasers shall supply the nominating committee of the Board (the "**Nominating Committee**") with a list of not less than three persons for consideration by the Nominating Committee for appointment to the Board (the "**Nominee List**"). The Nominating Committee shall, within fifteen (15) business days after receipt of the Nominee List, consider each Candidate included in the Nominee List in good faith and either recommend a Candidate for appointment by the Board or inform the Clinton-Flood Standby Purchasers by written notice that it has no such recommendation for the Board (a "**No Recommendation Notice**").

(ii) Upon receipt of a No Recommendation Notice, the Clinton-Flood Standby Purchasers may, within a reasonable period of time following receipt of such No Recommendation Notice, supply the Nominating Committee with a second Nominee List. The Nominating Committee shall, within fifteen (15) business days after receipt of a second Nominee List, consider and make a determination in the same manner described in clause (i) above to either recommend a Candidate from such Nominee List for appointment by the Board or deliver to the Clinton-Flood Standby Purchasers a No Recommendation Notice.

(iii) Upon receipt of a second No Recommendation Notice, the Clinton-Flood Standby Purchasers shall, within a reasonable period of time following receipt of such No Recommendation Notice, supply the Nominating Committee with a third Nominee List. The Nominating Committee shall, within fifteen (15) business days after receipt of a third Nominee List, consider and make a determination in the same manner described in clause (i) above to either recommend a Candidate from such Nominee List for appointment by the Board or deliver to the Clinton-Flood Standby Purchasers a No Recommendation Notice.

(iv) Within fifteen (15) business days after receipt of a third No Recommendation Notice, the Clinton-Flood Standby Purchasers and the Company shall request a list of at least five (5) persons qualified to be a Candidate from the National Association of Corporate Directors. The Clinton-Flood Standby Purchasers shall choose at least three (3) of the persons supplied by the National Association of Corporate Directors and include them in a final Nominee List submitted to the Nominating Committee. The Nominating Committee shall, within fifteen (15) business days after receipt of the Nominee List, consider each Candidate included in the final Nominee List in the same manner described in clause (i) above and shall recommend a Candidate from the final Nominee List for appointment by the Board.

(v) The Board shall vote on the appointment of a Candidate recommended by the Nominating Committee to the Board as the Replacement Director no later than ten (10) business days after receipt of the Nominating Committee's recommendation of such Candidate; provided, however, that if the Board does not elect such Replacement Director to the Board, the parties shall continue to follow the procedures of this Section 13(b) until a Replacement Director is elected to the Board.

(vi) The Clinton-Flood Standby Purchasers shall not include any candidate (a "**Candidate**") on any Nominee List furnished pursuant to this Section 13(b) unless (A) such Candidate has business experience appropriate for service on the board of directors of an insurance company and a public company, (B) such Candidate is an individual of high caliber and national reputation (to the extent reasonably available), (C) such Candidate would, to the Clinton-Flood Standby Purchasers' knowledge, be an "independent director" as defined in the applicable NASDAQ Marketplace Rule and meet the criteria for independence set forth in Rule 10A-3(b)(1) under the Exchange Act, (D) such Candidate would not require disclosure of any agreement or arrangement pursuant to Nasdaq Marketplace Rule 5250(b)(3), and (E) such Candidate has no previous material business or personal relationship with the Company, Illinois Casualty or, to the Clinton-Flood Standby Purchasers' knowledge, any of their respective Affiliates or Associates. No person shall be on any Nominee List if any member of the Clinton-Flood Standby Purchasers has reason to believe that it is unlikely that such person would serve as a director if requested. The Company agrees that, if Annette Flood is included in a Nominee List, she would receive the recommendation of the Nominating Committee and be appointed as a Replacement Director by the Board.

(c) At all times while serving as a director, Mr. Clinton (or any Replacement Director) will receive the same benefits of directors' and officers' insurance and any indemnity and exculpation arrangements available generally to the other Board members and the same compensation and other benefits for his service as a director as the compensation and other benefits received by the other non-executive Board members.

Section 14. Termination.

(a) This Agreement may be terminated at any time prior to the Closing Date:

(i) by the Company on one hand or the Clinton-Flood Standby Purchasers on the other hand by written notice to the other party hereto, if there is a material breach of this Agreement by the other party that is not cured within fifteen (15) days after receipt of written notice by such breaching party;

(ii) if, by action of Illinois Casualty's board of directors, Illinois Casualty shall have decided to abandon the Plan of Conversion;

(iii) if the Plan of Conversion shall have been proposed for approval and adoption at a meeting of the Voting Members and shall have failed to receive approval at such meeting or any adjournment thereof or if the Department shall have stated in writing that it does not approve or intend to approve the Plan of Conversion;

(iv) the Closing has not occurred by December 31, 2017 (the "Outside Date"), provided that the party seeking to terminate this Agreement pursuant to this clause (iv) shall not have failed to perform the covenants, agreements and conditions to be performed by it which has been the primary cause of, or resulted in, the failure of the Closing to occur by the Outside Date; or

(v) if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable.

(b) In the event of termination of this Agreement pursuant to Section 14(a), written notice thereof shall as promptly as practicable be given to the other parties to this Agreement and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned, without further action by any of the parties hereto. If this Agreement is terminated pursuant to Section 14(a):

(i) there shall be no liability or obligation on the part of the parties hereto or their respective officers and directors, and all obligations of the parties hereto shall terminate, except for (A) the obligations of the parties pursuant to this Section 14(b), and the provisions of Sections 15 through 21 and Section 23, and (B) any liabilities for any breach by the parties of the terms and conditions of this Agreement prior to such termination; and

(ii) all filings, applications and other submissions made pursuant to the transactions contemplated by this Agreement shall, to the extent practicable, be withdrawn from any Governmental Entity to which made.

Section 15. Survival. The representations and warranties of the Company and the Clinton-Flood Standby Purchasers contained in this Agreement or in any certificate delivered hereunder shall survive the Closing hereunder.

Section 16. Notices. All notices, communications and deliveries required or permitted by this Agreement shall be made in writing signed by the party making the same, shall specify the Section of this Agreement pursuant to which it is given or being made and shall be deemed

given or made (i) on the date delivered if delivered by in-person, (ii) on the third (3rd) Business Day after it is mailed if mailed by United States registered or certified mail (return receipt requested) (with postage and other fees prepaid), or (iii) on the day after it is delivered, prepaid, to an overnight express delivery service promising next business day delivery that confirms to the sender delivery on such day, as follows:

(a) If to the Company, at:

ICC Holdings, Inc.
c/o Illinois Casualty Company
225 20th Street
Rock Island, Illinois 61201
Attention: Arron K. Sutherland, President and Chief Executive Officer

(b) If to the Clinton-Flood Standby Purchasers, at:

or to such other representative or at such other address of a party as such party hereto may furnish to the other parties in writing in accordance with this Section 15. If notice is given pursuant to this Section 15 of any assignment to a permitted successor or assign of a party hereto, the notice shall be given as set forth above to such successor or permitted assign of such party.

Section 17. Assignment. This Agreement will be binding upon, and will inure to the benefit of and be enforceable by, the parties hereto and their respective successors and assigns. No party to this Agreement may assign this Agreement or any of its rights or obligations under this Agreement without the prior written consent of the other party hereto.

Section 18. Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties, or undertakings, other than those set forth or referred to herein, with respect to the transactions contemplated by this Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter of this Agreement.

Section 19. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (other than its rules of conflict of laws to the extent the application of the laws of another jurisdiction would be required thereby). The state courts of the County of Philadelphia, Pennsylvania and the United States District Court for the Eastern District of Philadelphia shall have the exclusive jurisdiction over any and all claims, lawsuits and litigation relating to or arising out of this Agreement, the subject matter hereof or the transactions contemplated hereby. Each party hereto hereby irrevocably (a) submits to the personal jurisdiction of such courts over such party in connection with any litigation, proceeding or other legal action arising out of or in connection with this Agreement, and (b) waives to the fullest extent permitted by law any objection to the venue of any such litigation, proceeding or action which is brought in any such court.

Section 20. Severability. If any provision of this Agreement or the application thereof to any Person or circumstances is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

Section 21. Extension or Modification of Rights Offering. Without the prior written consent of R. Kevin Clinton, on behalf of the Clinton-Flood Standby Purchasers, the Company may (a) waive irregularities in the manner of exercise of the Rights, and (b) waive conditions relating to the method (but not the timing) of the exercise of the Rights.

Section 22. Most Favored Nation. Except as disclosed or set forth herein, during the period from the date of this Agreement through the Closing Date, neither the Company nor its subsidiaries shall enter into any additional, or modify any existing, agreements with any existing or future investors in the Company or any of its subsidiaries that have the effect of establishing rights, imposing restrictions or otherwise benefiting such investor in a manner more favorable in any material respect to such investor than the rights, restrictions and benefits established with respect to the Clinton-Flood Standby Purchasers in this Agreement, unless, in any such case, this Agreement has been amended to provide the Clinton-Flood Standby Purchasers with such additional rights and benefits or reduced restrictions.

Section 23. Miscellaneous.

(a) The obligations of the Company and Illinois Casualty under this Agreement shall be joint and several.

(b) The Company shall not after the date of this Agreement enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to the Clinton-Flood Standby Purchasers in this Agreement.

(c) The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning of this Agreement.

(d) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which, when taken together, shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission, or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

ICC HOLDINGS, INC.

By: /s/ Arron K. Sutherland
Arron K. Sutherland
President and Chief Executive Officer

ILLINOIS CASUALTY COMPANY

By: /s/ Arron K. Sutherland
Arron K. Sutherland
President and Chief Executive Officer

CLINTON-FLOOD STANDBY PURCHASERS

R. Kevin Clinton Irrevocable Trust for Avery Anne Clinton u/a/d December 13, 2012

By: /s/ Marilyn J. Clinton
Name: Marilyn J. Clinton
Title: Trustee

Maximum Standby Purchase Commitment: 75,000

R. Kevin Clinton Irrevocable Trust for Connor Richard Clinton u/a/d December 13, 2012

By: /s/ Marilyn J. Clinton
Name: Marilyn J. Clinton
Title: Trustee

Maximum Standby Purchase Commitment: 75,000

R. Kevin Clinton Irrevocable Trust for Colleen Casey Clinton u/a/d December 13, 2012

By: /s/ Marilyn J. Clinton
Name: Marilyn J. Clinton
Title: Trustee

Maximum Standby Purchase Commitment: 75,000

R. Kevin Clinton Irrevocable Trust for Ryan Kevin Clinton u/a/d December 13, 2012

By: /s/ Marilyn J. Clinton
Name: Marilyn J. Clinton
Title: Trustee

Maximum Standby Purchase Commitment: 75,000

Marilyn J. Clinton Trust Agreement Dated August 29, 2001

By: /s/ Marilyn J. Clinton
Name: Marilyn J. Clinton
Title: Trustee

Maximum Standby Purchase Commitment: 150,000

R. Kevin Clinton, IRA

/s/ R. Kevin Clinton
R. Kevin Clinton, an adult individual

Maximum Standby Purchase Commitment: 150,000

Annette E. Flood IRA, Oppenheimer & Co., Cust.

/s/ Annette E. Flood
Annette E. Flood, an adult individual

Maximum Standby Purchase Commitment: 115,000

Clifford T. Flood IRA, Oppenheimer & Co., Cust.

/s/ Clifford T. Flood
Clifford T. Flood, an adult individual

Maximum Standby Purchase Commitment: 85,000

Schedule 1

Clinton Standby Purchasers

R. Kevin Clinton Irrevocable Trust for Avery Anne Clinton u/a/d December 13, 2012
R. Kevin Clinton Irrevocable Trust for Connor Richard Clinton u/a/d December 13, 2012
R. Kevin Clinton Irrevocable Trust for Colleen Casey Clinton u/a/d December 13, 2012
R. Kevin Clinton Irrevocable Trust for Ryan Kevin Clinton u/a/d December 13, 2012
Marilyn J. Clinton Trust Agreement Dated August 29, 2001
R. Kevin Clinton, IRA

Schedule 2

Flood Standby Purchasers

Annette E. Flood IRA, Oppenheimer & Co., Cust.
Clifford T. Flood IRA, Oppenheimer & Co., Cust.

Exhibit 10.5

Execution Version

PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this "**Agreement**") dated as of September 7, 2016, is entered into by and between ICC Holdings, Inc., a Pennsylvania corporation (the "**Company**"), Illinois Casualty Company, an Illinois mutual insurance company ("**Illinois Casualty**"), and Rock Island Investors, LLC, a Delaware limited liability company (the "**Standby Purchaser**").

W I T N E S S E T H:

WHEREAS, the Company proposes, as soon as practicable after the Registration Statement, as defined herein, becomes effective, to distribute to Eligible Members, as defined herein, of Illinois Casualty non-transferable rights (the "**Rights**") to subscribe for and purchase up to 3,680,000 shares of Common Stock of the Company (the "**Shares**") at a subscription price (the "**Subscription Price**") of $10.00 per share (such offering, the "**Subscription Offering**") in accordance with the Plan of Conversion, as defined herein, adopted by Illinois Casualty; and

WHEREAS, contemporaneously with the Subscription Offering, the Company will offer the Shares to the public at the Subscription Price (the "**Community Offering**"); and

WHEREAS, the Company has requested the Standby Purchaser to agree to purchase from the Company in the Community Offering upon expiration of the Subscription Offering, and the Standby Purchaser is willing to so purchase at the Subscription Price, up to a certain number of Shares not purchased in connection with the Subscription Offering; and

WHEREAS, the Company has requested that a limited number of other investors (the "**Other Standby Purchasers**" and, together with the Standby Purchaser, collectively, the "**Standby Purchasers**") to agree to purchase from the Company in the Community Offering upon expiration of the Subscription Offering, and the Other Standby Purchasers are willing to so purchase at the Subscription Price, up to a certain number of Shares not purchased in connection with the Subscription Offering;

WHEREAS, each of the Standby Purchasers has a substantive pre-existing relationship with the Company; and

WHEREAS, the Company may engage Griffin Financial Group, LLC ("**Griffin**") and other FINRA member broker-dealers to offer any of the Shares not sold in the Subscription Offering and the Community Offering to the public in a syndicated offering (the "**Syndicated Offering**" and together with the Subscription Offering and the Community Offering, the "**Offerings**").

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and intending to be legally bound, the parties hereto hereby agree as follows:

Section 1. <u>Certain Other Definitions</u>. The following terms used herein shall have the meanings set forth below:

"**90-Day Limit**" shall have the meaning given to such term in Section 9(c)(ii) hereof.

“**Adjusted Shareholders’ Equity**” shall mean the amount equal to (a) the Company’s shareholders’ equity (determined without regard to its accumulated other comprehensive income), each as calculated in accordance with GAAP, as reported in any Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed by the Company with the Commission (each, the “**Applicable Filing**”), *less* (b) the net proceeds from any offering of Equity Securities following the Closing Date, *plus* (c) the aggregate purchase amount of all repurchases of Equity Securities since the Closing Date through the date of the Applicable Filing by the Company, Illinois Casualty, their respective subsidiaries or the ESOP.

“**Affiliate**” shall have the meaning set forth in Rule 12b-2 under the Exchange Act and shall include Persons who become Affiliates of any Person subsequent to the date hereof.

“**Aggregate Maximum Standby Purchase Commitment**” shall have the meaning given to such term in Section 2(b) hereof.

“**Agreement**” shall have the meaning set forth in the preamble hereof.

“**Associate**” shall have the meaning set forth in Rule 12b-2 under the Exchange Act and shall include Persons who become Associates of any Person subsequent to the date hereof.

“**Bankruptcy and Equity Exception**” shall have the meaning given to such term in Section 3(b) hereof.

“**Board**” shall mean the board of directors of the Company.

“**Business Day**” shall mean any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the Commonwealth of Pennsylvania.

“**Clinton-Flood Standby Purchasers**” shall mean those Other Standby Purchasers, which includes R. Kevin Clinton, and are party to an Other Purchase Agreement. The Maximum Standby Purchase Commitment of the Clinton-Flood Standby Purchasers is $8,000,000.

“**Closing**” shall mean the closing of the purchase described in Section 2 hereof, which shall be held at 10:00 a.m. Eastern Time on the Closing Date at the offices of Stevens & Lee, 620 Freedom Business Center, King of Prussia, Pennsylvania 19406, or such other time and place as may be agreed to by the parties hereto.

“**Closing Date**” shall mean the date on which the closing of the sale of the Shares pursuant to the Offerings takes place.

“**Commission**” shall mean the United States Securities and Exchange Commission, or any successor agency thereto.

“**Common Stock**” shall mean the common stock of the Company, par value $0.01 per share.

“**Company**” shall have the meaning set forth in the preamble hereof.

“**Conversion Plan Approval**” shall mean the approval of the Plan of Conversion by the Department and the requisite vote of the Voting Members.

“**Department**” shall mean the Illinois Insurance Department.

“**Designated Securities**” shall have the meaning given to such term in Section 11(b) hereof.

“**Eligible Members**” shall mean the members of Illinois Casualty eligible to purchase Shares in the Subscription Offering.

“**Equity Securities**” shall include (i) any Common Stock, (ii) any security convertible into or exercisable or exchangeable for, with or without consideration, shares of the Common Stock (including any option to purchase such a convertible security), (iii) any security carrying any warrant or right to subscribe to or purchase any shares of the Common Stock, and (iv) any such warrant or right.

“**ESOP**” shall mean the employee stock ownership plan to be established by the Company prior to the commencement of the Offerings.

“**Exchange Act**” shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder.

“**Financial Statements**” has the meaning set forth in Section 3(g) hereof.

“**First Offer Termination Event**” shall mean the earliest to occur of (a) the seventh anniversary of the Closing Date, or (b) the first date upon which the Standby Purchaser no longer beneficially owns shares of the Common Stock representing more than five percent (5%) of the issued and outstanding shares of the Common Stock.

“**GAAP**” shall mean the current accounting principles generally accepted in the United States of America, consistently applied by the Company with prior practice.

“**Griffin**” shall have the meaning set forth in the recitals hereof.

“**Governmental Entity**” shall mean any federal or state court, administrative agency or commission or other governmental authority or instrumentality, other than the Department.

“**Gross Up Right**” shall have the meaning given to such term in Section 11(a) hereof.

“**Illinois Casualty**” shall have the meaning set forth in the recitals hereof.

“**including**” shall mean including, without limitation.

“**Law**” shall have the meaning given to such term in Section 6(d) hereof.

“**Material Adverse Effect**” shall mean (a) a material adverse effect on the financial condition, or on the earnings, operations, assets, business or prospects of the Company, Illinois

Casualty and their respective subsidiaries taken as a whole, or (b) the failure of Aaron K. Sutherland to continue to serve in his current executive role with the Company; provided, however, that in determining whether a Material Adverse Effect has occurred under clause (a), there shall be excluded any effect to the extent resulting from (i) actions or omissions of the Company or Illinois Casualty expressly required or contemplated by the terms of this Agreement, (ii) changes after the date hereof in general economic conditions in the United States, including financial market volatility or downturn, (iii) changes after the date hereof affecting generally the industries or markets in which the Company and Illinois Casualty operate, (iv) acts of war, sabotage or terrorism, military actions or the escalation thereof, or outbreak of hostilities, (v) any changes after the date hereof in applicable laws or accounting rules or principles, including changes in GAAP, or (vi) the announcement or pendency of the transactions contemplated by this Agreement; provided further, however, that any circumstance, event, change, development or effect referred to in clauses (ii), (iii), (iv) and (v) shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur to the extent that such circumstance, event, change, development or effect has a disproportionate effect on the Company and Illinois Casualty compared to other participants in the industries or markets in which the Company and Illinois Casualty operate.

“**Maximum Standby Purchase Commitment**” shall have the meaning given to such term in Section 2(a) hereof.

“**non-public information**” shall have the meaning given to such term in Section 6(d) hereof.

“**Offer Period**” shall have the meaning given to such term in Section 11(b) hereof.

“**Offered Shares**” shall have the meaning given to such term in Section 9(d) hereof.

“**Offering Expiration Date**” shall mean the date on which the Offerings expire.

“**Other Purchase Agreements**” shall have the meaning given to such term in Section 2(b) hereof.

“**Other Standby Purchasers**” shall have the meaning set forth in the recitals hereof.

“**Person**” shall mean individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

“**Plan of Conversion**” shall mean the plan of conversion adopted by Illinois Casualty in connection with its conversion from a mutual insurance company to a stock insurance company pursuant to Section 59.1 of the Illinois Insurance Code, 215 ILCS 5/59.1.

“**Prospectus**” shall mean the final Prospectus included in the Registration Statement for use in connection with the Offerings.

“**Public Sale Notice**” shall have the meaning given to such term in Section 9(d) hereof.

“**Purchased Shares**” shall have the meaning given to such term in Section 2(a) hereof.

“**Registration Statement**” shall mean the Company’s Registration Statement on Form S-1 under the Securities Act or such other appropriate form under the Securities Act, pursuant to which the shares of Common Stock to be issued in the Offerings will be registered pursuant to the Securities Act.

“**Rights**” shall have the meaning set forth in the recitals hereof.

“**Securities Act**” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder.

“**Shares**” shall have the meaning set forth in the recitals hereof.

“**Standby Purchaser**” shall have the meaning set forth in the preamble hereof.

“**Standby Purchasers**” shall have the meaning set forth in the recitals hereof.

“**Standstill Termination Event**” shall mean the earliest to occur of (a) the seventh anniversary of the Closing Date, or (b) the date on which the Company includes a balance sheet in a filing with the Commission in which the Adjusted Shareholders’ Equity at the end of such fiscal quarter is less than 85% of the Starting Shareholders’ Equity.

“**Starting Shareholders’ Equity**” shall mean the amount equal to (a) Illinois Casualty’s members’ equity (determined without regard to its accumulated other comprehensive income), each as calculated in accordance with GAAP, for the fiscal quarter ending immediately prior to the Closing Date (the “Measurement Date”), *plus* (b) the net proceeds from the Offerings, including the net proceeds from the Standby Purchasers.

“**Statutory Financial Statements**” has the meaning set forth in Section 3(h) hereof.

“**Subscription Agent**” shall have the meaning set forth in Section 6(a)(vi) hereof.

“**Subscription Offering**” shall have the meaning set forth in the recitals hereof.

“**Subscription Price**” shall have the meaning set forth in the recitals hereof.

“**Transfer**” shall have the meaning set forth in Section 9(a) hereof.

“**Unsubscribed Shares**” shall mean the number of Shares not purchased in connection with the Subscription Offering.

“**Voting Members**” shall mean the members of Illinois Casualty eligible to vote to adopt and approve the Plan of Conversion.

“**VWAP Price**” shall mean the average of daily volume weighted average price of the Common Stock on the NASDAQ Stock Market for the 20 trading days immediately preceding the date of the Public Sale Notice.

Section 2. Standby Purchase Commitment.

(a) Subject to the terms, conditions and limitations of this Agreement and to the availability of Shares after purchases made in the Subscription Offering, the Standby Purchaser agrees to purchase from the Company, at the Subscription Price, such number of Shares up to the number set forth opposite such Standby Purchaser's name on the signature page hereto (together, the "**Maximum Standby Purchase Commitment**") as may be determined pursuant to Sections 2(b) and 2(c) hereof (such number of Shares purchased being the "**Purchased Shares**").

(b) The number of Shares to be sold by the Company to the Standby Purchaser pursuant to this Agreement and to the Other Standby Purchasers pursuant to purchase agreements nearly identical to this Agreement (the "**Other Purchase Agreements**") shall be 1,400,000 (the "**Aggregate Maximum Standby Purchase Commitment**").

(c) Subject to the terms of this Agreement, if the number of Unsubscribed Shares is:

(i) equal to or greater than the Aggregate Maximum Standby Purchase Commitment, then the Standby Purchaser agrees to purchase from the Company a number of Shares equal to the Maximum Standby Purchase Commitment at the Subscription Price per Share, or

(ii) greater than zero but less than the Aggregate Maximum Standby Purchase Commitment, then

(A) each Clinton-Flood Standby Purchaser agrees to purchase from the Company, at the Subscription Price per Share, a number of Unsubscribed Shares equal to (x) if the total of the Maximum Standby Purchase Commitments of the Clinton-Flood Standby Purchasers is an amount greater than the Unsubscribed Shares, the product of (I) the proportion of the total of the Maximum Standby Purchase Commitments of the Clinton-Flood Standby Purchasers represented by such Clinton-Flood Standby Purchaser's Maximum Standby Purchase Commitment, expressed as a fraction, multiplied by (II) the number of Unsubscribed Shares, or (y) in any other case under this clause (ii), the Clinton-Flood Standby Purchaser's Maximum Standby Purchase Commitment; following which purchase the number of Unsubscribed Shares shall be reduced by the number of Shares purchased by the Clinton-Flood Standby Purchasers under this Section 2(c)(ii)(A); and

(B) if, following the purchase of Shares by the Clinton-Flood Standby Purchasers pursuant to Section 2(c)(ii)(A), the number of Unsubscribed Shares is greater than zero, then the Standby Purchaser agrees to purchase from the Company at the Subscription Price per Share a number of Shares equal to the product of (x) the number of Unsubscribed Shares and (y) the quotient obtained by dividing the (I) the Maximum Standby Purchase Commitment by (II) the difference between the Aggregate Maximum Standby Purchase Commitment and the Maximum Standby Purchase Commitment of the Clinton-Flood Standby Purchasers.

(d) Payment of the Subscription Price for the Purchased Shares shall be made, on the Closing Date, against delivery of certificates or a book entry statement evidencing the Purchased Shares, in United States dollars by means of a wire transfer of immediately available funds.

Section 3. Representations and Warranties of the Company. The Company represents and warrants as of the date hereof and as of the Closing Date (except for the representations and warranties that are as of a specific date, which shall be made as of such date) to the Standby Purchaser as follows:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted. Illinois Casualty is a mutual insurance company duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted. The copies of the organizational documents of the Company and Illinois Casualty which have been provided to the Standby Purchaser are complete and correct and in full force and effect. The Company has no joint venture or similar arrangement, no subsidiaries, no significant assets or liabilities, and it is not engaged in any business.

(b) This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes a binding obligation of the Company enforceable against it in accordance with its terms, subject to (i) the application of bankruptcy, receivership, conservatorship, reorganization, insolvency and similar laws affecting creditors' rights generally and (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought (clauses (i) and (ii) collectively, the "**Bankruptcy and Equity Exception**").

(c) The authorized capital of the Company consists of (i) 10,000,000 shares of Common Stock, none of which shares were issued and outstanding as of the date of this Agreement, and (ii) 1,000,000 shares of preferred stock, none of which preferred stock has been issued, as of the date hereof. Except for equity awards to be granted to management upon completion of the Offerings as described in the Registration Statement and the Other Purchase Agreements, there are no options, warrants, subscriptions, calls, rights, convertible securities or other agreements or commitments obligating the Company to issue, transfer, sell, redeem, repurchase or otherwise acquire any shares of its capital stock.

(d) At the time the Registration Statement becomes effective, the Registration Statement will comply in all material respects with the requirements of the Securities Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, at the time the Registration Statement becomes effective and at the Closing Date, will not include an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with the information furnished to the Company in writing by the Standby Purchaser for use in the Registration Statement or in the Prospectus.

(e) All of the Shares and the Purchased Shares will have been duly authorized for issuance prior to the Closing (assuming the Conversion Plan Approval has been obtained), and, when issued and distributed as set forth in the Prospectus, will be validly issued, fully paid and non-assessable; and none of the Shares will have been issued in violation of the preemptive rights of any security holders of the Company arising as a matter of law or under or pursuant to the Company's Articles of Incorporation, as amended, the Company's bylaws, as amended, or any agreement or instrument to which the Company is a party or by which it is bound.

(f) Neither the execution, delivery or performance of this Agreement or the Plan of Conversion by the Company or Illinois Casualty, nor the consummation by the Company or Illinois Casualty of the transactions contemplated hereby or thereby, will: (i) conflict with or result in any breach of any provisions of the organizational documents of the Company or Illinois Casualty; (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, vesting, payment, exercise, acceleration, suspension or revocation) under, any of the terms, conditions or provisions of any note, bond, mortgage, deed of trust, security interest, indenture, license, contract, agreement, plan or other instrument or obligation to which the Company or Illinois Casualty is a party or by which it or any of their properties or assets may be bound; (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Company, Illinois Casualty or any of their properties or assets; (iv) result in the creation or imposition of any lien on any asset of the Company or Illinois Casualty; or (v) cause the suspension or revocation of any permit, license, governmental authorization, consent or approval necessary for the Company or Illinois Casualty to conduct its business as currently conducted, except in the case of clauses (ii), (iii), (iv) and (v) for violations, breaches, defaults, terminations, cancellations, accelerations, creations, impositions, suspensions or revocations which would not individually or in the aggregate have or be reasonably likely to result in a Material Adverse Effect. Except for the Conversion Plan Approval, no vote of any member or holder of any other interest of Illinois Casualty (equity or otherwise), is required to consummate the transactions contemplated by this Agreement or the Plan of Conversion.

(g) Illinois Casualty has delivered to the Standby Purchaser complete and correct copies of the Financial Statements. The Financial Statements have been derived from the accounting books and records of Illinois Casualty and have been prepared on a basis consistent with GAAP, subject, in the case of interim unaudited Financial Statements, only to normal recurring year-end adjustments. The Financial Statements present fairly in all material respects the consolidated financial position of Illinois Casualty as at the respective dates thereof, and the consolidated statements of income, cash flow and equity included in the Financial Statements present fairly in all material respects the consolidated results of operations, cash flows and consolidated equity of Illinois Casualty for the respective periods indicated. The term "**Financial Statements**" means the unaudited consolidated financial statements of Illinois Casualty as at and for the three-month period ended March 31, 2016 and the audited consolidated financial statements of Illinois Casualty as at and for the years ended December 31, 2015, December 31, 2014 and December 31, 2013, including in each case a consolidated balance sheet and consolidated statements of income, cash flow and equity, as previously made available to the Standby Purchaser.

(h) The annual statements of Illinois Casualty for the years ended December 31, 2015, December 31, 2014 and December 31, 2013 and the quarterly statements of Illinois Casualty for the quarters ended March 31, June 30, and September 30, 2015 and March 31, 2016 as filed with the Department (collectively, together with all exhibits and schedules thereto, the "**Statutory Financial Statements**") have been prepared in accordance with the accounting practices prescribed or permitted by the Department, and such accounting practices have been applied on a consistent basis throughout the periods involved, except as expressly set forth in the notes, exhibits or schedules thereto, and the Statutory Financial Statements present fairly in all material respects the financial position and the results of operations for Illinois Casualty as of the dates and for the periods therein in accordance with such accounting practices. Illinois Casualty has made available to the Standby Purchaser true and complete copies of all examination reports of the Department and any insurance regulatory agencies since January 1, 2013, relating to Illinois Casualty. Illinois Casualty has delivered to the Standby Purchaser true and complete copies of the Statutory Financial Statements.

(i) Since December 31, 2015, there has been no event or condition that, individually or in the aggregate, has had (or is reasonably likely to result in) a Material Adverse Effect, and Illinois Casualty has in all material respects conducted its business in the ordinary course consistent with past practice.

(j) Except for insurance claims litigation arising in the ordinary course of business for which adequate reserves have been established, there is no suit, action, proceeding or investigation (whether at law or equity, before or by any Government Entity or before any arbitrator) pending or, to the knowledge of Illinois Casualty, threatened against or affecting Illinois Casualty, the outcome of which would individually or in the aggregate have or be reasonably likely to result in a Material Adverse Effect, nor is there any judgment, decree, injunction, rule or order of any Government Entity or arbitrator outstanding against Illinois Casualty that would individually or in the aggregate have or be reasonably likely to result in a Material Adverse Effect.

(k) The aggregate reserves of Illinois Casualty as recorded in the Financial Statements and Statutory Financial Statements have been determined in accordance with generally accepted actuarial principles consistently applied (except as set forth therein). The insurance reserving practices and policies of Illinois Casualty have not changed, in any material respect, since December 31, 2015, and the results of the application of such practices and policies are reflected in the Financial Statements and Statutory Financial Statements. All reserves of Illinois Casualty set forth in the Financial Statements and Statutory Financial Statements are fairly stated in accordance with sound actuarial principles and meet the requirements of the insurance laws of the State of Illinois, except where the failure to so state such reserves or meet such requirements would not have or be reasonably likely to result in a Material Adverse Effect.

(l) Except for (i) a board seat in favor of the Clinton-Flood Standby Purchasers, with corresponding carveouts in Section 10 in connection with such Person's service on the Company's board of directors, and (ii) a relaxation of Section 9(a) solely with respect to the death or disability of Mr. R. Kevin Clinton and/or his spouse, no Other Standby Purchaser has the benefit of any term or condition of purchase of Common Stock that is more favorable to such Other Standby Purchaser than the terms and conditions of purchase afforded to the Standby Purchaser in this Agreement.

Section 4. Representations and Warranties of the Standby Purchaser. The Standby Purchaser represents and warrants as of the date hereof and as of the Closing Date (except for the representations and warranties that are as of a specific date, which shall be made as of such date) to the Company as follows:

(a) The Standby Purchaser, if an entity, is duly organized, validly existing and in good standing (to the extent such concept is applicable) under the laws of the jurisdiction in which it is organized and has the requisite organizational power and authority to enter into and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. Assuming the correctness of the representations and warranties made by the Company in Section 3 hereof, the execution and delivery of this Agreement by the Standby Purchaser and performance by the Standby Purchaser of the transactions contemplated hereby have been duly authorized by all necessary corporate or, if the Standby Purchaser is not a corporation, such partnership, limited liability company or other applicable like action, on the part of the Standby Purchaser, and no further consent or authorization in connection therewith is required by the Standby Purchaser, its board of directors or its shareholders, or if the Standby Purchaser is not a corporation, such partnership, limited liability company or other applicable like action, on the part of the Standby Purchaser. This Agreement has been duly executed by the Standby Purchaser, and when delivered by the Standby Purchaser in accordance with the terms of this Agreement and thereof, will constitute the legal, valid and binding obligations of the Standby Purchaser, enforceable against it in accordance with its respective terms, subject to the Bankruptcy and Equity Exception.

(b) The Standby Purchaser was contacted by the Company or Griffin with respect to a potential investment in the Shares. The Standby Purchaser understands that the Standby Purchaser is acquiring the Purchased Shares in the ordinary course of its business directly from the Company (and not from Griffin), as principal for its own account, with no present intention of dividing its participation with others or reselling or otherwise distributing the same in violation of the Securities Act or any applicable state securities laws. The Standby Purchaser does not presently have any agreement or understanding, directly or indirectly, with any Person to: (i) distribute any of the Purchased Shares; (ii) hold or to dispose of the Purchased Shares; or (iii) acquire any Purchased Shares from any other Person other than from the Company pursuant to this Agreement. Notwithstanding the foregoing, except as otherwise set forth in this Agreement, by making the representations herein, the Standby Purchaser does not agree to hold any of the Purchased Shares for any minimum or other specific term.

(c) The Standby Purchaser is an “accredited investor” as that term is defined in Rule 501(a) of Regulation D. The Standby Purchaser is not a registered broker-dealer under Section 15 of the Exchange Act, or an unregistered broker-dealer engaged in the business of being a broker-dealer. To the extent that the Standby Purchaser is utilizing or has utilized a representative to assist it in the evaluation of an investment in the Purchased Shares, the Standby Purchaser has provided the requested information about such representative as set forth on the Standby Purchaser’s signature page hereto, and all such information is correct and complete.

(d) The Standby Purchaser is not purchasing the Purchased Shares as a result of any advertisement, article, notice or other communication regarding the Purchased Shares published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general advertisement.

(e) The Standby Purchaser understands that the Purchased Shares are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and regulations.

(f) The Standby Purchaser believes that it is not a "group" within the meaning of Section 13(d)(3) of the Exchange Act with any Other Standby Purchasers.

Section 5. Deliveries at Closing.

(a) At the Closing, the Company shall deliver to the Standby Purchaser the following:

(i) a certificate or certificates or a book entry statement representing the number of shares of Common Stock issued to the Standby Purchaser pursuant to Section 2 hereof; and

(ii) a certificate of an officer of the Company certifying on its behalf to the effect that the conditions set forth in Sections 8(a) and 8(c) have been satisfied on and as of the Closing Date.

(b) At the Closing, the Standby Purchaser shall deliver to the Company the following:

(i) payment of the Subscription Price of the Shares purchased by the Standby Purchaser, as set forth in Section 2(a) hereof; and

(ii) a certificate of the Standby Purchaser certifying to the effect that the conditions set forth in Sections 8(b) and 8(c) have been satisfied on and as of the Closing Date.

Section 6. Covenants.

(a) The Company agrees as follows between the date hereof and the Closing Date:

(i) to as soon as reasonably practical file with the Commission the Registration Statement;

(ii) to use reasonable best efforts to cause the Registration Statement and any amendments thereto to become effective as promptly as practical;

(iii) to use reasonable best efforts to effectuate the Offerings;

(iv) as soon as reasonably practical after the Company is advised or obtains knowledge thereof, to advise the Standby Purchaser with a confirmation in writing, of (A) the

time when the Registration Statement or any amendment thereto has been filed or declared effective or the Prospectus or any amendment or supplement thereto has been filed, (B) the issuance by the Commission of any stop order, or of the initiation or threatening of any proceeding suspending the effectiveness of the Registration Statement or any amendment thereto or any order preventing or suspending the use of any preliminary prospectus or the Prospectus or any amendment or supplement thereto, (C) the issuance by any state securities commission of any notice of any proceedings for the suspension of the qualification of the Shares for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose, (D) the receipt of any comments from the Commission, and (E) any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information. The Company will use its reasonable best efforts to prevent the issuance of any such order or the imposition of any such suspension and, if any such order is issued or suspension is imposed, to obtain the withdrawal thereof as promptly as practical;

(v) to operate the Company's business, and cause Illinois Casualty to operate its business, in the ordinary course of business consistent with past practice;

(vi) to notify, or to cause the subscription agent for the Subscription Offering (the "**Subscription Agent**") to notify, the Standby Purchaser on each Friday during the exercise period of the Rights, or more frequently if reasonably requested by the Standby Purchaser, of the aggregate number of Shares known by the Company or the Subscription Agent to have been subscribed for or ordered in the Subscription Offering as of the close of business on the preceding Business Day or the most recent practical time before such request, as the case may be;

(vii) not to issue any shares of capital stock of the Company, or options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, securities convertible into or exchangeable for capital stock of the Company, or other agreements or rights to purchase or otherwise acquire capital stock of the Company, except for shares of Common Stock issuable in the Offerings and equity awards to management as described in the Registration Statement;

(viii) not to authorize any stock split, stock dividend, stock combination or similar transaction affecting the number of issued and outstanding shares of Common Stock or shares of the Company's preferred stock;

(ix) not to declare or pay any dividends or repurchase any shares of Common Stock or shares of the Company's preferred stock; and

(x) not to incur any indebtedness or guarantees thereof, other than trade payables in the ordinary course of business and consistent with past practice.

(b) The Standby Purchaser agrees as follows between the date hereof and the Closing Date:

(i) it shall be a condition precedent to the obligations of the Company to complete the registration or qualification pursuant to Section 6(a) hereof that the Standby

Purchaser shall timely furnish to the Company in writing such information regarding itself and the distribution proposed by the Standby Purchaser as shall be reasonably requested by the Company and as shall be required to effect such registration or qualification and shall timely execute such documents in connection with such registration as the Company may reasonably request; and

(ii) to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statement and the qualification of the resale of the Purchased Shares under applicable "blue sky" laws hereunder.

(c) Each of the Standby Purchaser and the Company will cooperate with the other and use commercially reasonable efforts to promptly prepare all necessary documentation, to effect all necessary filings and to obtain all necessary permits, consents, waivers, approvals and authorizations of the Commission, the Department and any other third parties or Governmental Entities, necessary or desirable to consummate the purchase of the Purchased Shares by the Standby Purchaser contemplated by this Agreement. The Standby Purchaser and the Company will furnish each other and each other's counsel with all information concerning themselves, their subsidiaries, directors, officers and shareholders and such other matters as may be necessary or advisable in connection with any application, petition or any other statement or application made by or on behalf of the Standby Purchaser or the Company to the Department or Governmental Entity in connection with the purchase of the Purchased Shares by the Standby Purchaser contemplated by this Agreement. The Standby Purchaser shall notify the Company promptly of the receipt of any comments of the Department or Governmental Entity with respect to such filings.

(d) After the Closing, if and for so long as the Standby Purchaser beneficially owns two percent (2.0%) of the issued and outstanding shares of the Common Stock and a Standstill Termination Event has not occurred, the Company shall provide the Standby Purchaser with reasonable opportunities upon reasonable notice and during regular business hours to discuss with the senior management of the Company at least on a quarterly basis, the business and operations of the Company, with at least one of those meetings each year to be held, if requested by the Standby Purchaser, in-person at the Company's offices or such other mutually agreeable location. The Standby Purchaser hereby acknowledges that it is aware, and it agrees that it will advise its representatives, agents, advisors, Affiliates and Associates who are informed as to the matters which are the subject of this provision (collectively, its "**Representatives**"), that the United States securities laws prohibit any Person who has received material, non-public information concerning the Company or the matters which are the subject of this provision from purchasing or selling securities of the Company or from communicating such information to any other Person. The Standby Purchaser agrees, and shall instruct its Representatives, to (i) keep such non-public information provided by the Company strictly confidential, (ii) use the same degree of care to protect such non-public information as each would use to protect its own non-public information of a similar nature, but in no event with less than reasonable care, and (iii) not disclose the non-public information in any manner whatsoever to any Person, except with the specific prior written consent of the Company. As used in this Section 6(d), "**non-public information**" shall not include information which (a) is or becomes public knowledge other than as a result of a breach of the obligations of the Standby Purchaser or

its Representatives (as defined below); (b) was known to the Standby Purchaser prior to the date of this Agreement, except as provided to the Standby Purchaser pursuant to a confidentiality agreement with Illinois Casualty; (c) becomes available without restriction from a third party not known by the Standby Purchaser to be under any confidentiality obligation to the Company with respect thereto; or (d) is developed by the Standby Purchaser or its Representatives without use of the Company's non-public information. In the event that the Standby Purchaser or any of its Representatives are requested or required by law, regulation, deposition, interrogatory, request for documents, subpoena, civil investigative demand, administrative regulatory requirement, order, decree or the rules of any applicable stock exchange or similar legal process (collectively, "**Law**") to disclose any of the foregoing non-public information, the Standby Purchaser shall (or will direct its Representatives to) provide the Company with prompt prior written notice of such requirement to the extent permissible under applicable Law and reasonably practicable under the circumstances in order to enable the Company to (A) seek an appropriate protective order or other remedy or (B) waive compliance, in whole or in part, with the terms of this Agreement; and the Standby Purchaser or such Representative shall consult and reasonably cooperate with the Company, at the Company's expense, with respect to taking steps to resist or narrow the scope of such request or requirement. If, in the absence of a protective order, the Standby Purchaser or such Representative are nonetheless, in the opinion of counsel of such Standby Purchaser or such Representative, as applicable, required by applicable Law to disclose the foregoing non-public information, the Standby Purchaser or such Representative shall (I) furnish only that portion of the foregoing non-public information that, based upon advice of legal counsel, is legally required, (II) give advance notice to the Company of the information to be disclosed as far in advance as is legally permissible and practical, and (III) exercise commercially reasonable efforts, at the Company's expense, to obtain reliable assurance that confidential treatment will be accorded such non-public information.

(e) The Company shall at all times reserve and hold available sufficient number of shares of Common Stock to satisfy its obligations under this Agreement.

Section 7. Public Statements. Neither the Company nor the Standby Purchaser shall issue any public announcement, statement or other disclosure with respect to this Agreement or the transactions contemplated hereby without the prior consent of the other party hereto, which consent shall not be unreasonably withheld or delayed, except if such public announcement, statement or other disclosure is required by applicable law or applicable stock market regulations, in which case the disclosing party shall consult in advance with respect to such disclosure with the other parties to the extent reasonably practicable.

Section 8. Conditions to Closing.

(a) The obligations of the Standby Purchaser to consummate the transactions contemplated hereunder are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) the representations and warranties of the Company in Section 3 shall be true and correct in all respects as of the date hereof and at and as of the Closing Date as if made on such date, except where the failure to be true and correct (without regard to any materiality or Material Adverse Effect qualifications contained therein), would not reasonably be expected to

have, individually or in the aggregate, a Material Adverse Effect (and except that (1) representations and warranties made as of a specified date shall be true and correct as of such date and (2) the representations and warranties of the Company set forth in Sections 3(a), 3(b), 3(c), 3(e), 3(f)(i) and 3(i) shall be true and correct in all respects);

(ii) the Company and Illinois Casualty shall have performed in all material respects all of their respective obligations under this Agreement required to be performed on or prior to the Closing Date;

(iii) as of the Closing Date, none of the following events shall have occurred and be continuing: (A) trading in the Common Stock shall have been suspended by the Commission or trading in securities generally on The New York Stock Exchange or The Nasdaq Capital Market shall have been suspended or limited or minimum prices shall have been established on either such exchange, (B) a banking moratorium shall have been declared either by U.S. federal or New York State authorities, or (C) there shall have occurred any material outbreak or material escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis which has a material adverse effect on the U.S. financial markets;

(iv) the gross proceeds from the Offerings, including the purchases by the Other Standby Purchasers and assuming the purchase of the Purchased Shares by the Standby Purchaser, is equal to or less than $35,000,000; and

(v) since the date of this Agreement, a Material Adverse Effect shall not have occurred and no change or other event shall have occurred that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The obligations of the Company to consummate the transactions contemplated hereunder are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) The representations and warranties of the Standby Purchaser in Section 4 shall be true and correct in all material respects as of the date hereof and at and as of the Closing Date as if made as of such date (except for representations and warranties made as of a specified date, which shall be true and correct in all material respects as of such specified date); and

(ii) the Standby Purchaser shall have performed in all material respects all of its obligations under this Agreement required to be performed on or prior to the Closing Date.

(c) The obligations of each of the Company and the Standby Purchaser to consummate the transactions contemplated hereunder in connection with the Offerings are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) no judgment, injunction, decree or other legal restraint shall be outstanding, nor shall any action, suit, claim, investigation or other legal proceeding be pending that would reasonably be expected to prohibit, or have the effect of rendering unachievable, the consummation of the Offerings or the transactions contemplated by this Agreement;

(ii) the Registration Statement shall have been filed with the Commission and declared effective; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and any request of the Commission for inclusion of additional information in the Registration Statement or otherwise shall have been complied with;

(iii) at least two-thirds of the votes cast by the Voting Members voting at the meeting of the Voting Members called for such purpose shall have voted to adopt and approve the Plan of Conversion and the transactions contemplated thereunder;

(iv) all consents and approvals of the Department and any other regulatory body or agency necessary to consummate the transactions contemplated by this Agreement shall have been obtained and all notice and waiting periods required by law to pass after receipt of such approvals or consents shall have passed; and

(v) the Shares shall have been authorized for listing on the Nasdaq Capital Market.

Section 9. Restrictions on Transfer.

(a) Except as set forth in Section 9(c), the Standby Purchaser shall not, and shall ensure that their respective Affiliates do not, directly or indirectly, purchase, sell, transfer, assign, lend, convey, gift, mortgage, pledge, encumber, hypothecate or otherwise dispose of, directly or indirectly (“**Transfer**”), any shares of the Common Stock. Any purported Transfers of shares of the Common Stock in violation of this Section 9 shall be null and void and no right, title or interest in or to such shares shall be Transferred to the purported transferee, buyer, donee, assignee or encumbrance holder. The Company will not give, and will not permit the Company’s transfer agent to give, any effect to such purported Transfer in its stock records. Following the Closing Date, the Standby Purchaser agrees to cooperate with the Company as reasonably requested by the Company in connection with the qualification of the resale of the Purchased Shares under the Securities Act and applicable “blue sky” laws hereunder.

(b) The Standby Purchaser understands and agrees that the Purchased Shares will bear a legend substantially similar to the legend set forth below in addition to any other legend that may be required by applicable law or by any agreement between the Company and any of the Standby Purchaser. The legend shall be removed to permit Transfers made in accordance with Sections 9(c)(ii), 9(c)(iii) and 9(c)(iv) unless prohibited by the Securities Act. Alternatively, upon receipt of certifications from the Standby Purchaser reasonably satisfactory to the Company’s counsel, the Company shall cause the legend to be removed in accordance with, and pursuant to, Rule 144 promulgated under the Securities Act and any other applicable federal and state securities laws.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED AND/OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES

ACT OF 1933, AS AMENDED, AND REGISTRATION AND/OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, (B) IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND REGISTRATION AND/OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS PROVIDED THAT AT THE ISSUER'S REQUEST, THE TRANSFEROR THEREOF SHALL HAVE DELIVERED TO THE ISSUER AN OPINION OF COUNSEL (WHICH OPINION SHALL BE IN FORM, SUBSTANCE AND SCOPE REASONABLY SATISFACTORY TO THE ISSUER) TO THE EFFECT THAT SUCH SECURITIES MAY BE SOLD OR TRANSFERRED PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION, OR (C) SUCH SECURITIES MAY BE SOLD PURSUANT TO RULE 144 PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

(c) The provisions of Section 9(a) hereof shall not apply to any of the following Transfers by the Standby Purchaser of any shares of Common Stock:

(i) (A) such Standby Purchaser's spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) and the spouses of each such natural persons (collectively, "**Family Members**"), (B) a trust under which the distribution of such shares of Common Stock may be made only to the Standby Purchaser and/or any Family Member of the Standby Purchaser, (iii) a charitable remainder trust, the income from which will be paid to such the Standby Purchaser during his life, (iv) a corporation, partnership or limited liability company, the shareholders, partners or members of which are only the Standby Purchaser and/or Family Members of the Standby Purchaser, or (v) by will or by the laws of intestate succession, to the Standby Purchaser's executors, administrators, testamentary trustees, legatees or beneficiaries; *provided*, that the Standby Purchaser who Transfers any shares of Common Stock hereunder shall remain bound by the provisions of this Sections 9 and Section 10 hereof;

(ii) beginning on the third anniversary of the Closing Date, by offering or selling to Persons (other than to Persons party hereto or pursuant to clause (iv) below) shares of Common Stock pursuant to Section 9(d) hereof not more than six and one-quarter percent (6-1/4%) of the number equal to the Purchased Shares every ninety (90) days (the "**90-Day Limit**");

(iii) any sale pursuant to a tender or exchange offer to an acquiror seeking to acquire 100% of the Common Stock of the Company that has been approved by the Board prior to such sale; and

(iv) any Transfer to one or more members or Affiliates of the Standby Purchaser, provided that such member or Affiliate executes a written agreement in a form reasonably satisfactory to the Company to be bound by the terms and conditions hereof.

(d) If and for so long as the Standby Purchaser beneficially owns any shares of the Common Stock and a First Offer Termination Event has not occurred, the Standby Purchaser shall provide the Company with not less than thirty (30) days prior written notice (the "Public Sale Notice") on each occasion before offering to sell to Persons (other than to Persons party hereto or pursuant to Section 9(c)(iv) above) any shares of Common Stock that it is permitted to sell under the Securities Act (the "Offered Shares"). Either the Company or the ESOP shall have a right to purchase individually or together, in either case on or before the expiration of such thirty (30) days, all or any portion of such Offered Shares at a price per share equal to the greater of (i) the VWAP Price, or (ii) the product obtained by multiplying the percentage set forth in the

chart below and the Company's then book value as calculated in accordance with GAAP for the most recent quarter preceding the date of the Public Sale Notice by at least forty-five (45) days. The chart for the foregoing sentence is as follows:

Time Period for Receipt of Public Sale Notice		Percentage
Beginning on the third anniversary of the Closing Date and ending on the day immediately prior to the fourth anniversary of the Closing Date	—	85%
Beginning on the fourth anniversary of the Closing Date and ending on the day immediately prior to the fifth anniversary of the Closing Date	—	90%
Beginning on the fifth anniversary of the Closing Date and thereafter	—	95%

If the Company and the ESOP fail (A) to exercise the foregoing right with respect to such Offered Shares within thirty (30) days after receipt of the Public Sale Notice or (B) to complete the purchase of such Offered Shares (including obtaining any required regulatory approvals) within seventy-five (75) days of receipt of such Public Sale Notice, the Standby Purchaser may sell such Offered Shares in the market in accordance with Section 9(c)(ii) hereof. Any repurchase by the Company pursuant to this Section 9(d) is subject to the prior approval of the Department, to the extent required under applicable Illinois law governing mutual-to-stock conversions or distributions by Illinois Casualty. Any purchase by the ESOP pursuant to this Section 9(d) is subject to the satisfaction any fiduciary duty imposed by Employee Retirement Income Security Act of 1974, as amended, or regulations promulgated thereunder on the trustee(s) of the ESOP.

Section 10. Post-Closing Standstill Provision. If and for so long as the Standby Purchaser beneficially owns two percent (2.0%) of the issued and outstanding shares of the Common Stock and a Standstill Termination Event has not occurred, the Standby Purchaser agrees that, without the prior written consent of the Board as specifically expressed in a resolution adopted by a majority of the entire membership of the Board (other than a designee of any of the Standby Purchasers), neither the Standby Purchaser, nor any of its Affiliates or Associates nor any Person acting at their direction or on their behalf, will, directly or indirectly:

(a) with respect to the Company or Common Stock, make, engage or in any way participate in, directly or indirectly, any "solicitation" (as such term is used in the proxy rules of the Commission) of proxies or consents (whether or not relating to the election or removal of directors); seek to advise, encourage or influence any Person with respect to the voting of any Common Stock (other than Affiliates or Associates); initiate, propose or otherwise "solicit" (as such term is used in the proxy rules of the Commission) shareholders of the Company for the approval of shareholder proposals whether made pursuant to Rule 14a-8 or Rule 14a-4 under the Exchange Act, or otherwise, or cause or encourage or attempt to cause or encourage any other Person to initiate any such shareholder proposal; otherwise communicate with the Company's shareholders or others pursuant to Rule 14a-1(l)(2)(iv) under the Exchange Act; or participate in, or take any action pursuant to, any "shareholder access" proposal which may be adopted by the Commission, whether in accordance with previously proposed Rule 14a-11 or otherwise;

(b) seek, propose, or make any statement with respect to any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, restructuring, recapitalization or similar transactions of or involving the Company or any of its Affiliates or Associates;

(c) except as otherwise permitted by this Agreement, acquire, offer or propose to acquire, or agree to acquire (except by way of stock dividends, stock splits, reverse stock splits or other distributions or offerings made available to holders of any shares of Common Stock generally), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) or otherwise, any shares of Common Stock, Equity Securities, or any loans, debt securities, or assets of the Company or any of its subsidiaries, or rights or options to acquire interests in any of the loans, debt securities, equity securities or assets of the Company or any of its subsidiaries (it being understood that this clause (c) shall not apply to any acquisition by any investment entity of which any member of the Standby Purchaser or any of such member's Affiliates or Associates is a passive investor even though such investment entity may be deemed an Affiliate or Associate of the Standby Purchaser);

(d) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any shares of Common Stock, other than a group composed solely of the Standby Purchaser and the Standby Purchaser's Family Members;

(e) deposit any shares of Common Stock in any voting trust or subject any shares of Common Stock to any arrangement or agreement with respect to the voting of any shares of Common Stock;

(f) act alone or in concert with others to control or seek to control, or influence or seek to influence, the management, the Board or policies of the Company;

(g) make any demand or request for any shareholder list, or any related material, or for the books and records of the Company or its Affiliates;

(h) seek, alone or in concert with others, election or appointment to or representation on, or nominate or propose the nomination of any candidate to, the Board, or seek the removal of any member of the Board, in a manner inconsistent with this Agreement;

(i) have any discussions or communications, or enter into any arrangements, understanding or agreements (whether written or oral) with, or knowingly, instigate, advise, finance, assist or encourage, any other Person in connection with any of the foregoing (including by granting any waiver to any legal, financial, public relations, proxy solicitation or other firm that represented or was engaged by the Standby Purchaser, its Affiliates, Associates or any of their legal counsel with respect to the Company, which waiver would permit any such firm to represent any Person in connection with matters relating to the Company), or make any investment in or enter into any arrangement with any other Person that engages, or offers or proposes to engage, in any of the foregoing;

(j) make or disclose any statement regarding any intent, purpose, plan or proposal with respect to the Board, the Company, its management, policies or affairs or any of its securities or assets or this Agreement that is inconsistent with the provisions of this Agreement, including any intent, purpose, plan or proposal that is conditioned on, or would require waiver, amendment, nullification or invalidation of, any provision of this Agreement or take any action that could require the Company to make any public disclosure relating to any such intent, purpose, plan, proposal or condition; or

(k) otherwise take, or solicit, cause or encourage others to take, any action inconsistent with any of the foregoing.

Section 11. Post-Closing Pre-Emptive Rights.

(a) Subject to applicable securities laws, other than the Offerings, following the Closing Date, the Standby Purchaser shall have the right to purchase (its "**Gross Up Right**") its pro rata share of all Equity Securities, as defined below, that the Company may, from time to time, propose to sell and issue after the date of this Agreement, other than the Equity Securities excluded by Section 11(e) hereof. The Standby Purchaser's pro rata share is equal to the ratio of (i) the total number of outstanding shares of the Common Stock that the Standby Purchaser is deemed to be a holder immediately prior to the issuance of such Equity Securities to (ii) the total number of shares of the outstanding Common Stock (including all shares of the Common Stock issued or issuable upon conversion of any securities convertible into the Common Stock or upon the exercise of any outstanding warrants or options) immediately prior to the issuance of the Equity Securities.

(b) If the Company proposes to issue any Equity Securities, it shall give the Standby Purchaser written notice of its intention, describing the Equity Securities and the price and the terms and conditions upon which the Company proposes to issue the same. The Standby Purchaser shall have twenty (20) days from the receipt of such notice (the "**Offer Period**") to notify the Company in writing that it intends to exercise its Gross Up Right and as to the amount of Equity Securities the Standby Purchaser intends to purchase, up to the maximum calculated in accordance with Section 11(a) hereof (the "**Designated Securities**"); provided, however, that if providing the Standby Purchaser twenty (20) days' notice to respond is not practicable, the Company may provide an earlier deadline for the Standby Purchaser to respond to such notice but giving the Standby Purchaser the maximum number of days to respond as is practicable but in any event no fewer than five (5) days' notice. Such notice shall constitute a non-binding indication of interest of the Standby Purchaser to purchase the amount of Designated Securities specified by the Standby Purchaser (or a proportionately lesser amount if the amount of Equity Securities to be offered if such offering of Equity Securities is subsequently reduced) at the price (or range of prices) and other terms set forth in the Company's notice to it. The failure to respond during the Offer Period constitutes a waiver of its Gross Up Right in respect of such offering. The Standby Purchaser shall execute a binding agreement to purchase any such Equity Securities within thirty (30) days after expiration of the Offer Period, and any Equity Securities that the Standby Purchaser indicated it would purchase but that are not covered by a binding purchase agreement at such time may be sold to other Persons, unless the failure to execute such an agreement is attributable to actions of the Company, in which case the Company shall have the right to sell the Equity Securities to other Persons if the Standby Purchaser shall not have

executed such an agreement within the later of (i) five (5) Business Days after the reason for such delay has been resolved or (ii) thirty (30) days after expiration of the Offer Period. Notwithstanding the foregoing, the Company shall not be required to offer or sell such Equity Securities to the Standby Purchaser if it would cause the Company to be in violation of applicable federal securities or insurance regulatory laws by virtue of such offer or sale.

(c) The Company shall have 180 days after expiration of the Offer Period to sell any Equity Securities in respect of which the Standby Purchaser's Gross Up Rights were not exercised, at a price and upon general terms and conditions not materially more favorable to the purchasers thereof than specified in the Company's notice to the Standby Purchaser pursuant to Section 11(b) hereof. If the Company has not sold such Equity Securities within 180-day period, the Company shall not thereafter issue or sell any Equity Securities, without first offering such Equity Securities to the Standby Purchaser in the manner provided above.

(d) The Gross Up Rights provided by this Section 11 shall not apply to, and shall terminate upon the earlier of (a) the first date upon which the Standby Purchaser no longer beneficially owns shares of the Common Stock representing more than five percent (5%) of the issued and outstanding shares of the Common Stock immediately prior to an issuance contemplated under Section 11(a) hereof, (b) the date of any breach by the Standby Purchaser of any material obligation under this Agreement that remains uncured after fifteen (15) days' notice thereof, or (c) the end of the Standstill Period.

(e) The provisions in this Section 11 shall not apply to any issuance of Equity Securities by the Company (i) to employees, consultants, officers or directors of the Company or any of its subsidiaries for the primary purpose of soliciting or retaining their employment or services or in a transaction or pursuant to management or employee agreements, incentive programs or stock purchase or equity compensation plans approved by the Board (including any such programs or plans in existence on the date hereof), (ii) by the Company to a third party as consideration in connection with (but not in connection with raising capital to fund) (A) a strategic business combination or other merger, acquisition or disposition transaction, partnership, joint venture, strategic alliance or investment by the Company or similar non-capital raising transaction approved by the Board, or (B) an investment by the Company or its subsidiaries approved by the Board in any party which is not prior to such transaction an Affiliate of the Company (whether by merger, consolidation, sale or exchange of stock, sale of assets or securities, or otherwise), (iii) as part of any offering registered under the Securities Act; provided, that the Standby Purchaser shall not be precluded by the Company, its underwriter(s) or its agent(s) in connection with such offering from purchasing in such offering, and the Company shall use commercially reasonable efforts to cause its underwriter(s) or agent(s) engaged in connection with such offering to allocate shares, on the same terms and conditions offered to the public, a sufficient number of Designated Securities, so as to maintain its pro rata share of all Equity Securities, (iv) upon the exercise, conversion or exchange of options, warrants or similar rights or other convertible securities, and (v) in connection with any stock split, stock dividend paid on a proportionate basis to all holders of the affected class of capital stock or recapitalization approved by the Board.

Section 12. Post-Closing Voting. If and for so long as the Standby Purchaser beneficially owns two percent (2.0%) of the shares of the Common Stock and a Standstill

Termination Event has not occurred, and subject to the final proviso of this paragraph, the Standby Purchaser shall vote and cause to be voted all shares of Common Stock beneficially owned by the Standby Purchaser (a) for persons nominated and recommended by the Board for election as directors of the Board and against any Person nominated for election as a director by any other Person and (b) as directed or recommended by the Board with respect to any proposal presented at any meeting of the Company's shareholders, including, but not limited to (i) the entire slate of directors recommended for election by the Board to the shareholders of the Company at any meeting of the Company's shareholders at which any directors are elected, (ii) any shareholder proposal submitted for a vote at any meeting of the Company's shareholders, and (iii) any proposal submitted by the Company for a vote at any meeting of the Company's shareholders relating (A) to the appointment of the Company's accountants or (B) an equity compensation plan of the Company and/or any material revisions thereto; provided, however, that the Standby Purchaser shall not be bound to vote in accordance with the foregoing provisions if the Company is in violation of a material obligation of the Agreement that remains uncured after fifteen (15) days' notice thereof or if such proposal (1) would have a disproportionate effect on the Standby Purchaser compared to (x) all of the Other Standby Purchasers as a group, or (y) all of the other holders of the Common Stock as a group, or (2) (other than the matters specified in clause (1)) requires approval of a related party transaction between the Company and its Affiliate other than as set forth in clauses (a), (b)(i), (b)(ii), and (b)(iii).

Section 13. Termination.

(a) This Agreement may be terminated at any time prior to the Closing Date:

(i) by the Company on one hand or the Standby Purchaser on the other hand by written notice to the other party hereto, if there is a material breach of this Agreement by the other party that is not cured within fifteen (15) days after receipt of written notice by such breaching party;

(ii) if, by action of Illinois Casualty's board of directors, Illinois Casualty shall have decided to abandon the Plan of Conversion;

(iii) if the Plan of Conversion shall have been proposed for approval and adoption at a meeting of the Voting Members and shall have failed to receive approval at such meeting or any adjournment thereof or if the Department shall have stated in writing that it does not approve or intend to approve the Plan of Conversion;

(iv) the Closing has not occurred by December 31, 2017 (the "Outside Date"), provided that the party seeking to terminate this Agreement pursuant to this clause (iv) shall not have failed to perform the covenants, agreements and conditions to be performed by it which has been the primary cause of, or resulted in, the failure of the Closing to occur by the Outside Date; or

(v) if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable.

(b) In the event of termination of this Agreement pursuant to Section 13(a), written notice thereof shall as promptly as practicable be given to the other parties to this Agreement and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned, without further action by any of the parties hereto. If this Agreement is terminated pursuant to Section 13(a):

(i) there shall be no liability or obligation on the part of the parties hereto or their respective officers and directors, and all obligations of the parties hereto shall terminate, except for (A) the obligations of the parties pursuant to this Section 13(b), and the provisions of Sections 14 through 20 and Section 22, and (B) any liabilities for any breach by the parties of the terms and conditions of this Agreement prior to such termination; and

(ii) all filings, applications and other submissions made pursuant to the transactions contemplated by this Agreement shall, to the extent practicable, be withdrawn from any Governmental Entity to which made.

Section 14. Survival. The representations and warranties of the Company and the Standby Purchaser contained in this Agreement or in any certificate delivered hereunder shall survive the Closing hereunder.

Section 15. Notices. All notices, communications and deliveries required or permitted by this Agreement shall be made in writing signed by the party making the same, shall specify the Section of this Agreement pursuant to which it is given or being made and shall be deemed given or made (i) on the date delivered if delivered by in-person, (ii) on the third (3rd) Business Day after it is mailed if mailed by United States registered or certified mail (return receipt requested) (with postage and other fees prepaid), or (iii) on the day after it is delivered, prepaid, to an overnight express delivery service promising next business day delivery that confirms to the sender delivery on such day, as follows:

(a) If to the Company, at:

ICC Holdings, Inc.
c/o Illinois Casualty Company
225 20th Street
Rock Island, Illinois 61201
Attention: Arron K. Sutherland,
President and Chief Executive Officer

(b) If to the Standby Purchaser, at:

Rock Island Investors, LLC
c/o Domain Alternate Money
Management, LLC
c/o Domain Capital Advisors, LLC
Suite 3500, 1230 Peachtree St. NE
Atlanta, Georgia 30309

or to such other representative or at such other address of a party as such party hereto may furnish to the other parties in writing in accordance with this Section 15. If notice is given pursuant to this Section 15 of any assignment to a permitted successor or assign of a party hereto, the notice shall be given as set forth above to such successor or permitted assign of such party.

Section 16. Assignment. This Agreement will be binding upon, and will inure to the benefit of and be enforceable by, the parties hereto and their respective successors and assigns. No party to this Agreement may assign this Agreement or any of its rights or obligations under this Agreement without the prior written consent of the other party hereto.

Section 17. Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties, or undertakings, other than those set forth or referred to herein, with respect to the transactions contemplated by this Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter of this Agreement.

Section 18. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (other than its rules of conflict of laws to the extent the application of the laws of another jurisdiction would be required thereby). The state courts of the County of Philadelphia, Pennsylvania and the United States District Court for the Eastern District of Philadelphia shall have the exclusive jurisdiction over any and all claims, lawsuits and litigation relating to or arising out of this Agreement, the subject matter hereof or the transactions contemplated hereby. Each party hereto hereby irrevocably (a) submits to the personal jurisdiction of such courts over such party in connection with any litigation, proceeding or other legal action arising out of or in connection with this Agreement, and (b) waives to the fullest extent permitted by law any objection to the venue of any such litigation, proceeding or action which is brought in any such court.

Section 19. Severability. If any provision of this Agreement or the application thereof to any Person or circumstances is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

Section 20. Extension or Modification of Rights Offering. Without the prior written consent of the Standby Purchaser, the Company may (a) waive irregularities in the manner of exercise of the Rights, and (b) waive conditions relating to the method (but not the timing) of the exercise of the Rights.

Section 21. Most Favored Nation. Except as disclosed or set forth herein, during the period from the date of this Agreement through the Closing Date, neither the Company nor its subsidiaries shall enter into any additional, or modify any existing, agreements with any existing

or future investors in the Company or any of its subsidiaries that have the effect of establishing rights, imposing restrictions or otherwise benefiting such investor in a manner more favorable in any material respect to such investor than the rights, restrictions and benefits established with respect to the Standby Purchaser in this Agreement, unless, in any such case, this Agreement has been amended to provide the Standby Purchaser with such additional rights and benefits or reduced restrictions.

Section 22. Miscellaneous.

(a) The obligations of the Company and Illinois Casualty under this Agreement shall be joint and several.

(b) The Company shall not after the date of this Agreement enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to the Standby Purchaser in this Agreement.

(c) The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning of this Agreement.

(d) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which, when taken together, shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission, or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

ICC HOLDINGS, INC.

By: /s/ Arron K. Sutherland
Arron K. Sutherland
President and Chief Executive Officer

ILLINOIS CASUALTY COMPANY

By: /s/ Arron K. Sutherland
Arron K. Sutherland
President and Chief Executive Officer

ROCK ISLAND INVESTORS, LLC

By: DOMAIN ALTERNATE MONEY MANAGEMENT, LLC, its manager

By: DOMAIN CAPITAL ADVISORS, LLC, its manager

By: /s/ John R. Luckett
Name: John R. Luckett
Title: Vice President

Maximum Standby Purchase Commitment: 400,000 shares

Exhibit 10.6

Execution Version

PURCHASE AGREEMENT

This PURCHASE AGREEMENT (this "**Agreement**") dated as of September 7, 2016, is entered into by and between ICC Holdings, Inc., a Pennsylvania corporation (the "**Company**"), Illinois Casualty Company, an Illinois mutual insurance company ("**Illinois Casualty**"), and Tuscarora Wayne Insurance Company (the "**Standby Purchaser**").

W I T N E S S E T H:

WHEREAS, the Company proposes, as soon as practicable after the Registration Statement, as defined herein, becomes effective, to distribute to Eligible Members, as defined herein, of Illinois Casualty non-transferable rights (the "**Rights**") to subscribe for and purchase up to 3,680,000 shares of Common Stock of the Company (the "**Shares**") at a subscription price (the "**Subscription Price**") of $10.00 per share (such offering, the "**Subscription Offering**") in accordance with the Plan of Conversion, as defined herein, adopted by Illinois Casualty; and

WHEREAS, contemporaneously with the Subscription Offering, the Company will offer the Shares to the public at the Subscription Price (the "**Community Offering**"); and

WHEREAS, the Company has requested the Standby Purchaser to agree to purchase from the Company in the Community Offering upon expiration of the Subscription Offering, and the Standby Purchaser is willing to so purchase at the Subscription Price, up to a certain number of Shares not purchased in connection with the Subscription Offering; and

WHEREAS, the Company has requested that a limited number of other investors (the "**Other Standby Purchasers**" and, together with the Standby Purchaser, collectively, the "**Standby Purchasers**") to agree to purchase from the Company in the Community Offering upon expiration of the Subscription Offering, and the Other Standby Purchasers are willing to so purchase at the Subscription Price, up to a certain number of Shares not purchased in connection with the Subscription Offering;

WHEREAS, each of the Standby Purchasers has a substantive pre-existing relationship with the Company; and

WHEREAS, the Company may engage Griffin Financial Group, LLC ("**Griffin**") and other FINRA member broker-dealers to offer any of the Shares not sold in the Subscription Offering and the Community Offering to the public in a syndicated offering (the "**Syndicated Offering**" and together with the Subscription Offering and the Community Offering, the "**Offerings**").

NOW THEREFORE, in consideration of the foregoing and the mutual covenants herein contained, and intending to be legally bound, the parties hereto hereby agree as follows:

Section 1. Certain Other Definitions. The following terms used herein shall have the meanings set forth below:

"**90-Day Limit**" shall have the meaning given to such term in Section 9(c)(ii) hereof.

“**Adjusted Shareholders’ Equity**” shall mean the amount equal to (a) the Company’s shareholders’ equity (determined without regard to its accumulated other comprehensive income), each as calculated in accordance with GAAP, as reported in any Quarterly Report on Form 10-Q or Annual Report on Form 10-K filed by the Company with the Commission (each, the “**Applicable Filing**”), *less* (b) the net proceeds from any offering of Equity Securities following the Closing Date, *plus* (c) the aggregate purchase amount of all repurchases of Equity Securities since the Closing Date through the date of the Applicable Filing by the Company, Illinois Casualty, their respective subsidiaries or the ESOP.

“**Affiliate**” shall have the meaning set forth in Rule 12b-2 under the Exchange Act and shall include Persons who become Affiliates of any Person subsequent to the date hereof.

“**Aggregate Maximum Standby Purchase Commitment**” shall have the meaning given to such term in Section 2(b) hereof.

“**Agreement**” shall have the meaning set forth in the preamble hereof.

“**Associate**” shall have the meaning set forth in Rule 12b-2 under the Exchange Act and shall include Persons who become Associates of any Person subsequent to the date hereof.

“**Bankruptcy and Equity Exception**” shall have the meaning given to such term in Section 3(b) hereof.

“**Board**” shall mean the board of directors of the Company.

“**Business Day**” shall mean any day that is not a Saturday, a Sunday or a day on which banks are required or permitted to be closed in the Commonwealth of Pennsylvania.

“**Clinton-Flood Standby Purchasers**” shall mean those Other Standby Purchasers, which includes R. Kevin Clinton, and are party to an Other Purchase Agreement. The Maximum Standby Purchase Commitment of the Clinton-Flood Standby Purchasers is $8,000,000.

“**Closing**” shall mean the closing of the purchase described in Section 2 hereof, which shall be held at 10:00 a.m. Eastern Time on the Closing Date at the offices of Stevens & Lee, 620 Freedom Business Center, King of Prussia, Pennsylvania 19406, or such other time and place as may be agreed to by the parties hereto.

“**Closing Date**” shall mean the date on which the closing of the sale of the Shares pursuant to the Offerings takes place.

“**Commission**” shall mean the United States Securities and Exchange Commission, or any successor agency thereto.

“**Common Stock**” shall mean the common stock of the Company, par value $0.01 per share.

“**Company**” shall have the meaning set forth in the preamble hereof.

"**Conversion Plan Approval**" shall mean the approval of the Plan of Conversion by the Department and the requisite vote of the Voting Members.

"**Department**" shall mean the Illinois Insurance Department.

"**Designated Securities**" shall have the meaning given to such term in Section 11(b) hereof.

"**Eligible Members**" shall mean the members of Illinois Casualty eligible to purchase Shares in the Subscription Offering.

"**Equity Securities**" shall include (i) any Common Stock, (ii) any security convertible into or exercisable or exchangeable for, with or without consideration, shares of the Common Stock (including any option to purchase such a convertible security), (iii) any security carrying any warrant or right to subscribe to or purchase any shares of the Common Stock, and (iv) any such warrant or right.

"**ESOP**" shall mean the employee stock ownership plan to be established by the Company prior to the commencement of the Offerings.

"**Exchange Act**" shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission thereunder.

"**Financial Statements**" has the meaning set forth in Section 3(g) hereof.

"**First Offer Termination Event**" shall mean the earliest to occur of (a) the seventh anniversary of the Closing Date, or (b) the first date upon which the Standby Purchaser no longer beneficially owns shares of the Common Stock representing more than five percent (5%) of the issued and outstanding shares of the Common Stock.

"**GAAP**" shall mean the current accounting principles generally accepted in the United States of America, consistently applied by the Company with prior practice.

"**Griffin**" shall have the meaning set forth in the recitals hereof.

"**Governmental Entity**" shall mean any federal or state court, administrative agency or commission or other governmental authority or instrumentality, other than the Department.

"**Gross Up Right**" shall have the meaning given to such term in Section 11(a) hereof.

"Illinois Casualty" shall have the meaning set forth in the recitals hereof.

"**including**" shall mean including, without limitation.

"**Law**" shall have the meaning given to such term in Section 6(d) hereof.

"**Material Adverse Effect**" shall mean (a) a material adverse effect on the financial condition, or on the earnings, operations, assets, business or prospects of the Company, Illinois Casualty and their respective subsidiaries taken as a whole, or (b) the failure of Aaron K. Sutherland to continue to serve in his current executive role with the Company; provided, however, that in determining whether a Material Adverse Effect has occurred under clause (a), there shall be excluded any effect to the extent resulting from (i) actions or omissions of the Company or Illinois Casualty expressly required or contemplated by the terms of this Agreement, (ii) changes after the date hereof in general economic conditions in the United States, including financial market volatility or downturn, (iii) changes after the date hereof affecting generally the industries or markets in which the Company and Illinois Casualty operate, (iv) acts of war, sabotage or terrorism, military actions or the escalation thereof, or outbreak of hostilities, (v) any changes after the date hereof in applicable laws or accounting rules or principles, including changes in GAAP, or (vi) the announcement or pendency of the transactions contemplated by this Agreement; provided further, however, that any circumstance, event, change, development or effect referred to in clauses (ii), (iii), (iv) and (v) shall be taken into account in determining whether a Material Adverse Effect has occurred or would reasonably be expected to occur to the extent that such circumstance, event, change, development or effect has a disproportionate effect on the Company and Illinois Casualty compared to other participants in the industries or markets in which the Company and Illinois Casualty operate.

"**Maximum Standby Purchase Commitment**" shall have the meaning given to such term in Section 2(a) hereof.

"**non-public information**" shall have the meaning given to such term in Section 6(d) hereof.

"**Offer Period**" shall have the meaning given to such term in Section 11(b) hereof.

"**Offered Shares**" shall have the meaning given to such term in Section 9(d) hereof.

"**Offering Expiration Date**" shall mean the date on which the Offerings expire.

"**Other Purchase Agreements**" shall have the meaning given to such term in Section 2(b) hereof.

"**Other Standby Purchasers**" shall have the meaning set forth in the recitals hereof.

"**Person**" shall mean individual, a limited liability company, a partnership, a joint venture, a corporation, a trust, an unincorporated organization and a government or any department or agency thereof.

"**Plan of Conversion**" shall mean the plan of conversion adopted by Illinois Casualty in connection with its conversion from a mutual insurance company to a stock insurance company pursuant to Section 59.1 of the Illinois Insurance Code, 215 ILCS 5/59.1.

"**Prospectus**" shall mean the final Prospectus included in the Registration Statement for use in connection with the Offerings.

“**Public Sale Notice**” shall have the meaning given to such term in Section 9(d) hereof.

“**Purchased Shares**” shall have the meaning given to such term in Section 2(a) hereof.

“**Registration Statement**” shall mean the Company’s Registration Statement on Form S-1 under the Securities Act or such other appropriate form under the Securities Act, pursuant to which the shares of Common Stock to be issued in the Offerings will be registered pursuant to the Securities Act.

“**Rights**” shall have the meaning set forth in the recitals hereof.

“**Securities Act**” shall mean the Securities Act of 1933, as amended, and the rules and regulations promulgated by the Commission thereunder.

“**Shares**” shall have the meaning set forth in the recitals hereof.

“**Standby Purchaser**” shall have the meaning set forth in the preamble hereof.

“**Standby Purchasers**” shall have the meaning set forth in the recitals hereof.

“**Standstill Termination Event**” shall mean the earliest to occur of (a) the seventh anniversary of the Closing Date, or (b) the date on which the Company includes a balance sheet in a filing with the Commission in which the Adjusted Shareholders’ Equity at the end of such fiscal quarter is less than 85% of the Starting Shareholders’ Equity.

“**Starting Shareholders’ Equity**” shall mean the amount equal to (a) Illinois Casualty’s members’ equity (determined without regard to its accumulated other comprehensive income), each as calculated in accordance with GAAP, for the fiscal quarter ending immediately prior to the Closing Date (the “**Measurement Date**”), *plus* (b) the net proceeds from the Offerings, including the net proceeds from the Standby Purchasers.

“**Statutory Financial Statements**” has the meaning set forth in Section 3(h) hereof.

“**Subscription Agent**” shall have the meaning set forth in Section 6(a)(vi) hereof.

“**Subscription Offering**” shall have the meaning set forth in the recitals hereof.

“**Subscription Price**” shall have the meaning set forth in the recitals hereof.

“**Transfer**” shall have the meaning set forth in Section 9(a) hereof.

“**Unsubscribed Shares**” shall mean the number of Shares not purchased in connection with the Subscription Offering.

“Voting Members” shall mean the members of Illinois Casualty eligible to vote to adopt and approve the Plan of Conversion.

“**VWAP Price**” shall mean the average of daily volume weighted average price of the Common Stock on the NASDAQ Stock Market for the 20 trading days immediately preceding the date of the Public Sale Notice.

Section 2. Standby Purchase Commitment.

(a) Subject to the terms, conditions and limitations of this Agreement and to the availability of Shares after purchases made in the Subscription Offering, the Standby Purchaser agrees to purchase from the Company, at the Subscription Price, such number of Shares up to the number set forth opposite such Standby Purchaser’s name on the signature page hereto (together, the “**Maximum Standby Purchase Commitment**”) as may be determined pursuant to Sections 2(b) and 2(c) hereof (such number of Shares purchased being the “**Purchased Shares**”).

(b) The number of Shares to be sold by the Company to the Standby Purchaser pursuant to this Agreement and to the Other Standby Purchasers pursuant to purchase agreements nearly identical to this Agreement (the “**Other Purchase Agreements**”) shall be 1,400,000 (the “**Aggregate Maximum Standby Purchase Commitment**”).

(c) Subject to the terms of this Agreement, if the number of Unsubscribed Shares is:

(i) equal to or greater than the Aggregate Maximum Standby Purchase Commitment, then the Standby Purchaser agrees to purchase from the Company a number of Shares equal to the Maximum Standby Purchase Commitment at the Subscription Price per Share, or

(ii) greater than zero but less than the Aggregate Maximum Standby Purchase Commitment, then

(A) each Clinton-Flood Standby Purchaser agrees to purchase from the Company, at the Subscription Price per Share, a number of Unsubscribed Shares equal to (x) if the total of the Maximum Standby Purchase Commitments of the Clinton-Flood Standby Purchasers is an amount greater than the Unsubscribed Shares, the product of (I) the proportion of the total of the Maximum Standby Purchase Commitments of the Clinton-Flood Standby Purchasers represented by such Clinton-Flood Standby Purchaser’s Maximum Standby Purchase Commitment, expressed as a fraction, multiplied by (II) the number of Unsubscribed Shares, or (y) in any other case under this clause (ii), the Clinton-Flood Standby Purchaser’s Maximum Standby Purchase Commitment; following which purchase the number of Unsubscribed Shares shall be reduced by the number of Shares purchased by the Clinton-Flood Standby Purchasers under this Section 2(c)(ii)(A); and

(B) if, following the purchase of Shares by the Clinton-Flood Standby Purchasers pursuant to Section 2(c)(ii)(A), the number of Unsubscribed Shares is greater than zero, then the Standby Purchaser agrees to purchase from the Company at the Subscription Price per Share a number of Shares equal to the product of (x) the number of Unsubscribed Shares and (y) the quotient obtained by dividing the (I) the Maximum Standby Purchase Commitment by (II) the difference between the Aggregate Maximum Standby Purchase Commitment and the Maximum Standby Purchase Commitment of the Clinton-Flood Standby Purchasers.

(d) Payment of the Subscription Price for the Purchased Shares shall be made, on the Closing Date, against delivery of certificates or a book entry statement evidencing the Purchased Shares, in United States dollars by means of a wire transfer of immediately available funds.

Section 3. Representations and Warranties of the Company. The Company represents and warrants as of the date hereof and as of the Closing Date (except for the representations and warranties that are as of a specific date, which shall be made as of such date) to the Standby Purchaser as follows:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the Commonwealth of Pennsylvania and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted. Illinois Casualty is a mutual insurance company duly organized, validly existing and in good standing under the laws of the State of Illinois and has all requisite corporate power and authority to carry on its business as now conducted and as proposed to be conducted. The copies of the organizational documents of the Company and Illinois Casualty which have been provided to the Standby Purchaser are complete and correct and in full force and effect. The Company has no joint venture or similar arrangement, no subsidiaries, no significant assets or liabilities, and it is not engaged in any business.

(b) This Agreement has been duly and validly authorized, executed and delivered by the Company and constitutes a binding obligation of the Company enforceable against it in accordance with its terms, subject to (i) the application of bankruptcy, receivership, conservatorship, reorganization, insolvency and similar laws affecting creditors' rights generally and (ii) equitable principles being applied at the discretion of a court before which any proceeding may be brought (clauses (i) and (ii) collectively, the "**Bankruptcy and Equity Exception**").

(c) The authorized capital of the Company consists of (i) 10,000,000 shares of Common Stock, none of which shares were issued and outstanding as of the date of this Agreement, and (ii) 1,000,000 shares of preferred stock, none of which preferred stock has been issued, as of the date hereof. Except for equity awards to be granted to management upon completion of the Offerings as described in the Registration Statement and the Other Purchase Agreements, there are no options, warrants, subscriptions, calls, rights, convertible securities or other agreements or commitments obligating the Company to issue, transfer, sell, redeem, repurchase or otherwise acquire any shares of its capital stock.

(d) At the time the Registration Statement becomes effective, the Registration Statement will comply in all material respects with the requirements of the Securities Act and will not contain an untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading. The Prospectus, at the time the Registration Statement becomes effective and at the Closing Date, will not include

an untrue statement of a material fact or omit to state a material fact necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading; provided, however, that the representations and warranties in this subsection shall not apply to statements in or omissions from the Registration Statement or the Prospectus made in reliance upon and in conformity with the information furnished to the Company in writing by the Standby Purchaser for use in the Registration Statement or in the Prospectus.

(e) All of the Shares and the Purchased Shares will have been duly authorized for issuance prior to the Closing (assuming the Conversion Plan Approval has been obtained), and, when issued and distributed as set forth in the Prospectus, will be validly issued, fully paid and non-assessable; and none of the Shares will have been issued in violation of the preemptive rights of any security holders of the Company arising as a matter of law or under or pursuant to the Company's Articles of Incorporation, as amended, the Company's bylaws, as amended, or any agreement or instrument to which the Company is a party or by which it is bound.

(f) Neither the execution, delivery or performance of this Agreement or the Plan of Conversion by the Company or Illinois Casualty, nor the consummation by the Company or Illinois Casualty of the transactions contemplated hereby or thereby, will: (i) conflict with or result in any breach of any provisions of the organizational documents of the Company or Illinois Casualty; (ii) result in a violation or breach of, or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, vesting, payment, exercise, acceleration, suspension or revocation) under, any of the terms, conditions or provisions of any note, bond, mortgage, deed of trust, security interest, indenture, license, contract, agreement, plan or other instrument or obligation to which the Company or Illinois Casualty is a party or by which it or any of their properties or assets may be bound; (iii) violate any order, writ, injunction, decree, statute, rule or regulation applicable to the Company, Illinois Casualty or any of their properties or assets; (iv) result in the creation or imposition of any lien on any asset of the Company or Illinois Casualty; or (v) cause the suspension or revocation of any permit, license, governmental authorization, consent or approval necessary for the Company or Illinois Casualty to conduct its business as currently conducted, except in the case of clauses (ii), (iii), (iv) and (v) for violations, breaches, defaults, terminations, cancellations, accelerations, creations, impositions, suspensions or revocations which would not individually or in the aggregate have or be reasonably likely to result in a Material Adverse Effect. Except for the Conversion Plan Approval, no vote of any member or holder of any other interest of Illinois Casualty (equity or otherwise), is required to consummate the transactions contemplated by this Agreement or the Plan of Conversion.

(g) Illinois Casualty has delivered to the Standby Purchaser complete and correct copies of the Financial Statements. The Financial Statements have been derived from the accounting books and records of Illinois Casualty and have been prepared on a basis consistent with GAAP, subject, in the case of interim unaudited Financial Statements, only to normal recurring year-end adjustments. The Financial Statements present fairly in all material respects the consolidated financial position of Illinois Casualty as at the respective dates thereof, and the consolidated statements of income, cash flow and equity included in the Financial Statements present fairly in all material respects the consolidated results of operations, cash flows and consolidated equity of Illinois Casualty for the respective periods indicated. The term "**Financial**

Statements" means the unaudited consolidated financial statements of Illinois Casualty as at and for the three-month period ended March 31, 2016 and the audited consolidated financial statements of Illinois Casualty as at and for the years ended December 31, 2015, December 31, 2014 and December 31, 2013, including in each case a consolidated balance sheet and consolidated statements of income, cash flow and equity, as previously made available to the Standby Purchaser.

(h) The annual statements of Illinois Casualty for the years ended December 31, 2015, December 31, 2014 and December 31, 2013 and the quarterly statements of Illinois Casualty for the quarters ended March 31, June 30, and September 30, 2015 and March 31, 2016 as filed with the Department (collectively, together with all exhibits and schedules thereto, the "**Statutory Financial Statements**") have been prepared in accordance with the accounting practices prescribed or permitted by the Department, and such accounting practices have been applied on a consistent basis throughout the periods involved, except as expressly set forth in the notes, exhibits or schedules thereto, and the Statutory Financial Statements present fairly in all material respects the financial position and the results of operations for Illinois Casualty as of the dates and for the periods therein in accordance with such accounting practices. Illinois Casualty has made available to the Standby Purchaser true and complete copies of all examination reports of the Department and any insurance regulatory agencies since January 1, 2013, relating to Illinois Casualty. Illinois Casualty has delivered to the Standby Purchaser true and complete copies of the Statutory Financial Statements.

(i) Since December 31, 2015, there has been no event or condition that, individually or in the aggregate, has had (or is reasonably likely to result in) a Material Adverse Effect, and Illinois Casualty has in all material respects conducted its business in the ordinary course consistent with past practice.

(j) Except for insurance claims litigation arising in the ordinary course of business for which adequate reserves have been established, there is no suit, action, proceeding or investigation (whether at law or equity, before or by any Government Entity or before any arbitrator) pending or, to the knowledge of Illinois Casualty, threatened against or affecting Illinois Casualty, the outcome of which would individually or in the aggregate have or be reasonably likely to result in a Material Adverse Effect, nor is there any judgment, decree, injunction, rule or order of any Government Entity or arbitrator outstanding against Illinois Casualty that would individually or in the aggregate have or be reasonably likely to result in a Material Adverse Effect.

(k) The aggregate reserves of Illinois Casualty as recorded in the Financial Statements and Statutory Financial Statements have been determined in accordance with generally accepted actuarial principles consistently applied (except as set forth therein). The insurance reserving practices and policies of Illinois Casualty have not changed, in any material respect, since December 31, 2015, and the results of the application of such practices and policies are reflected in the Financial Statements and Statutory Financial Statements. All reserves of Illinois Casualty set forth in the Financial Statements and Statutory Financial Statements are fairly stated in accordance with sound actuarial principles and meet the requirements of the insurance laws of the State of Illinois, except where the failure to so state such reserves or meet such requirements would not have or be reasonably likely to result in a Material Adverse Effect.

(l) Except for (i) a board seat in favor of the Clinton-Flood Standby Purchasers, with corresponding carveouts in Section 10 in connection with such Person’s service on the Company’s board of directors, and (ii) a relaxation of Section 9(a) solely with respect to the death or disability of Mr. R. Kevin Clinton and/or his spouse, no Other Standby Purchaser has the benefit of any term or condition of purchase of Common Stock that is more favorable to such Other Standby Purchaser than the terms and conditions of purchase afforded to the Standby Purchaser in this Agreement.

Section 4. Representations and Warranties of the Standby Purchaser. The Standby Purchaser represents and warrants as of the date hereof and as of the Closing Date (except for the representations and warranties that are as of a specific date, which shall be made as of such date) to the Company as follows:

(a) The Standby Purchaser, if an entity, is duly organized, validly existing and in good standing (to the extent such concept is applicable) under the laws of the jurisdiction in which it is organized and has the requisite organizational power and authority to enter into and perform its obligations under this Agreement and to consummate the transactions contemplated hereby. Assuming the correctness of the representations and warranties made by the Company in Section 3 hereof, the execution and delivery of this Agreement by the Standby Purchaser and performance by the Standby Purchaser of the transactions contemplated hereby have been duly authorized by all necessary corporate or, if the Standby Purchaser is not a corporation, such partnership, limited liability company or other applicable like action, on the part of the Standby Purchaser, and no further consent or authorization in connection therewith is required by the Standby Purchaser, its board of directors or its shareholders, or if the Standby Purchaser is not a corporation, such partnership, limited liability company or other applicable like action, on the part of the Standby Purchaser. This Agreement has been duly executed by the Standby Purchaser, and when delivered by the Standby Purchaser in accordance with the terms of this Agreement and thereof, will constitute the legal, valid and binding obligations of the Standby Purchaser, enforceable against it in accordance with its respective terms, subject to the Bankruptcy and Equity Exception.

(b) The Standby Purchaser was contacted by the Company or Griffin with respect to a potential investment in the Shares. The Standby Purchaser understands that the Standby Purchaser is acquiring the Purchased Shares in the ordinary course of its business directly from the Company (and not from Griffin), as principal for its own account, with no present intention of dividing its participation with others or reselling or otherwise distributing the same in violation of the Securities Act or any applicable state securities laws. The Standby Purchaser does not presently have any agreement or understanding, directly or indirectly, with any Person to: (i) distribute any of the Purchased Shares; (ii) hold or to dispose of the Purchased Shares; or (iii) acquire any Purchased Shares from any other Person other than from the Company pursuant to this Agreement. Notwithstanding the foregoing, except as otherwise set forth in this Agreement, by making the representations herein, the Standby Purchaser does not agree to hold any of the Purchased Shares for any minimum or other specific term.

(c) The Standby Purchaser is an “accredited investor” as that term is defined in Rule 501(a) of Regulation D. The Standby Purchaser is not a registered broker-dealer under Section 15 of the Exchange Act, or an unregistered broker-dealer engaged in the business of being a broker-dealer. To the extent that the Standby Purchaser is utilizing or has utilized a representative to assist it in the evaluation of an investment in the Purchased Shares, the Standby Purchaser has provided the requested information about such representative as set forth on the Standby Purchaser’s signature page hereto, and all such information is correct and complete.

(d) The Standby Purchaser is not purchasing the Purchased Shares as a result of any advertisement, article, notice or other communication regarding the Purchased Shares published in any newspaper, magazine or similar media or broadcast over television or radio or presented at any seminar or any other general advertisement.

(e) The Standby Purchaser understands that the Purchased Shares are being offered and sold to it in reliance on specific exemptions from the registration requirements of United States federal and state securities laws and regulations.

(f) The Standby Purchaser believes that it is not a “group” within the meaning of Section 13(d)(3) of the Exchange Act with any Other Standby Purchasers.

Section 5. Deliveries at Closing.

(a) At the Closing, the Company shall deliver to the Standby Purchaser the following:

(i) a certificate or certificates or a book entry statement representing the number of shares of Common Stock issued to the Standby Purchaser pursuant to Section 2 hereof; and

(ii) a certificate of an officer of the Company certifying on its behalf to the effect that the conditions set forth in Sections 8(a) and 8(c) have been satisfied on and as of the Closing Date.

(b) At the Closing, the Standby Purchaser shall deliver to the Company the following:

(i) payment of the Subscription Price of the Shares purchased by the Standby Purchaser, as set forth in Section 2(a) hereof; and

(ii) a certificate of the Standby Purchaser certifying to the effect that the conditions set forth in Sections 8(b) and 8(c) have been satisfied on and as of the Closing Date.

Section 6. Covenants.

(a) The Company agrees as follows between the date hereof and the Closing Date:

(i) to as soon as reasonably practical file with the Commission the Registration Statement;

(ii) to use reasonable best efforts to cause the Registration Statement and any amendments thereto to become effective as promptly as practical;

(iii) to use reasonable best efforts to effectuate the Offerings;

(iv) as soon as reasonably practical after the Company is advised or obtains knowledge thereof, to advise the Standby Purchaser with a confirmation in writing, of (A) the time when the Registration Statement or any amendment thereto has been filed or declared effective or the Prospectus or any amendment or supplement thereto has been filed, (B) the issuance by the Commission of any stop order, or of the initiation or threatening of any proceeding suspending the effectiveness of the Registration Statement or any amendment thereto or any order preventing or suspending the use of any preliminary prospectus or the Prospectus or any amendment or supplement thereto, (C) the issuance by any state securities commission of any notice of any proceedings for the suspension of the qualification of the Shares for offering or sale in any jurisdiction or of the initiation, or the threatening, of any proceeding for that purpose, (D) the receipt of any comments from the Commission, and (E) any request by the Commission for any amendment to the Registration Statement or any amendment or supplement to the Prospectus or for additional information. The Company will use its reasonable best efforts to prevent the issuance of any such order or the imposition of any such suspension and, if any such order is issued or suspension is imposed, to obtain the withdrawal thereof as promptly as practical;

(v) to operate the Company's business, and cause Illinois Casualty to operate its business, in the ordinary course of business consistent with past practice;

(vi) to notify, or to cause the subscription agent for the Subscription Offering (the "**Subscription Agent**") to notify, the Standby Purchaser on each Friday during the exercise period of the Rights, or more frequently if reasonably requested by the Standby Purchaser, of the aggregate number of Shares known by the Company or the Subscription Agent to have been subscribed for or ordered in the Subscription Offering as of the close of business on the preceding Business Day or the most recent practical time before such request, as the case may be;

(vii) not to issue any shares of capital stock of the Company, or options, warrants, purchase rights, subscription rights, conversion rights, exchange rights, securities convertible into or exchangeable for capital stock of the Company, or other agreements or rights to purchase or otherwise acquire capital stock of the Company, except for shares of Common Stock issuable in the Offerings and equity awards to management as described in the Registration Statement;

(viii) not to authorize any stock split, stock dividend, stock combination or similar transaction affecting the number of issued and outstanding shares of Common Stock or shares of the Company's preferred stock;

(ix) not to declare or pay any dividends or repurchase any shares of Common Stock or shares of the Company's preferred stock; and

(x) not to incur any indebtedness or guarantees thereof, other than trade payables in the ordinary course of business and consistent with past practice.

(b) The Standby Purchaser agrees as follows between the date hereof and the Closing Date:

(i) it shall be a condition precedent to the obligations of the Company to complete the registration or qualification pursuant to Section 6(a) hereof that the Standby Purchaser shall timely furnish to the Company in writing such information regarding itself and the distribution proposed by the Standby Purchaser as shall be reasonably requested by the Company and as shall be required to effect such registration or qualification and shall timely execute such documents in connection with such registration as the Company may reasonably request; and

(ii) to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statement and the qualification of the resale of the Purchased Shares under applicable "blue sky" laws hereunder.

(c) Each of the Standby Purchaser and the Company will cooperate with the other and use commercially reasonable efforts to promptly prepare all necessary documentation, to effect all necessary filings and to obtain all necessary permits, consents, waivers, approvals and authorizations of the Commission, the Department and any other third parties or Governmental Entities, necessary or desirable to consummate the purchase of the Purchased Shares by the Standby Purchaser contemplated by this Agreement. The Standby Purchaser and the Company will furnish each other and each other's counsel with all information concerning themselves, their subsidiaries, directors, officers and shareholders and such other matters as may be necessary or advisable in connection with any application, petition or any other statement or application made by or on behalf of the Standby Purchaser or the Company to the Department or Governmental Entity in connection with the purchase of the Purchased Shares by the Standby Purchaser contemplated by this Agreement. The Standby Purchaser shall notify the Company promptly of the receipt of any comments of the Department or Governmental Entity with respect to such filings.

(d) After the Closing, if and for so long as the Standby Purchaser beneficially owns two percent (2.0%) of the issued and outstanding shares of the Common Stock and a Standstill Termination Event has not occurred, the Company shall provide the Standby Purchaser with reasonable opportunities upon reasonable notice and during regular business hours to discuss with the senior management of the Company at least on a quarterly basis, the business and operations of the Company, with at least one of those meetings each year to be held, if requested by the Standby Purchaser, in-person at the Company's offices or such other mutually agreeable location. The Standby Purchaser hereby acknowledges that it is aware, and it agrees that it will advise its representatives, agents, advisors, Affiliates and Associates who are informed as to the matters which are the subject of this provision (collectively, its

“**Representatives**”), that the United States securities laws prohibit any Person who has received material, non-public information concerning the Company or the matters which are the subject of this provision from purchasing or selling securities of the Company or from communicating such information to any other Person. The Standby Purchaser agrees, and shall instruct its Representatives, to (i) keep such non-public information provided by the Company strictly confidential, (ii) use the same degree of care to protect such non-public information as each would use to protect its own non-public information of a similar nature, but in no event with less than reasonable care, and (iii) not disclose the non-public information in any manner whatsoever to any Person, except with the specific prior written consent of the Company. As used in this Section 6(d), “**non-public information**” shall not include information which (a) is or becomes public knowledge other than as a result of a breach of the obligations of the Standby Purchaser or its Representatives (as defined below); (b) was known to the Standby Purchaser prior to the date of this Agreement, except as provided to the Standby Purchaser pursuant to a confidentiality agreement with Illinois Casualty; (c) becomes available without restriction from a third party not known by the Standby Purchaser to be under any confidentiality obligation to the Company with respect thereto; or (d) is developed by the Standby Purchaser or its Representatives without use of the Company’s non-public information. In the event that the Standby Purchaser or any of its Representatives are requested or required by law, regulation, deposition, interrogatory, request for documents, subpoena, civil investigative demand, administrative regulatory requirement, order, decree or the rules of any applicable stock exchange or similar legal process (collectively, “**Law**”) to disclose any of the foregoing non-public information, the Standby Purchaser shall (or will direct its Representatives to) provide the Company with prompt prior written notice of such requirement to the extent permissible under applicable Law and reasonably practicable under the circumstances in order to enable the Company to (A) seek an appropriate protective order or other remedy or (B) waive compliance, in whole or in part, with the terms of this Agreement; and the Standby Purchaser or such Representative shall consult and reasonably cooperate with the Company, at the Company’s expense, with respect to taking steps to resist or narrow the scope of such request or requirement. If, in the absence of a protective order, the Standby Purchaser or such Representative are nonetheless, in the opinion of counsel of such Standby Purchaser or such Representative, as applicable, required by applicable Law to disclose the foregoing non-public information, the Standby Purchaser or such Representative shall (I) furnish only that portion of the foregoing non-public information that, based upon advice of legal counsel, is legally required, (II) give advance notice to the Company of the information to be disclosed as far in advance as is legally permissible and practical, and (III) exercise commercially reasonable efforts, at the Company’s expense, to obtain reliable assurance that confidential treatment will be accorded such non-public information.

(e) The Company shall at all times reserve and hold available sufficient number of shares of Common Stock to satisfy its obligations under this Agreement.

Section 7. Public Statements. Neither the Company nor the Standby Purchaser shall issue any public announcement, statement or other disclosure with respect to this Agreement or the transactions contemplated hereby without the prior consent of the other party hereto, which consent shall not be unreasonably withheld or delayed, except if such public announcement, statement or other disclosure is required by applicable law or applicable stock market regulations, in which case the disclosing party shall consult in advance with respect to such disclosure with the other parties to the extent reasonably practicable.

Section 8. Conditions to Closing.

(a) The obligations of the Standby Purchaser to consummate the transactions contemplated hereunder are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) the representations and warranties of the Company in Section 3 shall be true and correct in all respects as of the date hereof and at and as of the Closing Date as if made on such date, except where the failure to be true and correct (without regard to any materiality or Material Adverse Effect qualifications contained therein), would not reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect (and except that (1) representations and warranties made as of a specified date shall be true and correct as of such date and (2) the representations and warranties of the Company set forth in Sections 3(a), 3(b), 3(c), 3(e), 3(f)(i) and 3(i) shall be true and correct in all respects);

(ii) the Company and Illinois Casualty shall have performed in all material respects all of their respective obligations under this Agreement required to be performed on or prior to the Closing Date;

(iii) as of the Closing Date, none of the following events shall have occurred and be continuing: (A) trading in the Common Stock shall have been suspended by the Commission or trading in securities generally on The New York Stock Exchange or The Nasdaq Capital Market shall have been suspended or limited or minimum prices shall have been established on either such exchange, (B) a banking moratorium shall have been declared either by U.S. federal or New York State authorities, or (C) there shall have occurred any material outbreak or material escalation of hostilities, declaration by the United States of a national emergency or war or other calamity or crisis which has a material adverse effect on the U.S. financial markets;

(iv) the gross proceeds from the Offerings, including the purchases by the Other Standby Purchasers and assuming the purchase of the Purchased Shares by the Standby Purchaser, is equal to or less than $35,000,000; and

(v) since the date of this Agreement, a Material Adverse Effect shall not have occurred and no change or other event shall have occurred that would reasonably be expected to have, individually or in the aggregate, a Material Adverse Effect.

(b) The obligations of the Company to consummate the transactions contemplated hereunder are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) The representations and warranties of the Standby Purchaser in Section 4 shall be true and correct in all material respects as of the date hereof and at and as of the Closing Date as if made as of such date (except for representations and warranties made as of a specified date, which shall be true and correct in all material respects as of such specified date); and

(ii) the Standby Purchaser shall have performed in all material respects all of its obligations under this Agreement required to be performed on or prior to the Closing Date.

(c) The obligations of each of the Company and the Standby Purchaser to consummate the transactions contemplated hereunder in connection with the Offerings are subject to the fulfillment, prior to or on the Closing Date, of the following conditions:

(i) no judgment, injunction, decree or other legal restraint shall be outstanding, nor shall any action, suit, claim, investigation or other legal proceeding be pending that would reasonably be expected to prohibit, or have the effect of rendering unachievable, the consummation of the Offerings or the transactions contemplated by this Agreement;

(ii) the Registration Statement shall have been filed with the Commission and declared effective; no stop order suspending the effectiveness of the Registration Statement or any part thereof shall have been issued and no proceeding for that purpose shall have been initiated or threatened by the Commission; and any request of the Commission for inclusion of additional information in the Registration Statement or otherwise shall have been complied with;

(iii) at least two-thirds of the votes cast by the Voting Members voting at the meeting of the Voting Members called for such purpose shall have voted to adopt and approve the Plan of Conversion and the transactions contemplated thereunder;

(iv) all consents and approvals of the Department and any other regulatory body or agency necessary to consummate the transactions contemplated by this Agreement shall have been obtained and all notice and waiting periods required by law to pass after receipt of such approvals or consents shall have passed; and

(v) the Shares shall have been authorized for listing on the Nasdaq Capital Market.

Section 9. Restrictions on Transfer.

(a) Except as set forth in Section 9(c), the Standby Purchaser shall not, and shall ensure that their respective Affiliates do not, directly or indirectly, purchase, sell, transfer, assign, lend, convey, gift, mortgage, pledge, encumber, hypothecate or otherwise dispose of, directly or indirectly ("**Transfer**"), any shares of the Common Stock. Any purported Transfers of shares of the Common Stock in violation of this Section 9 shall be null and void and no right, title or interest in or to such shares shall be Transferred to the purported transferee, buyer, donee, assignee or encumbrance holder. The Company will not give, and will not permit the Company's transfer agent to give, any effect to such purported Transfer in its stock records. Following the Closing Date, the Standby Purchaser agrees to cooperate with the Company as reasonably requested by the Company in connection with the qualification of the resale of the Purchased Shares under the Securities Act and applicable "blue sky" laws hereunder.

(b) The Standby Purchaser understands and agrees that the Purchased Shares will bear a legend substantially similar to the legend set forth below in addition to any other legend that may be required by applicable law or by any agreement between the Company and any of the Standby Purchaser. The legend shall be removed to permit Transfers made in accordance with Sections 9(c)(ii), 9(c)(iii) and 9(c)(iv) unless prohibited by the Securities Act. Alternatively, upon receipt of certifications from the Standby Purchaser reasonably satisfactory to the Company's counsel, the Company shall cause the legend to be removed in accordance with, and pursuant to, Rule 144 promulgated under the Securities Act and any other applicable federal and state securities laws.

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR REGISTERED AND/OR QUALIFIED UNDER ANY STATE SECURITIES LAWS. THE SECURITIES REPRESENTED BY THIS CERTIFICATE MAY NOT BE TRANSFERRED EXCEPT (A) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND REGISTRATION AND/OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS, (B) IN A TRANSACTION WHICH IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT OF 1933, AS AMENDED, AND REGISTRATION AND/OR QUALIFICATION UNDER APPLICABLE STATE SECURITIES LAWS PROVIDED THAT AT THE ISSUER'S REQUEST, THE TRANSFEROR THEREOF SHALL HAVE DELIVERED TO THE ISSUER AN OPINION OF COUNSEL (WHICH OPINION SHALL BE IN FORM, SUBSTANCE AND SCOPE REASONABLY SATISFACTORY TO THE ISSUER) TO THE EFFECT THAT SUCH SECURITIES MAY BE SOLD OR TRANSFERRED PURSUANT TO AN EXEMPTION FROM SUCH REGISTRATION, OR (C) SUCH SECURITIES MAY BE SOLD PURSUANT TO RULE 144 PROMULGATED UNDER THE SECURITIES ACT OF 1933, AS AMENDED.

(c) The provisions of Section 9(a) hereof shall not apply to any of the following Transfers by the Standby Purchaser of any shares of Common Stock:

(i) (A) such Standby Purchaser's spouse, parent, siblings, descendants (including adoptive relationships and stepchildren) and the spouses of each such natural persons (collectively, "**Family Members**"), (B) a trust under which the distribution of such shares of Common Stock may be made only to the Standby Purchaser and/or any Family Member of the Standby Purchaser, (iii) a charitable remainder trust, the income from which will be paid to such the Standby Purchaser during his life, (iv) a corporation, partnership or limited liability company, the shareholders, partners or members of which are only the Standby Purchaser and/or Family Members of the Standby Purchaser, or (v) by will or by the laws of intestate succession, to the Standby Purchaser's executors, administrators, testamentary trustees, legatees or beneficiaries; *provided*, that the Standby Purchaser who Transfers any shares of Common Stock hereunder shall remain bound by the provisions of this Sections 9 and Section 10 hereof;

(ii) beginning on the third anniversary of the Closing Date, by offering or selling to Persons (other than to Persons party hereto or pursuant to clause (iv) below) shares of Common Stock pursuant to Section 9(d) hereof not more than six and one-quarter percent (6-1/4%) of the number equal to the Purchased Shares every ninety (90) days (the "**90-Day Limit**");

(iii) any sale pursuant to a tender or exchange offer to an acquiror seeking to acquire 100% of the Common Stock of the Company that has been approved by the Board prior to such sale; and

(iv) any Transfer to one or more members or Affiliates of the Standby Purchaser, provided that such member or Affiliate executes a written agreement in a form reasonably satisfactory to the Company to be bound by the terms and conditions hereof.

(d) If and for so long as the Standby Purchaser beneficially owns any shares of the Common Stock and a First Offer Termination Event has not occurred, the Standby Purchaser shall provide the Company with not less than thirty (30) days prior written notice (the "Public Sale Notice") on each occasion before offering to sell to Persons (other than to Persons party hereto or pursuant to Section 9(c)(iv) above) any shares of Common Stock that it is permitted to sell under the Securities Act (the "Offered Shares"). Either the Company or the ESOP shall have a right to purchase individually or together, in either case on or before the expiration of such thirty (30) days, all or any portion of such Offered Shares at a price per share equal to the greater of (i) the VWAP Price, or (ii) the product obtained by multiplying the percentage set forth in the chart below and the Company's then book value as calculated in accordance with GAAP for the most recent quarter preceding the date of the Public Sale Notice by at least forty-five (45) days. The chart for the foregoing sentence is as follows:

Time Period for Receipt of Public Sale Notice		Percentage
Beginning on the third anniversary of the Closing Date and ending on the day immediately prior to the fourth anniversary of the Closing Date	-	85%
Beginning on the fourth anniversary of the Closing Date and ending on the day immediately prior to the fifth anniversary of the Closing Date	-	90%
Beginning on the fifth anniversary of the Closing Date and thereafter	-	95%

If the Company and the ESOP fail (A) to exercise the foregoing right with respect to such Offered Shares within thirty (30) days after receipt of the Public Sale Notice or (B) to complete the purchase of such Offered Shares (including obtaining any required regulatory approvals) within seventy-five (75) days of receipt of such Public Sale Notice, the Standby Purchaser may sell such Offered Shares in the market in accordance with Section 9(c)(ii) hereof. Any repurchase by the Company pursuant to this Section 9(d) is subject to the prior approval of the Department, to the extent required under applicable Illinois law governing mutual-to-stock conversions or distributions by Illinois Casualty. Any purchase by the ESOP pursuant to this Section 9(d) is subject to the satisfaction any fiduciary duty imposed by Employee Retirement Income Security Act of 1974, as amended, or regulations promulgated thereunder on the trustee(s) of the ESOP.

Section 10. Post-Closing Standstill Provision. If and for so long as the Standby Purchaser beneficially owns two percent (2.0%) of the issued and outstanding shares of the Common Stock and a Standstill Termination Event has not occurred, the Standby Purchaser agrees that, without the prior written consent of the Board as specifically expressed in a

resolution adopted by a majority of the entire membership of the Board (other than a designee of any of the Standby Purchasers), neither the Standby Purchaser, nor any of its Affiliates or Associates nor any Person acting at their direction or on their behalf, will, directly or indirectly:

(a) with respect to the Company or Common Stock, make, engage or in any way participate in, directly or indirectly, any "solicitation" (as such term is used in the proxy rules of the Commission) of proxies or consents (whether or not relating to the election or removal of directors); seek to advise, encourage or influence any Person with respect to the voting of any Common Stock (other than Affiliates or Associates); initiate, propose or otherwise "solicit" (as such term is used in the proxy rules of the Commission) shareholders of the Company for the approval of shareholder proposals whether made pursuant to Rule 14a-8 or Rule 14a-4 under the Exchange Act, or otherwise, or cause or encourage or attempt to cause or encourage any other Person to initiate any such shareholder proposal; otherwise communicate with the Company's shareholders or others pursuant to Rule 14a-1(l)(2)(iv) under the Exchange Act; or participate in, or take any action pursuant to, any "shareholder access" proposal which may be adopted by the Commission, whether in accordance with previously proposed Rule 14a-11 or otherwise;

(b) seek, propose, or make any statement with respect to any merger, consolidation, business combination, tender or exchange offer, sale or purchase of assets, sale or purchase of securities, dissolution, liquidation, restructuring, recapitalization or similar transactions of or involving the Company or any of its Affiliates or Associates;

(c) except as otherwise permitted by this Agreement, acquire, offer or propose to acquire, or agree to acquire (except by way of stock dividends, stock splits, reverse stock splits or other distributions or offerings made available to holders of any shares of Common Stock generally), directly or indirectly, whether by purchase, tender or exchange offer, through the acquisition of control of another Person, by joining a partnership, limited partnership, syndicate or other "group" (within the meaning of Section 13(d)(3) of the Exchange Act) or otherwise, any shares of Common Stock, Equity Securities, or any loans, debt securities, or assets of the Company or any of its subsidiaries, or rights or options to acquire interests in any of the loans, debt securities, equity securities or assets of the Company or any of its subsidiaries;

(d) form, join or in any way participate in a "group" (within the meaning of Section 13(d)(3) of the Exchange Act) with respect to any shares of Common Stock, other than a group composed solely of the Standby Purchaser and the Standby Purchaser's Family Members;

(e) deposit any shares of Common Stock in any voting trust or subject any shares of Common Stock to any arrangement or agreement with respect to the voting of any shares of Common Stock;

(f) act alone or in concert with others to control or seek to control, or influence or seek to influence, the management, the Board or policies of the Company;

(g) make any demand or request for any shareholder list, or any related material, or for the books and records of the Company or its Affiliates;

(h) seek, alone or in concert with others, election or appointment to or representation on, or nominate or propose the nomination of any candidate to, the Board, or seek the removal of any member of the Board, in a manner inconsistent with this Agreement;

(i) have any discussions or communications, or enter into any arrangements, understanding or agreements (whether written or oral) with, or knowingly instigate, advise, finance, assist or encourage, any other Person in connection with any of the foregoing (including by granting any waiver to any legal, financial, public relations, proxy solicitation or other firm that represented or was engaged by the Standby Purchaser, its Affiliates, Associates or any of their legal counsel with respect to the Company, which waiver would permit any such firm to represent any Person in connection with matters relating to the Company), or make any investment in or enter into any arrangement with any other Person that engages, or offers or proposes to engage, in any of the foregoing;

(j) make or disclose any statement regarding any intent, purpose, plan or proposal with respect to the Board, the Company, its management, policies or affairs or any of its securities or assets or this Agreement that is inconsistent with the provisions of this Agreement, including any intent, purpose, plan or proposal that is conditioned on, or would require waiver, amendment, nullification or invalidation of, any provision of this Agreement or take any action that could require the Company to make any public disclosure relating to any such intent, purpose, plan, proposal or condition; or

(k) otherwise take, or solicit, cause or encourage others to take, any action inconsistent with any of the foregoing.

Section 11. Post-Closing Pre-Emptive Rights.

(a) Subject to applicable securities laws, other than the Offerings, following the Closing Date, the Standby Purchaser shall have the right to purchase (its "**Gross Up Right**") its pro rata share of all Equity Securities, as defined below, that the Company may, from time to time, propose to sell and issue after the date of this Agreement, other than the Equity Securities excluded by Section 11(e) hereof. The Standby Purchaser's pro rata share is equal to the ratio of (i) the total number of outstanding shares of the Common Stock that the Standby Purchaser is deemed to be a holder immediately prior to the issuance of such Equity Securities to (ii) the total number of shares of the outstanding Common Stock (including all shares of the Common Stock issued or issuable upon conversion of any securities convertible into the Common Stock or upon the exercise of any outstanding warrants or options) immediately prior to the issuance of the Equity Securities.

(b) If the Company proposes to issue any Equity Securities, it shall give the Standby Purchaser written notice of its intention, describing the Equity Securities and the price and the terms and conditions upon which the Company proposes to issue the same. The Standby Purchaser shall have twenty (20) days from the receipt of such notice (the "**Offer Period**") to notify the Company in writing that it intends to exercise its Gross Up Right and as to the amount of Equity Securities the Standby Purchaser intends to purchase, up to the maximum calculated in accordance with Section 11(a) hereof (the "**Designated Securities**"); provided, however, that if

providing the Standby Purchaser twenty (20) days' notice to respond is not practicable, the Company may provide an earlier deadline for the Standby Purchaser to respond to such notice but giving the Standby Purchaser the maximum number of days to respond as is practicable but in any event no fewer than five (5) days' notice. Such notice shall constitute a non-binding indication of interest of the Standby Purchaser to purchase the amount of Designated Securities specified by the Standby Purchaser (or a proportionately lesser amount if the amount of Equity Securities to be offered if such offering of Equity Securities is subsequently reduced) at the price (or range of prices) and other terms set forth in the Company's notice to it. The failure to respond during the Offer Period constitutes a waiver of its Gross Up Right in respect of such offering. The Standby Purchaser shall execute a binding agreement to purchase any such Equity Securities within thirty (30) days after expiration of the Offer Period, and any Equity Securities that the Standby Purchaser indicated it would purchase but that are not covered by a binding purchase agreement at such time may be sold to other Persons, unless the failure to execute such an agreement is attributable to actions of the Company, in which case the Company shall have the right to sell the Equity Securities to other Persons if the Standby Purchaser shall not have executed such an agreement within the later of (i) five (5) Business Days after the reason for such delay has been resolved or (ii) thirty (30) days after expiration of the Offer Period. Notwithstanding the foregoing, the Company shall not be required to offer or sell such Equity Securities to the Standby Purchaser if it would cause the Company to be in violation of applicable federal securities or insurance regulatory laws by virtue of such offer or sale.

(c) The Company shall have 180 days after expiration of the Offer Period to sell any Equity Securities in respect of which the Standby Purchaser's Gross Up Rights were not exercised, at a price and upon general terms and conditions not materially more favorable to the purchasers thereof than specified in the Company's notice to the Standby Purchaser pursuant to Section 11(b) hereof. If the Company has not sold such Equity Securities within 180-day period, the Company shall not thereafter issue or sell any Equity Securities, without first offering such Equity Securities to the Standby Purchaser in the manner provided above.

(d) The Gross Up Rights provided by this Section 11 shall not apply to, and shall terminate upon the earlier of (a) the first date upon which the Standby Purchaser no longer beneficially owns shares of the Common Stock representing more than five percent (5%) of the issued and outstanding shares of the Common Stock immediately prior to an issuance contemplated under Section 11(a) hereof, (b) the date of any breach by the Standby Purchaser of any material obligation under this Agreement that remains uncured after fifteen (15) days' notice thereof, or (c) the end of the Standstill Period.

(e) The provisions in this Section 11 shall not apply to any issuance of Equity Securities by the Company (i) to employees, consultants, officers or directors of the Company or any of its subsidiaries for the primary purpose of soliciting or retaining their employment or services or in a transaction or pursuant to management or employee agreements, incentive programs or stock purchase or equity compensation plans approved by the Board (including any such programs or plans in existence on the date hereof), (ii) by the Company to a third party as consideration in connection with (but not in connection with raising capital to fund) (A) a strategic business combination or other merger, acquisition or disposition transaction, partnership, joint venture, strategic alliance or investment by the Company or similar non-capital

raising transaction approved by the Board, or (B) an investment by the Company or its subsidiaries approved by the Board in any party which is not prior to such transaction an Affiliate of the Company (whether by merger, consolidation, sale or exchange of stock, sale of assets or securities, or otherwise), (iii) as part of any offering registered under the Securities Act; provided, that the Standby Purchaser shall not be precluded by the Company, its underwriter(s) or its agent(s) in connection with such offering from purchasing in such offering, and the Company shall use commercially reasonable efforts to cause its underwriter(s) or agent(s) engaged in connection with such offering to allocate shares, on the same terms and conditions offered to the public, a sufficient number of Designated Securities, so as to maintain its pro rata share of all Equity Securities, (iv) upon the exercise, conversion or exchange of options, warrants or similar rights or other convertible securities, and (v) in connection with any stock split, stock dividend paid on a proportionate basis to all holders of the affected class of capital stock or recapitalization approved by the Board.

Section 12. Post-Closing Voting. If and for so long as the Standby Purchaser beneficially owns two percent (2.0%) of the shares of the Common Stock and a Standstill Termination Event has not occurred, and subject to the final proviso of this paragraph, the Standby Purchaser shall vote and cause to be voted all shares of Common Stock beneficially owned by the Standby Purchaser (a) for persons nominated and recommended by the Board for election as directors of the Board and against any Person nominated for election as a director by any other Person and (b) as directed or recommended by the Board with respect to any proposal presented at any meeting of the Company's shareholders, including, but not limited to (i) the entire slate of directors recommended for election by the Board to the shareholders of the Company at any meeting of the Company's shareholders at which any directors are elected, (ii) any shareholder proposal submitted for a vote at any meeting of the Company's shareholders, and (iii) any proposal submitted by the Company for a vote at any meeting of the Company's shareholders relating (A) to the appointment of the Company's accountants or (B) an equity compensation plan of the Company and/or any material revisions thereto; provided, however, that the Standby Purchaser shall not be bound to vote in accordance with the foregoing provisions if the Company is in violation of a material obligation of the Agreement that remains uncured after fifteen (15) days' notice thereof or if such proposal (1) would have a disproportionate effect on the Standby Purchaser compared to (x) all of the Other Standby Purchasers as a group, or (y) all of the other holders of the Common Stock as a group, or (2) (other than the matters specified in clause (1)) requires approval of a related party transaction between the Company and its Affiliate other than as set forth in clauses (a), (b)(i), (b)(ii), and (b)(iii).

Section 13. Termination.

(a) This Agreement may be terminated at any time prior to the Closing Date:

(i) by the Company on one hand or the Standby Purchaser on the other hand by written notice to the other party hereto, if there is a material breach of this Agreement by the other party that is not cured within fifteen (15) days after receipt of written notice by such breaching party;

(ii) if, by action of Illinois Casualty's board of directors, Illinois Casualty shall have decided to abandon the Plan of Conversion;

(iii) if the Plan of Conversion shall have been proposed for approval and adoption at a meeting of the Voting Members and shall have failed to receive approval at such meeting or any adjournment thereof or if the Department shall have stated in writing that it does not approve or intend to approve the Plan of Conversion;

(iv) the Closing has not occurred by December 31, 2017 (the "Outside Date"), provided that the party seeking to terminate this Agreement pursuant to this clause (iv) shall not have failed to perform the covenants, agreements and conditions to be performed by it which has been the primary cause of, or resulted in, the failure of the Closing to occur by the Outside Date; or

(v) if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement and such order, decree, ruling or other action shall have become final and nonappealable.

(b) In the event of termination of this Agreement pursuant to Section 13(a), written notice thereof shall as promptly as practicable be given to the other parties to this Agreement and this Agreement shall terminate and the transactions contemplated hereby shall be abandoned, without further action by any of the parties hereto. If this Agreement is terminated pursuant to Section 13(a):

(i) there shall be no liability or obligation on the part of the parties hereto or their respective officers and directors, and all obligations of the parties hereto shall terminate, except for (A) the obligations of the parties pursuant to this Section 13(b), and the provisions of Sections 14 through 20 and Section 22, and (B) any liabilities for any breach by the parties of the terms and conditions of this Agreement prior to such termination; and

(ii) all filings, applications and other submissions made pursuant to the transactions contemplated by this Agreement shall, to the extent practicable, be withdrawn from any Governmental Entity to which made.

Section 14. Survival. The representations and warranties of the Company and the Standby Purchaser contained in this Agreement or in any certificate delivered hereunder shall survive the Closing hereunder.

Section 15. Notices. All notices, communications and deliveries required or permitted by this Agreement shall be made in writing signed by the party making the same, shall specify the Section of this Agreement pursuant to which it is given or being made and shall be deemed given or made (i) on the date delivered if delivered by in-person, (ii) on the third (3rd) Business Day after it is mailed if mailed by United States registered or certified mail (return receipt requested) (with postage and other fees prepaid), or (iii) on the day after it is delivered, prepaid, to an overnight express delivery service promising next business day delivery that confirms to the sender delivery on such day, as follows:

(a) If to the Company, at:	ICC Holdings, Inc. c/o Illinois Casualty Company 225 20th Street Rock Island, Illinois 61201 Attention: Arron K. Sutherland, President and Chief Executive Officer
(b) If to the Standby Purchaser, at:	Tuscarora Wayne Insurance Company 41908 Route 6 PO Box 7 Wyalusing, Pennsylvania 18853-0007 Attention: Jay W. Chadwick, President and Chief Executive Officer

or to such other representative or at such other address of a party as such party hereto may furnish to the other parties in writing in accordance with this Section 15. If notice is given pursuant to this Section 15 of any assignment to a permitted successor or assign of a party hereto, the notice shall be given as set forth above to such successor or permitted assign of such party.

Section 16. Assignment. This Agreement will be binding upon, and will inure to the benefit of and be enforceable by, the parties hereto and their respective successors and assigns. No party to this Agreement may assign this Agreement or any of its rights or obligations under this Agreement without the prior written consent of the other party hereto.

Section 17. Entire Agreement. This Agreement embodies the entire agreement and understanding between the parties hereto in respect of the subject matter contained herein. There are no restrictions, promises, warranties, or undertakings, other than those set forth or referred to herein, with respect to the transactions contemplated by this Agreement. This Agreement supersedes all prior agreements and understandings between the parties with respect to the subject matter of this Agreement.

Section 18. Governing Law; Venue. This Agreement shall be governed by and construed in accordance with the laws of the Commonwealth of Pennsylvania (other than its rules of conflict of laws to the extent the application of the laws of another jurisdiction would be required thereby). The state courts of the County of Philadelphia, Pennsylvania and the United States District Court for the Eastern District of Philadelphia shall have the exclusive jurisdiction over any and all claims, lawsuits and litigation relating to or arising out of this Agreement, the subject matter hereof or the transactions contemplated hereby. Each party hereto hereby irrevocably (a) submits to the personal jurisdiction of such courts over such party in connection with any litigation, proceeding or other legal action arising out of or in connection with this Agreement, and (b) waives to the fullest extent permitted by law any objection to the venue of any such litigation, proceeding or action which is brought in any such court.

Section 19. Severability. If any provision of this Agreement or the application thereof to any Person or circumstances is determined by a court of competent jurisdiction to be invalid, void or unenforceable, the remaining provisions hereof, or the application of such provision to Persons or circumstances other than those as to which it has been held invalid or unenforceable, shall remain in full force and effect and shall in no way be affected, impaired or invalidated thereby, so long as the economic or legal substance of the transactions contemplated hereby is not affected in any manner adverse to any party. Upon such determination, the parties shall negotiate in good faith in an effort to agree upon a suitable and equitable substitute provision to effect the original intent of the parties.

Section 20. Extension or Modification of Rights Offering. Without the prior written consent of the Standby Purchaser, the Company may (a) waive irregularities in the manner of exercise of the Rights, and (b) waive conditions relating to the method (but not the timing) of the exercise of the Rights.

Section 21. Most Favored Nation. Except as disclosed or set forth herein, during the period from the date of this Agreement through the Closing Date, neither the Company nor its subsidiaries shall enter into any additional, or modify any existing, agreements with any existing or future investors in the Company or any of its subsidiaries that have the effect of establishing rights, imposing restrictions or otherwise benefiting such investor in a manner more favorable in any material respect to such investor than the rights, restrictions and benefits established with respect to the Standby Purchaser in this Agreement, unless, in any such case, this Agreement has been amended to provide the Standby Purchaser with such additional rights and benefits or reduced restrictions.

Section 22. Miscellaneous.

(a) The obligations of the Company and Illinois Casualty under this Agreement shall be joint and several.

(b) The Company shall not after the date of this Agreement enter into any agreement with respect to its securities which is inconsistent with or violates the rights granted to the Standby Purchaser in this Agreement.

(c) The headings in this Agreement are for purposes of reference only and shall not limit or otherwise affect the meaning of this Agreement.

(d) This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which, when taken together, shall constitute one and the same instrument. In the event that any signature is delivered by facsimile transmission, or by e-mail delivery of a ".pdf" format data file, such signature shall create a valid and binding obligation of the party executing (or on whose behalf such signature is executed) with the same force and effect as if such facsimile signature page were an original thereof.

[Remainder of this page intentionally left blank.]

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed and delivered as of the date first above written.

ICC HOLDINGS, INC.

By: /s/ Arron K. Sutherland
Arron K. Sutherland
President and Chief Executive Officer

ILLINOIS CASUALTY COMPANY

By: /s/ Arron K. Sutherland
Arron K. Sutherland
President and Chief Executive Officer

TUSCARORA WAYNE INSURANCE COMPANY

By: /s/ Jay W. Chadwick
Name: Jay W. Chadwick
Title: President and Chief Executive Officer

Maximum Standby Purchase Commitment: 200,000

Illinois Casualty Company Profit Sharing
Cash Bonus Program

The Illinois Casualty Company Profit Sharing Cash Bonus Program (the Bonus) asks for associates' commitment to think and act like owners of the business – and gives them a direct stake in its success. Objectives of the program include:

- Share in Illinois Casualty Company's financial success
- Motivate associates to focus on specific performance objectives
- Reward associates annually based on overall Company performance.

The Program provides a cash bonus of between 0% and 12% of additional pay to eligible associates if the Company achieves annual objectives.

Eligibility

To be eligible to participate in the Program, an associate must meet the minimum qualifications necessary to participate in the Illinois Casualty Company 401(k) and Profit Sharing Plan. Refer to Summary Plan Description — Retirement Plan Restated 10-01-2014.

To be eligible to receive the incentive, the associate must be actively employed with Illinois Casualty Company by September 1st of the Program year and still be employed on the date of payment. The incentive payment will be made no later than March 1st of the following year.

Retirement

A special exception will be made for an associate who was actively employed with Illinois Casualty Company for the entire Program year, but whose employment status is "retired" on the incentive payment date. An associate whose planned retirement date falls between January 1st and March 1st following a Program year will not be required to delay their retirement date in order to receive the earned benefit.

Definition of Retired

Having ended one's working or professional career.

Incentive

The extent of the profit sharing incentive pool will be based on year-end Company performance as defined in the criteria below. Each eligible associate's bonus will be computed as a percentage of base salary received as of year-end. Base salary excludes bonus payments, Manager's Awards, fringe benefits, relocation reimbursements, and other additional forms of pay.

Criteria

The criteria for measuring Company performance will include key components of insurance company operations: for example, Combined Ratio, Direct Written Premium, Retention, and Surplus. The criteria will be set annually, based on Company goals. Scoring above, at, or below annual targets will produce a varying numbers of points, which will be used to calculate the bonus

Glossary of Terms

Combined Ratio

Company profit occurs when the ratio is under 100% and loss occurs when the ratio is over 100%.

$$\text{Combined Ratio} = \frac{\text{Incurred Losses + LAE Expense}}{\text{Net Earned Premium}} + \frac{\text{Other Underwriting Expense}}{\text{Net Written Premium}}$$

Renewal Hit Ratio

Measures success in retaining policies at renewal by comparing the number of renewals offered against the number of renewal binders received.

$$\text{Renewal Hit Ratio} = \frac{\text{Renewed}}{\text{Renewed + Expired}}$$

Direct Written Premium (DWP)

The premium income adjusted for additional or return premiums before deducting any premiums for reinsurance ceded and not including any premiums for reinsurance assumed.

Surplus

The amount by which admitted assets exceed liabilities.

Payout Options

Associates have the option to receive the entire amount of the Cash Bonus Payment in cash, or defer an elected amount, up to 100%, to their retirement plan. If an associate elects a cash payment, the payment will be taxed at the flat IRS rate plus applicable state rates for bonus payments.

The Profit Sharing Cash Bonus Program is provided at the discretion of Illinois Casualty Company. Illinois Casualty Company reserves the right to administer, modify or terminate the Program with or without notice at any time.

Exhibit 21.1

Subsidiaries of
ICC Holdings, Inc.
(following the Offering)

Illinois Casualty Company	Illinois
ICC Realty, LLC	Illinois
Beverage Insurance Agency, Inc.	Illinois
Estrella Innovative Solutions, Inc.	Illinois

Exhibit 23.2

FELDMAN FINANCIAL ADVISORS, INC.

1001 CONNECTICUT AVENUE, NW ● SUITE 840
WASHINGTON, D.C. 20036
202-467-6862 ● (FAX) 202-467-6963

CONSENT OF FELDMAN FINANCIAL ADVISORS, INC.

We hereby consent to the use of our firm's name in the Registration Statement on Form S-1 and related amendments thereto (collectively, the "Form S-1") of ICC Holdings, Inc. ("ICC Holdings") as filed with the Securities and Exchange Commission (the "SEC"). We also consent to the inclusion of, summary of, and reference to our Pro Forma Valuation Appraisal Report, dated as of April 29, 2016, of Illinois Casualty Company included in the Form S-1 filed by ICC with the SEC. Furthermore, we consent to the inclusion of, summary of, and reference to our subscription rights opinion letter, dated as of August 12, 2016, in the Form S-1 filed by ICC Holdings with the SEC. In giving such consent, we do not admit and we disclaim that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the Rules and Regulations of the SEC thereunder.

Feldman Financial Advisors, Inc.

FELDMAN FINANCIAL ADVISORS, INC.

Washington, D.C.
August 12, 2016

Exhibit 23.4

Consent of Independent Registered Public Accounting Firm

We consent to the inclusion in this Form S-1 Registration Statement of ICC Holdings, Inc. filed with the Securities and Exchange Commission of our report dated August 12, 2016 on our audits of the financial statements of Illinois Casualty Company (A Mutual Insurance Company) as of and for the years ended December 31, 2015 and 2014. We also consent to the references to our firm under the caption "Experts."

/s/ BKD, LLP

Cincinnati, Ohio
October 12, 2016

Exhibit 99.1

Draft Form of Proxy Statement
For Review by the Illinois Department of Insurance

NOTICE OF SPECIAL MEETING OF ELIGIBLE MEMBERS
TO BE HELD , 2016

TO CERTAIN ELIGIBLE MEMBERS OF ILLINOIS CASUALTY COMPANY:

Notice is hereby given that the Special Meeting of Eligible Members (the “Special Meeting”) of Illinois Casualty Company (the “Company” or “Illinois Casualty”) will be held at .m., local time, on , , 2016, at [the Company’s offices at 225 20th Street], Rock Island, Illinois 61201 to consider and vote upon the following:

1. the adoption and approval of a Plan of Conversion (the “Plan of Conversion”) (a copy of which is attached to the accompanying proxy statement as Exhibit A);
2. the adoption and approval of the proposed amended and restated articles of incorporation of Illinois Casualty (a copy of which is attached to the accompanying proxy statement as Exhibit B);
3. a proposal to adjourn the Special Meeting, if necessary, to solicit additional proxies in the event that there are not sufficient votes at the time of the Special Meeting to approve the Plan of Conversion and the amended and restated articles of incorporation; and
4. to transact any other business that may properly come before the Special Meeting or any adjournment or postponement thereof.

In accordance with the Company’s By-laws, action of the Board of Directors, the Plan of Conversion and the provisions of Section 59.1 of the Illinois Insurance Code, 215 ILCS 5/59.1, only those persons who were named insureds under Illinois Casualty insurance policies that were in force on February 16, 2016, which is the date that the Board of Directors of the Company adopted the Plan of Conversion, are entitled to notice of and to vote at the Special Meeting and any adjournment or postponement thereof.

Whether or not you plan to attend the Special Meeting, your vote is very important, and we encourage you to vote promptly. To vote, please mark, sign and date the enclosed proxy and mail it promptly in the enclosed, postage-paid return envelope. If you execute a proxy but later decide to attend the Special Meeting in person, or for any other reason desire to revoke your proxy, you may do so by submitting a later dated proxy that must be received before your proxy is voted. Submitting a proxy will not prevent you from attending the Special Meeting and voting in person if you so desire, but it will help us secure a quorum and reduce the expense of additional proxy solicitation.

By Order of the Board of Directors,

Gerald J. Pepping
Chairman of the Board

Rock Island, Illinois
, 2016

PROXY STATEMENT

Your proxy, in the form enclosed, is solicited by the board of directors of Illinois Casualty Company ("Illinois Casualty" or the "Company") for use at a Special Meeting of its members to be held on , 2016 and any adjournment of that meeting, for the purposes set forth below. Only persons owning policies issued by Illinois Casualty that were in force at the close of business on February 16, 2016 are entitled to notice of and to vote at the Special Meeting. The board of directors urges you to sign and return your proxy even if you plan to attend the Special Meeting.

IMPORTANT NOTICE

The Plan of Conversion described in this Proxy Statement was approved by the Illinois Department of Insurance (the "Insurance Department"). Approval of the Plan of Conversion by the Insurance Department does not constitute or imply that the Insurance Department has endorsed the Plan of Conversion described in this Proxy Statement, nor does such approval constitute investment advice or a recommendation by the Insurance Department on how you should vote on the Plan of Conversion.

Introduction

A special meeting of the Eligible Members (defined below) of Illinois Casualty will be held at [the Company's offices at 225 20th Street], Rock Island, Illinois 61201 on , , 2016, at .m., local time (the "Special Meeting"). The purpose of the Special Meeting is to consider and vote upon (i) a Plan of Conversion, as amended (the "Plan of Conversion"), and (ii) the proposed amended and restated articles of incorporation of Illinois Casualty (a copy of which is attached hereto as Exhibit B). The Plan of Conversion has been adopted by the Company's board of directors and approved by the Insurance Department, and a copy of the Plan of Conversion is attached hereto as Exhibit A. If the Plan of Conversion is approved at the Special Meeting, Illinois Casualty will convert from an Illinois mutual insurance company to an Illinois stock insurance company (the "Conversion") and will form a new mutual holding company pursuant to the provisions of Section 59.1 of the Illinois Insurance Code, 215 ILCS 5/59.1 (the "Act").

"Eligible Members" are the persons who were named insureds under Illinois Casualty insurance policies that were in force on February 16, 2016, which is the date that the board of directors of the Company adopted the Plan of Conversion.

Overview of the Conversion

Illinois Casualty currently exists and operates as a mutual insurance company. This means that Illinois Casualty has no shareholders. Instead, Illinois Casualty has members consisting of the policyholders who have insurance coverage with Illinois Casualty.

Under the Act, an Illinois mutual insurance company that offers property and casualty insurance, such as Illinois Casualty, can adopt a plan to convert from a mutual insurance company to a stock insurance company. Mutual insurance companies may decide to convert into stock companies for many different reasons. Mutual insurance companies have limited access to the capital markets. By converting to stock form, a mutual insurance company gains the ability to raise capital through sales of its stock. By raising additional capital, Illinois Casualty strengthens its ability to pay claims made by its policyholders and defend and pay claims made against its policyholders. Stock insurance companies also are better able to make strategic acquisitions of other insurance companies and to enter into strategic business combinations with other insurers and insurance holding companies. In addition, stock insurance companies can use stock incentive programs to help them attract and retain key management personnel.

The principal purpose of the Conversion is to convert Illinois Casualty from a mutual insurance company into a stock insurance company in order to enhance its strategic and financial flexibility and to provide the Eligible Members with the right to acquire an equity interest in HoldCo (as defined below). Illinois Casualty's board of directors believes that the Conversion is in the best interest of Illinois Casualty because the additional capital

resulting from the Conversion should: (i) support further organic growth in direct written premium; (ii) enhance the prospect for Illinois Casualty to receive a rating upgrade from A. M. Best & Company; (iii) permit prudent geographic expansion; and (iv) provide a more cost effective capital structure. In addition, the additional capital and holding company should enhance Illinois Casualty's ability to acquire other property and casualty insurance companies. Illinois Casualty's board of directors further believes that the transaction is fair and equitable, is consistent with the purpose and intent of the Act and will not prejudice the interests of its members.

In its present structure as a mutual insurance company, Illinois Casualty can increase its statutory capital only through earnings generated by its business or by the issuance of surplus notes. Reliance on earnings to provide a long-term source of permanent capital, however, limits Illinois Casualty's ability to develop new business, expand geographically, make acquisitions, and provide greater stability and protection for its policyholders. Surplus notes do not provide permanent capital and must be repaid out of a company's earnings.

The Company's Plan of Conversion consists of the following steps:

1. Illinois Casualty will convert to a stock company. As part of the conversion, Illinois Casualty will issue all of its shares of capital stock to ICC Holdings, Inc., a newly formed Pennsylvania corporation ("HoldCo"). Illinois Casualty policyholders who formerly were "members" of Illinois Casualty will no longer be members of Illinois Casualty. The insurance policies issued by Illinois Casualty will remain in full force and effect as insurance policies of Illinois Casualty. The Conversion will not change the price, benefits, renewability or any other feature, term or condition of a policyholder's insurance coverage.
2. HoldCo will offer shares of its common stock ("Conversion Stock") for sale in a public offering described in greater detail below (hereinafter, the "Offering"). The common stock of HoldCo will be offered for sale pursuant to a Registration Statement and Prospectus filed and effective under the Securities Act of 1933, as amended. Immediately after completion of the Offering and the Conversion, Illinois Casualty will become a wholly-owned subsidiary of HoldCo. Therefore, HoldCo, through its board of directors, will be able to control who is elected to Illinois Casualty's board of directors.
3. Eligible Members will be granted rights to subscribe to purchase shares of common stock of HoldCo in the Offering. These subscription rights provide such policyholders the opportunity to purchase shares before orders from any other purchasers may be accepted. If shares remain available for sale after the subscriptions of the Eligible Members are filled, such remaining shares will be sold to other purchasers (as described in greater detail in the Prospectus of HoldCo accompanying this Proxy Statement). The Conversion Stock will be offered for sale at $10.00 per share. An Eligible Member who wishes to subscribe must purchase at least 50 shares of stock and may not purchase more than 5% of the total number of shares of stock sold in the Offering. Other limitations apply to the Offering, which are described in greater detail in the Prospectus.

Information Relating to Voting at the Special Meeting

In accordance with the terms of Illinois Casualty's articles of incorporation and bylaws, the terms of the Plan of Conversion and the provisions of the Act, each Eligible Member is entitled to notice of, and to vote at, the Special Meeting, and will be entitled at the Special Meeting to cast one vote, regardless of the number of policies of insurance held by that Eligible Member. A person who is an "Eligible Member" with reference to more than one policy shall have only one vote.

Approval of each of the Plan of Conversion and the amended and restated articles of incorporation will require the affirmative vote, either in person or by proxy, of at least two-thirds of the votes cast at the Special Meeting.

Eligible Members may vote at the Special Meeting or any adjournment thereof in person or by proxy. All properly executed proxies received by Illinois Casualty before the Special Meeting will be voted in accordance with the instructions indicated thereon. If no contrary instructions are given, such proxies will be voted in favor of (i) the

Plan of Conversion, and (ii) the amended and restated articles of incorporation of Illinois Casualty. If any other matters are properly presented before the Special Meeting, the proxies solicited hereby will be voted on such matters by the proxyholders according to their discretion. Any Eligible Member giving a proxy will have the right to revoke his or her proxy at any time before it is voted by delivering written notice or a duly executed proxy bearing a later date to the Secretary of Illinois Casualty at any time prior to or at the Special Meeting or by attending the Special Meeting and voting in person.

The proxies solicited hereby will be used only at the Special Meeting and at any adjournment thereof. They will not be used at any other meeting.

Relationship Between this Proxy Statement and the Prospectus

A copy of the Prospectus for the offering of HoldCo's common stock accompanies this Proxy Statement. This Proxy Statement summarizes and presents selected information from the Prospectus and may not contain all the information that might be important to an Eligible Member in deciding whether to (i) vote for adoption and approval of the Plan of Conversion, and/or (ii) subscribe for the purchase of Conversion Stock in the Offering. To understand the Offering fully, Eligible Members should read the Prospectus carefully, including the financial statements and the notes to financial statements of Illinois Casualty that are included in the Prospectus. Eligible Members also may wish to review the Plan of Conversion. A copy of the Plan of Conversion is attached hereto as Exhibit A and is available for review and downloading on Illinois Casualty's website at www.ilcasco.com.[1]

The decisions to be made by an Eligible Member in voting on the Plan of Conversion and in deciding whether to purchase Conversion Stock are separate. For instance, you may vote in favor of the Plan of Conversion, but decide not to purchase any Conversion Stock. Or, you may vote against the Plan of Conversion, but decide to purchase Conversion Stock.

If for any reason the Plan of Conversion is not approved by Eligible Members, the Conversion will not be completed, no Conversion Stock will be sold, and your subscription rights will expire without any consideration.

The Parties

HoldCo

HoldCo, Inc. is a Pennsylvania business corporation organized on May [ ], 2016 for the purpose of becoming the stock holding company of Illinois Casualty and its subsidiaries following closing on the Conversion. HoldCo's executive offices are located at 225 20th Street, Rock Island, Illinois 61201. HoldCo's board of directors will consist of the current directors of Illinois Casualty.

HoldCo will not have engaged in any operations prior to completion of the Conversion. After completion of the Conversion, HoldCo's primary assets will be the outstanding capital stock of Illinois Casualty, along with the amount of the net proceeds realized from the Offering of its common stock that remains after the use of such proceeds as described in the Prospectus.

HoldCo intends to apply to have its common stock listed for trading on the NASDAQ Stock Market.

Illinois Casualty

Illinois Casualty Company is an Illinois mutual insurance company organized in 1950. Its main offices are located at 225 20th Street, Rock Island, Illinois 61201, and its telephone number is (309) - . At December 31, 2015, Illinois Casualty had total consolidated assets of $[ ] million and total equity of $[ ] million. During 2015, Illinois Casualty had direct written premiums of $[ ] million. Illinois Casualty is a regional multi-line property and casualty insurance company focusing on the food and beverage industry.

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1 This reference to Illinois Casualty's website includes only the documents available for review under the "Illinois Casualty Plan of Conversion" tab. Any other information available on Illinois Casualty's website is not part of this Proxy Statement.

The Conversion

Illinois Casualty adopted the Plan of Conversion on February 16, 2016. The Conversion involves a series of transactions by which Illinois Casualty will convert from a mutual insurance company to a stock insurance company. Following the Conversion, Illinois Casualty will become a subsidiary of HoldCo.

As an integral part of the Conversion, HoldCo will offer for sale in a subscription rights offering between 2,720,000 and 3,680,000 shares of HoldCo's common stock ("Subscription Offering"). The Subscription Offering will be made in the following order of priority:

1. *First to "Eligible Members"* – "Eligible Members" are the named policyholders of Illinois Casualty who were insured under Illinois Casualty insurance policies that were in force on February 16, 2016.
2. *Next to the ESOP* – HoldCo will form an employee stock ownership plan (the "ESOP") for the benefit of its employees. The ESOP will purchase a number of shares equal to 10.0% shares sold in the Offering. HoldCo will make a loan to the ESOP to fund the purchase of such shares.
3. *Last, to Directors and Officers of Illinois Casualty* – The directors, officers and employees of Illinois Casualty.

Subscriptions will be accepted by HoldCo under the priorities described above.

If any shares of Conversion Stock remain available for purchase after the Subscription Offering, they will be offered to the general public (the "Community Offering").[2] The Plan of Conversion provides that HoldCo will give preferential treatment to orders received in the Community Offering from: people who became policyholders of Illinois Casualty after February 16, 2016, insurance producers who have produced business for Illinois Casualty within twelve months prior to the date of their subscription, and any standby purchasers, subject, however, to the right of HoldCo to accept or reject any order to purchase shares in the community offering in its sole and absolute discretion. HoldCo may accept subscriptions under the Subscription Offering and orders received under the Community Offering simultaneously. Payments received on stock orders that are not accepted will be refunded (without interest).

The purchase price for the Conversion Stock will be $10.00 per share. All purchasers will pay the same price per share in the Offering.

The Conversion will permit policyholders of Illinois Casualty, the management and employees of Illinois Casualty, and the general public to become equity owners of HoldCo and to share in its future. The Conversion also will provide additional capital that will enhance the ability of Illinois Casualty to expand its business.

Completion of the Conversion is subject to various conditions, including approval of the Conversion by the Eligible Members of Illinois Casualty, completion of the Offering, and receipt of all necessary regulatory approvals.

Transfers of Subscription Rights

Eligible Members will be granted subscription rights in connection with the Conversion that will permit them to purchase shares of HoldCo common stock in the Offering (the "subscription rights"). An Eligible Member may transfer all, but not less than all, of such member's subscription rights only as follows, and any other attempted transfer will be void and not recognized:

(i) to such member's spouse or children;

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2 If Illinois Casualty enters into standby investor agreements, they are expected to have a priority right before the Community Offering.

(ii) to a trust or other estate or wealth planning entity established for the benefit of such member or such member's spouse or children; or

(iii) such member's individual or joint individual retirement account (an IRA) or other tax qualified retirement plan.

Each Eligible Member has a subscription right to purchase up to 5% of the shares sold in the Offering.

Illinois Casualty's Reasons for the Conversion

The principal purpose of the Conversion is to convert Illinois Casualty from a mutual insurance company into a stock insurance company in order to enhance its strategic and financial flexibility and to provide the Eligible Members with the right to acquire an equity interest in HoldCo. Illinois Casualty's board of directors believes that the Conversion is in the best interest of Illinois Casualty because the additional capital resulting from the Conversion should: (i) support further organic growth in direct written premium; (ii) enhance the prospect for Illinois Casualty to receive a rating upgrade from A. M. Best & Company; (iii) permit prudent geographic expansion; and (iv) provide a more cost effective capital structure. In addition, the additional capital and holding company should enhance Illinois Casualty's ability to acquire other property and casualty insurance companies. Illinois Casualty's board of directors further believes that the transaction is fair and equitable, is consistent with the purpose and intent of the Act and will not prejudice the interests of its members.

In its present structure as a mutual insurance company, Illinois Casualty can increase its statutory capital only through earnings generated by its business or by the issuance of surplus notes. Reliance on earnings to provide a long-term source of permanent capital, however, limits Illinois Casualty's ability to develop new business, expand geographically, make acquisitions, and provide greater stability and protection for its policyholders. Surplus notes do not provide permanent capital and must be repaid out of a company's earnings.

Effects of the Conversion on Policyholders

In General

Each policyholder in a mutual insurance company, such as Illinois Casualty, has certain interests in the insurance company issuing the policy, including the contractual right to insurance coverage and the right to vote when provided by the company's articles of incorporation or bylaws or as provided by law. Policyholders also may have the right to share in a liquidating distribution of the insurer's net worth if the insurer were to voluntarily dissolve and liquidate its business and properties.

A policyholder of a mutual insurance company must have an in-force insurance policy issued by that company in order to be a member of that company. Except to the extent that a membership interest is deemed to have value in connection with the conversion of an insurance company from mutual to stock form, this interest as a member has no market value because it cannot be separated from the underlying policy and, in any event, is not transferable. A policyholder whose policy is cancelled, terminated or not renewed will lose his or her interest as a member. As of the completion of the Conversion, all membership interests in Illinois Casualty, except contract rights under policies of insurance, will terminate.

If the Plan of Conversion is not approved by the Eligible Members, or if the Conversion is not completed for any other reason, Illinois Casualty will continue to operate as a mutual insurance company. In that case, members will retain the rights described above.

Continuity of Insurance Coverage and Business Operations

Illinois Casualty's conversion to stock form will not change the insurance protection or premiums under Illinois Casualty's in-force insurance policies. During and after the Conversion, the normal business of issuing insurance policies and paying claims will continue without change or interruption. After the Conversion, Illinois Casualty (as converted) will continue to provide insurance coverage and services to its policyholders under in-force policies.

Voting Rights

After the Conversion, the voting rights of all members of Illinois Casualty will cease. Policyholders will no longer have the right to vote on any matter involving Illinois Casualty. HoldCo will own all of the outstanding shares of Illinois Casualty capital stock and will elect the directors of Illinois Casualty.

Voting rights in HoldCo will be held by the shareholders of HoldCo. Each holder of HoldCo common stock will be entitled to vote on any matter to be considered by HoldCo shareholders, subject to the terms of HoldCo's articles of incorporation and bylaws and to the provisions of Pennsylvania law.

Policyholder Dividends

Illinois Casualty has no in-force insurance policies that "participate" or provide for the payment of policy dividends. Therefore, the Conversion will not cause any policyholder to lose dividend rights or expectancies that may have existed in the period when Illinois Casualty operated as a mutual insurance company. Illinois Casualty can elect to continue to pay premium rebates with respect to certain types of insurance policies based on favorable loss experience.

Rights Upon Dissolution After Conversion

After the Conversion, policyholders will have no right to receive a pro rata distribution of any remaining surplus of Illinois Casualty upon its dissolution. Instead, this right will vest in HoldCo, as the sole shareholder of Illinois Casualty. In the event of a liquidation, dissolution or winding up of HoldCo, shareholders of HoldCo would be entitled to receive, after payment of all debts and liabilities of HoldCo, a pro rata portion of any liquidating distribution that is made of Holdings' remaining assets.

Determination of the Price per Share and the Number of Shares to be Offered

The Act requires that, as part of the mutual-to-stock conversion of Illinois Casualty, Eligible Members must be offered the right to purchase stock of the stock insurance company (or a holding company for the stock insurance company, in this case, HoldCo). In such stock offering, the aggregate pro forma value of Illinois Casualty is determined by a qualified valuation expert engaged for this purpose. The value can be expressed as a valuation range. Feldman Financial Advisors, Inc. ("Feldman Financial"), which was engaged to serve as the independent valuation expert in the Conversion, prepared an appraisal report valuing Illinois Casualty (the "Appraisal Report"). In its report dated April 29, 2016, Feldman Financial estimated that the appraised value of Illinois Casualty is between $27.2 million and $36.8 million, with a midpoint value of $32.0 million. Accordingly, under the Plan of Conversion, we will offer for sale up to 3,680,000 shares of HoldCo, based upon the underlying pro forma appraised value of Illinois Casualty.

The Conversion Stock will be sold at $10.00 per share consistent with the typical offering price per share for many converting mutual companies.

If HoldCo is unable to sell at least 2,720,000 shares, then unless the Offering range is revised with the approval of the Insurance Department, the Conversion and Offering must be terminated, all subscriptions and orders cancelled and all funds returned.

Feldman Financial's valuation is not a recommendation as to the advisability of purchasing shares of HoldCo. In preparing its Appraisal Report, Feldman Financial did not independently verify the financial statements and other information provided by Illinois Casualty, nor did Feldman Financial value independently the assets or liabilities of Illinois Casualty. The Appraisal Report considers Illinois Casualty as a going concern and should not be considered as an indication of the liquidation value of Illinois Casualty. Moreover, because such valuation is necessarily based upon estimates and projections of a number of matters, any of which are subject to change from time to time, no assurance can be given that persons purchasing common stock in the Conversion will thereafter be able to sell such shares at prices at or above the initial purchase price in the Conversion of $10.00 per share.

Limitations on Conversion Stock Purchases

The Plan of Conversion includes the following limitations on the number of shares of Conversion Stock that may be purchased in the Conversion:

- No fewer than 50 shares or $500 of Conversion Stock may be purchased, to the extent such shares are available.
- No person may purchase more than 5% of the total number of shares sold in the Offering, subject to the limitation on groups of persons acting in concert described below.
- The maximum number of shares of stock subscribed for or purchased in all categories of the Offering by any person, together with associates of and groups of persons acting in concert with such persons, cannot exceed 5% of the total number of shares sold in the Offering with the exception of the ESOP, which may purchase up to 10.0% of the total number of shares sold in the Offering, and any standby investors. The Company currently expects that the ESOP will purchase up to this limit.

Restrictions on Transfer of Subscription Rights and Shares

Except as described above under "Transfers of Subscription Rights," subscription rights granted under the Plan of Conversion are not transferable. Accordingly, except for such permitted transfers, any person receiving subscription rights under the Plan of Conversion may not transfer or enter into any agreement or understanding to transfer the legal or beneficial ownership of those subscription rights or the shares of Conversion Stock to be issued upon their exercise. Subscription rights may be exercised only for the account of the person receiving those rights under the Plan of Conversion or a permitted transferee. A person subscribing to Conversion Stock by exercise of subscription rights received under the Plan of Conversion or as a result of a permitted transfer will be required to certify that he or she is purchasing the shares solely for his or her own account and also that there is no agreement or understanding with any other person regarding the sale or transfer of such shares.

Shares of HoldCo common stock purchased in the Offering will thereafter be freely transferable under the Securities Act of 1933, as amended ("1933 Act")*; provided, however* that shares issued to directors and officers of Illinois Casualty and HoldCo will be restricted as to transfer for a period of one year from the effective date of the Conversion pursuant to the provisions of the Act (except for certain limited permitted transfers) and will be subject to additional transfer restrictions under Rule 144 of the 1933 Act.

Tax Effects

For a discussion of the material United States federal income tax consequences of the conversion to Illinois Casualty and to an Eligible Member of Illinois Casualty, see the section titled "Certain Federal Income Tax Considerations" in the accompanying Prospectus.

Illinois Casualty's Articles of Incorporation and Bylaws

The following is a summary of certain provisions of the Amended Articles of Incorporation and bylaws of Illinois Casualty, which will become effective upon the conversion of Illinois Casualty from a mutual insurance company to a stock insurance company.

Illinois Casualty's amended and restated Articles of Incorporation will authorize Illinois Casualty to issue 1,000 shares of common stock. All of Illinois Casualty's outstanding common stock will be owned by HoldCo. Accordingly, exclusive voting rights with respect to the affairs of Illinois Casualty after the Conversion will be vested in the board of directors of HoldCo.

As required by Illinois law, Illinois Casualty's amended and restated Articles of Incorporation may be further amended only if such amendment is approved by the board of directors of Illinois Casualty, and, if and to the extent required by law, approved by the Insurance Department and the shareholders of Illinois Casualty. The bylaws may be amended by a majority vote of the board of directors of Illinois Casualty or by HoldCo as Illinois Casualty's sole shareholder.

Termination of the Plan of Conversion

The Plan of Conversion may be terminated at any time prior to the effective date of the Conversion by the board of directors of Illinois Casualty.

Interpretation and Amendment of the Plan of Conversion

All interpretations of the Plan of Conversion by the boards of directors of Illinois Casualty and HoldCo will be final, conclusive and binding upon all persons. The Plan of Conversion may be amended by Illinois Casualty's board of directors at any time before it is approved by the Insurance Department.

Adjournment

In the event that there are not sufficient votes to constitute a quorum or to approve the proposal to approve the Plan of Conversion and/or the amended and restated articles of incorporation of the Company at the special meeting, the proposals could not be approved unless such meeting was adjourned or postponed to a later date or dates in order to permit further solicitation of proxies. In order to allow proxies that have been received by us at the time of the special meeting to be voted for adjournment or postponement, you are being asked to consider a proposal to approve the adjournment or postponement of the special meeting, if necessary or appropriate, including to permit further solicitation of proxies if necessary to obtain additional votes in favor of the proposals.

If there are sufficient votes to constitute a quorum and approve the proposal to approve and adopt the Plan of Conversion and the amended and restated articles of incorporation of the Company at the special meeting, the chairman of the special meeting may determine that no action will be taken on the proposal to adjourn.

* * * * * * *

RECOMMENDATION OF THE BOARD OF DIRECTORS

The board of directors recommends that you vote "FOR" approval of the Plan of Conversion, "FOR" approval of the Amended and Restated Articles of Incorporation of Illinois Casualty, and "FOR" the adjournment of the special meeting, if necessary, to solicit additional proxies.

PLEASE NOTE: **A vote in favor of the Plan of Conversion does not mean that you must purchase conversion stock in the Offering, and a vote against the Plan of Conversion does not mean you may not purchase stock in the Offering. You may vote in favor of the Plan of Conversion and decide not to purchase stock in the Offering. You may also vote against the Plan of Conversion and decide to purchase stock in the conversion. If the Plan of Conversion is not approved by the Eligible Members, the Conversion will not be completed, and no stock will be sold.**

ADDITIONAL INFORMATION

WE URGE YOU TO CONSIDER CAREFULLY THIS PROXY STATEMENT, INCLUDING PARTICULARLY THE PROSPECTUS THAT ACCOMPANIES THIS PROXY STATEMENT. WHETHER OR NOT YOU PLAN TO BE PRESENT IN PERSON AT THE SPECIAL MEETING, WE REQUEST THAT YOU FILL IN, DATE, SIGN AND RETURN THE ENCLOSED PROXY AS SOON AS POSSIBLE TO ASSURE THAT YOUR VOTE WILL BE COUNTED. THIS WILL NOT PREVENT YOU FROM VOTING IN PERSON IF YOU ATTEND THE SPECIAL MEETING. YOU MAY REVOKE YOUR PROXY BY WRITTEN INSTRUMENT DELIVERED TO , OF ILLINOIS CASUALTY, AT ANY TIME PRIOR TO OR AT

THE SPECIAL MEETING OR BY ATTENDING THE SPECIAL MEETING AND VOTING IN PERSON. YOUR PROXY SHOULD BE COMPLETED, SIGNED AND MAILED USING THE ENCLOSED ENVELOPE SO THAT IT IS RECEIVED ON OR BEFORE , 2016 [INSERT DEADLINE].

THIS PROXY STATEMENT IS NOT AN OFFER TO SELL OR THE SOLICITATION OF AN OFFER TO BUY THE CONVERSION STOCK. SUCH OFFERS MAY BE MADE ONLY BY MEANS OF THE PROSPECTUS.

, 2016
Rock Island, Illinois

FELDMAN FINANCIAL ADVISORS, INC.

1001 CONNECTICUT AVENUE, NW ● SUITE 840
WASHINGTON, DC 20036
202-467-6862 ● (FAX) 202-467-6963

Illinois Casualty Company
Rock Island, Illinois

Conversion Valuation Appraisal Report

Valued as of April 29, 2016

Prepared By

Feldman Financial Advisors, Inc.
Washington, DC

FELDMAN FINANCIAL ADVISORS, INC.

1001 CONNECTICUT AVENUE, NW ● SUITE 840
WASHINGTON, DC 20036
202-467-6862 ● (FAX) 202-467-6963

April 29, 2016

Board of Directors
Illinois Casualty Company
225 20th Street
Rock Island, Illinois 61201

Members of the Board:

At your request, we have completed and hereby provide an independent appraisal (the "Appraisal") of the estimated pro forma market value of Illinois Casualty Company ("Illinois Casualty" or the "Company") as of April 29, 2016. Illinois Casualty plans to convert from a mutual insurance company to a stock insurance company (the "Conversion") and issue all of its outstanding capital stock to ICC Holdings, Inc. ("ICC Holdings"), which will then offer all of its shares of common stock for sale to eligible policyholders of Illinois Casualty, the employee stock ownership plan ("ESOP") of Illinois Casualty, directors, officers and employees of Illinois Casualty, and members of the general public including certain identified standby investors (the "Offering"). Following the Conversion, Illinois Casualty will become a wholly owned subsidiary of ICC Holdings.

In accordance with Section 59.1(6)(f) of the Illinois Insurance Code, the aggregate price of the capital stock shall be equal to the estimated pro forma market value of the converted stock company based upon an independent evaluation by a qualified person. Furthermore, as permitted by Section 59.1(6)(f), the pro forma market value may be the value that is estimated to be necessary to attract full subscription for the shares as indicated by the independent evaluation. Pursuant to the requirement in Section 59.1(3)(b)(i)(A), the Appraisal must be filed with the Illinois Department of Insurance.

Feldman Financial Advisors, Inc. ("Feldman Financial") is a financial consulting and advisory firm that specializes in financial valuations and analyses of business enterprises and securities in the financial services industries. The background of Feldman Financial is presented in Exhibit I. In preparing the Appraisal, we conducted an analysis of Illinois Casualty that included discussions with the Company's management and an onsite visit to the Company's headquarters. We reviewed the audited financial statements of the Company as prepared under generally accepting accounting principles ("GAAP") as of and for the years ended December 31, 2014 and 2015. In addition, where appropriate, we considered information based on other available published sources that we believe are reliable; however, we cannot guarantee the accuracy and completeness of such information.

In preparing the Appraisal, we also reviewed and analyzed: (i) financial and operating information with respect to the business, operations, and prospects of Illinois Casualty as furnished to us by the Company; (ii) publicly available information concerning the Company that we believe to be relevant to our analysis; (iii) a comparison of the historical financial results and present financial condition of the Company with those of selected publicly traded insurance companies that we deemed relevant; and (iv) financial performance and market valuation data of certain publicly traded insurance industry aggregates as provided by industry sources.

The Appraisal is based on the Company's representation that the information contained in the Application and additional evidence furnished to us by the Company and its independent auditor are truthful, accurate, and complete. We did not independently verify the financial statements and other information provided by the Company and its independent auditor, nor did we independently value the assets or liabilities of the Company. The Appraisal considers the Company only as a going concern on a stand-alone basis and should not be considered as an indication of the liquidation value of the Company.

It is our opinion that, as of April 29, 2016 (the "Valuation Date"), the estimated pro forma market value of the Company was $32,000,000 with a range (the "Valuation Range") of $27,200,000 to $36,800,000. The Valuation Range was based upon a 15% decrease from the midpoint of $32,000,000 to determine the minimum and a 15% increase from the midpoint to establish the maximum. Based on an assumed offering price of $10.00 per share, the number of shares of common stock offered for sale will range from 2,720,000 shares at the minimum to 3,680,000 shares at the maximum with a midpoint of 3,200,000 shares.

Our Appraisal is not intended, and must not be construed, to be a recommendation of any kind as to the advisability of purchasing shares of common stock in the Offering. Moreover, because the Appraisal is necessarily based upon estimates and projections of a number of matters, all of which are subject to change from time to time, no assurance can be given that persons who purchase shares of stock in the Offering will thereafter be able to sell such shares at prices related to the foregoing estimate of the Company's pro forma market value.

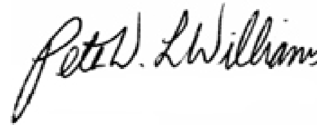
The Appraisal reflects only the Valuation Range as of the Valuation Date of the estimated pro forma market value of the Company immediately before issuance of the stock and does not take into account any trading activity with respect to the purchase and sale of common stock in the secondary market on the date of issuance of such securities or at any time thereafter following the completion of the Offering. Feldman Financial is not a seller of securities within the meaning of any federal or state securities laws and any report prepared by Feldman Financial shall not be used as an offer or solicitation with respect to the purchase or sale of any securities.

The Valuation Range reported herein will be updated as appropriate. These updates will consider, among other factors, any developments or changes in the Company's operating performance, financial condition, or management policies, and current conditions in the securities markets for insurance company common stocks. Should any such new developments or changes be material, in our opinion, to the estimated pro forma market value of the Company, appropriate adjustments to the Valuation Range will be made. The reasons for any such adjustments will be explained in detail at that time.

Respectfully submitted,

Feldman Financial Advisors, Inc.

Trent R. Feldman
President



Peter W.L. Williams
Principal

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INTRODUCTION

At your request, we have completed and hereby provide an independent appraisal (the "Appraisal") of the estimated pro forma market value of Illinois Casualty Company ("Illinois Casualty" or the "Company") as of April 29, 2016. Illinois Casualty plans to convert from a mutual insurance company to a stock insurance company (the "Conversion") and issue all of its outstanding capital stock to ICC Holdings, Inc. ("ICC Holdings"), which will then offer all of its shares of common stock for sale to eligible policyholders of Illinois Casualty, the employee stock ownership plan ("ESOP") of Illinois Casualty, directors, officers and employees of Illinois Casualty, and members of the general public including certain identified standby investors (the "Offering"). Following the Conversion, Illinois Casualty will become a wholly owned subsidiary of ICC Holdings.

In accordance with Section 59.1(6)(f) of the Illinois Insurance Code, the aggregate price of the capital stock shall be equal to the estimated pro forma market value of the converted stock company based upon an independent evaluation by a qualified person. Furthermore, as permitted by Section 59.1(6)(f), the pro forma market value may be the value that is estimated to be necessary to attract full subscription for the shares as indicated by the independent evaluation. Pursuant to the requirement in Section 59.1(3)(b)(i)(A), the Appraisal must be filed with the Illinois Department of Insurance.

Feldman Financial Advisors, Inc. ("Feldman Financial") is a financial consulting and advisory firm that specializes in financial valuations and analyses of business enterprises and securities in the financial services industries. The background of Feldman Financial is presented in Exhibit I. In preparing the Appraisal, we conducted an analysis of Illinois Casualty that

included discussions with the Company's management and an onsite visit to the Company's headquarters. We reviewed the audited financial statements of the Company as prepared under generally accepting accounting principles ("GAAP") as of and for the years ended December 31, 2014 and 2015. In addition, where appropriate, we considered information based on other available published sources that we believe are reliable; however, we cannot guarantee the accuracy and completeness of such information.

In preparing the Appraisal, we also reviewed and analyzed: (i) financial and operating information with respect to the business, operations, and prospects of Illinois Casualty as furnished to us by the Company; (ii) publicly available information concerning the Company that we believe to be relevant to our analysis; (iii) a comparison of the historical financial results and present financial condition of the Company with those of selected publicly traded insurance companies that we deemed relevant; and (iv) financial performance and market valuation data of certain publicly traded insurance industry aggregates as provided by industry sources.

The Appraisal is based on the Company's representation that the information contained in the Application and additional evidence furnished to us by the Company and its independent auditor are truthful, accurate, and complete. We did not independently verify the financial statements and other information provided by the Company and its independent auditor, nor did we independently value the assets or liabilities of the Company. The Appraisal considers the Company only as a going concern on a stand-alone basis and should not be considered as an indication of the liquidation value of the Company.

Our Appraisal is not intended, and must not be construed, to be a recommendation of any kind as to the advisability of purchasing shares of common stock in the Offering. Moreover, because the Appraisal is necessarily based upon estimates and projections of a number of

matters, all of which are subject to change from time to time, no assurance can be given that persons who purchase shares of stock in the Offering will thereafter be able to sell such shares at prices related to the foregoing estimate of the Company's pro forma market value.

The Appraisal reflects only the Valuation Range as of the Valuation Date of the estimated pro forma market value of the Company immediately before issuance of the stock and does not take into account any trading activity with respect to the purchase and sale of common stock in the secondary market on the date of issuance of such securities or at any time thereafter following the completion of the Offering. Feldman Financial is not a seller of securities within the meaning of any federal or state securities laws and any report prepared by Feldman Financial shall not be used as an offer or solicitation with respect to the purchase or sale of any securities.

The Valuation Range reported herein will be updated as appropriate. These updates will consider, among other factors, any developments or changes in the Company's operating performance, financial condition, or management policies, and current conditions in the securities markets for insurance company common stocks. Should any such new developments or changes be material, in our opinion, to the estimated pro forma market value of the Company, appropriate adjustments to the Valuation Range will be made. The reasons for any such adjustments will be explained in detail at that time.

I. BUSINESS OF ILLINOIS CASUALTY

General Overview

Illinois Casualty is a mutual insurance company domiciled in Illinois. Illinois Casualty operates as a regional multi-line property and casualty company focusing exclusively on the food and beverage industry. The executive offices of Illinois Casualty are located in Rock Island, Illinois. At December 31, 2015, the Company had total assets of $123.4 million and total equity of $30.2 million. For the year ended December 31, 2015, the Company had direct premiums written of $49.0 million, net premiums earned of $40.2 million, and net income of $2.2 million. Illinois Casualty primarily markets its products through a network of approximately 130 independent agents in Illinois, Iowa, Indiana, Minnesota, Missouri, and Wisconsin.

ICC Holdings is a newly created Pennsylvania corporation organized to be the stock holding company for Illinois Casualty following the Conversion. ICC Holdings is not an operating company and has not engaged in any business to date. Illinois Casualty has three wholly-owned subsidiaries: (i) Beverage Insurance Agency, an inactive insurance agency; (ii) Estrella Innovative Solutions, Inc., which offers outsourced information technology consulting services; and (iii) ICC Realty, LLC (“ICC Realty”), a real estate services and holding company that owns certain real estate including the Company’s headquarters building. ICC Realty will be purchased from Illinois Casualty by ICC Holdings following the Conversion. Illinois Casualty has been assigned a financial strength rating of “B++” (Good) by A.M. Best Company, Inc. (“A.M. Best”), which is the fifth highest out of fifteen possible ratings. Illinois Casualty is subject to examination and comprehensive regulation by the Illinois Department of Insurance.

Illinois Casualty specializes in providing customized insurance products and aggressive claims defense for customers exclusively in the food and beverage industry. The Company was founded in 1950 as an inter-insurance exchange based upon the recognition that establishments serving alcohol require unique insurance protection. Beginning in 1998, the Company expanded the scope of product offerings beyond liquor liability to include property, general liability, umbrella, and workers compensation coverages. The Company's goal was to meet the full range of business insurance needs of its clients in the food and beverage industry.

In 1999, Illinois Casualty recognized the significant need to automate. Upon determining available commercial software was inadequate to meet its long-term vision, the Company contracted for the development of an integrated platform to handle agency, policy, and vendor management. Introduced in 2001, the first module successfully improved productivity and reporting capabilities. The Company built on that success by adding document imaging, claims, billing, and risk management modules. As it has grown, the Company's information management system has provided it with a unique and comprehensive ability to automate processes, track and examine risk traits, and monitor claims development. As a result, Illinois Casualty believes it is able to analyze and leverage a multi-variant pricing algorithm that allows the Company to better segment its business in order to more effectively price to actual exposure.

Illinois Casualty converted from an inter-insurance exchange to a mutual insurance company in 2004 and began to expand its territory geographically within the Midwest. The Company is an admitted carrier in eight states: Illinois, Iowa, Indiana, Michigan, Minnesota, Missouri, Ohio, and Wisconsin. Illinois Casualty currently issues policies in six of these states and expects to begin writing policies in Ohio during the third quarter of 2016 and in Michigan during 2017. As Illinois Casualty expanded its territory and product lines, it sought to maintain

its focus and commitment to the food and beverage industry. As a result, the Company has demonstrated expertise in its niche, particularly within the areas of underwriting, loss control, and claims management. Illinois Casualty plans to continue to leverage that experience into the ongoing development of innovative insurance products and services uniquely tailored to the food and beverage industry.

Business Strategies

Illinois Casualty states that its mission is to deliver expertly crafted insurance products and services for all segments of the food and beverage industry. Accordingly, the Company believes that its business focus positions it to write profitable business in both hard insurance markets (where industry capital is constricted, competition is low, and premium rates are rising) and soft insurance markets (where industry capital is rising, competition is high, and premium rates are falling). As part of its strategic planning process, Illinois Casualty has developed its business strategies using the following guiding principles to reflect the Company's goals and objectives:

- Illinois Casualty endeavors to protect policyholders through strong financial performance and sustained surplus growth, which thereby returns value to its stakeholders;
- the Company aspires to conduct its business with the highest ethics and unquestionable integrity;
- the Company recognizes and rewards the commitments of all of its associates who make Illinois Casualty a success, by challenging its associates and valuing them and noting their contribution, while cultivating a mutually supporting culture;
- Illinois Casualty believes that an independent agency system is mutually beneficial to both the agent and the Company because of the shared objective to deliver the highest quality products at competitive prices;

- the Company emphasizes that customer service, which is understanding and meeting the needs and expectations of its policyholders and agents, is the fundamental reason for its existence;
- Illinois Casualty seeks to compete in the marketplace by capitalizing on its unique understanding of the food and beverage industry, offering customized products, and aggressively defending its insureds;
- the Company focuses on innovation, which drives its efficiency, quality, and effectiveness;
- Illinois Casualty identifies worthy causes to support with its corporate and associate resources and promote good corporate citizenship; and
- Illinois Casualty strives to improve its products and processes through intelligent investment in talent and technology that meet its exacting needs and those of its customers.

In order to realize its mission and guiding principles, Illinois Casualty has identified the following seven core strategies to achieve the Company's long-term success:

- design and market commercial property and casualty products customized for the food and beverage industry through its in-depth knowledge and research of the industry;
- pursue deliberate geographic expansion;
- foster true partnerships with independent agents who have a significant presence in the food and beverage industry and an appreciation for Illinois Casualty's commitment and expertise to obtain optimal market share in the food and beverage industry;
- leverage business intelligence to maximize performance, increase operational efficiency, and price the Company's products for sustained profitability;
- implement an investment strategy that maximizes return within acceptable risk tolerances;
- promote a culture of excellence that encourages teamwork and contributes to talent retention and development; and
- maintain a comprehensive enterprise risk management program focused on upside optimization and downside mitigation.

While Illinois Casualty has established significant market share in most of its existing territories, the Company believes that there is still opportunity for growth within its existing

footprint. Illinois Casualty continues to seek out insurance agency partners who have a commitment to its traditional niche and the ability to sell the value represented by the Company's products. Illinois Casualty's long-term growth plan also involves expanding geographically into states where it believes current insurance laws provide an attractive market within the niche for the Company's products and services. Current state expansion plans include Colorado, Kansas, Massachusetts, Michigan, Ohio, Oregon, Pennsylvania, and Tennessee. The Company also seeks to target geographic expansion opportunities that allow it to leverage existing agency relationships whose footprints overlap its own.

Products

Illinois Casualty specializes in underwriting liquor liability, property, general liability, umbrella, and workers compensation insurance coverages for restaurants, taverns, nightclubs, package liquor stores, convenience stores, private clubs, and banquet facilities. For the year ended December 31, 2015, Illinois accounted for 35.7% ($17.5 million) of the Company's direct premiums written ("DPW") of $49.0 million followed by 20.0% ($9.8 million) in Minnesota, 17.2% ($8.4 million) in Missouri, 13.7% ($6.7 million) in Iowa, 10.9% ($5.3 million) in Indiana, and 2.5% ($1.2 million) in Wisconsin. Based on line of business, commercial multiple peril accounted for 57.4% ($28.1 million) of direct premiums written in 2015 with other liability comprising 27.9% ($13.7 million), and workers compensation contributing 14.7% ($7.2 million).

Illinois Casualty recognizes that establishments serving alcohol require unique insurance protection. The Company's goal is to meet the full range of business insurance needs for its clients in the food and beverage industry. The Company's coverage options include liquor liability, property, general liability, umbrella, and workers compensation. Because it specializes in the food and beverage industry, the Company seeks to customize its insurance coverage to

best protect a customer's business. The business owners policy ("BOP") combines protections from all major property and liability risks in one package. BOPs typically include: (i) property insurance for buildings and contents owned by the business; (ii) business interruption insurance, which covers the loss of income resulting from a fire or other catastrophe that disrupts the operation of the business; and (iii) liability protection, which covers an establishment's legal responsibility for the harm it may cause to others. Illinois Casualty also writes workers compensation and commercial umbrella policies, which are written as complementary lines to the BOP and are not offered on a stand-alone basis. While the Company does not currently write commercial auto insurance, it does insure risks associated with the delivery of food or beverage.

Liquor liability insurance is a policy intended for owners and operators of establishments that sell, serve, manufacture, or facilitate the use of alcohol. Liquor liability insurance protects a business against damages claimed as a result of a patron becoming intoxicated and injuring themselves or others. Most states have some variation of "dram shop laws," which allow for the recovery of damages from the establishment responsible for serving the intoxicated person who harmed a third party. Some states require liquor-selling establishments to carry a certain amount of liquor liability insurance before they can obtain a liquor license. As an example of insurance coverage, if a business is sued for serving the intoxicated person that harmed a third party, it may be able to rely on its liquor liability policy to help cover the costs of attorneys' fees, damages arising from the liquor-related incident, judgments or settlements, and other court expenses.

Marketing and Distribution

Illinois Casualty's marketing plan is aimed at delivering a top quality insurance product to agents who are able to appreciate and sell the quality of the Company's product in a price

sensitive marketplace. Having made a long-term commitment to a narrow market niche, Illinois Casualty seeks to maintain pricing stability throughout the insurance market pricing cycles. The Company realizes there are always competitors who will offer an insurance product at a lower price and there are always customers actively seeking the lowest priced product. Illinois Casualty strives to align itself with the segment of the market that does appreciate the coverages and services provided by the Company as an industry specialist. The Company recognizes that this segment requires competitive pricing but is willing to pay for needed coverages and services.

Illinois Casualty focuses on marketing its products through independent agents who are committed to the food and beverage niche. Direct business is marketed through independent agents who tend to specialize in liquor liability or maintain a sizable book of liquor liability business. The Company strives to create and strengthen the franchise value of the Illinois Casualty brand by limiting contracts to agents who demonstrate commitment to the food and beverage niche and to the Company.

The Company currently has approximately 130 independent agents within its six states of operation. These agencies access multiple insurance companies and are established businesses in the communities in which they operate. The Company views these agents as its primary customers because they are in a position to recommend either insurance products of Illinois Casualty or those of a competitor to their customers.

The Company manages its producers through quarterly agency performance reviews and utilization of various internally generated reports. The Company's quantitative agency review measures each agency on a variety of weighted metrics and ranks them from high to low. The measurement is updated on a weekly basis and is available for employee reviews. For the year ended December 31, 2015, only one of the producers (generating $2.9 million or 5.9% of total DPW) was responsible for more than 5% of the Company's direct premiums written and the top 10 producers accounted for approximately 36.7% of direct premiums written in 2015.

Agents are compensated through a fixed base commission with an opportunity for profit sharing depending on the producer's premiums written and profitability. Agents receive commission as a percentage of premiums (generally 15% for most lines, except workers compensation policies which generally are 7.5%) as their primary compensation from the Company. Illinois Casualty offers a contingent compensation plan as an incentive for producers to place high quality business with the Company and to support its loss control efforts. Illinois Casualty believes that the contingent compensation paid to its producers is comparable with those offered by other insurance companies and is designed to reward agents for growth and profitability.

The agency partners are supported by the Company's Marketing Department, which also identifies and train new agents. Illinois Casualty conducts regularly scheduled webinars for agents as well as onsite training on products and services. These include technical training about the Company's products as well as sales training to market products effectively. The Company also offers its agents industry specific training that qualifies for continuing education credit for state insurance license requirements.

The marketing efforts of Illinois Casualty are further supported by the Company's Claims, Litigation, Billing, Underwriting, and Loss Control Departments. As an industry specialist, Illinois Casualty is able to offer expertise in all interactions with agents and/or policyholders. For example, its claims philosophy is to provide prompt and efficient service and claims processing, resulting in a positive experience for both the agents and policyholders. The Company takes an aggressive defense-oriented position on third-party liability claims that is recognized and appreciated by its policyholders.

Illinois Casualty believes that these positive experiences result in higher policyholder retention and create new business opportunities for the Company's agents. While it relies on independent agents for the front-line distribution and customer support, underwriting, billing, loss control and claim handling responsibilities are retained by the Company. Many of the Company's agents have had direct relationships with Illinois Casualty for a number of years.

Underwriting, Risk Assessment, and Pricing

The Company's underwriting philosophy is aimed at consistently generating profits through sound risk selection, stringent loss control, and pricing discipline. One key element in sound risk selection is the Company's use of risk characteristic metrics. Illinois Casualty has identified predictive metrics that it uses to price risks more effectively, thereby improving its profitability and allowing it to compete favorably with other insurance carriers. The Company is very active in leveraging its onsite loss control inspections. An example would be the monitoring of kitchen fire suppression systems servicing to reduce kitchen fire losses.

Illinois Casualty's competitive strategy in underwriting seeks to achieve the following:

- maximize the use of available information acquired through a wide variety of industry resources;
- allow internal metrics and rating to establish risk pricing and use sound underwriting judgment for risk selection and pricing modification;
- utilize its risk grading system, which combines both objective and subjective inputs, to quantify desirability of risks and improve the Company's overall risk profile;
- physically inspect every new insured within the first 60 days with in-house loss control representatives; and
- provide very high quality service to agents and insureds by responding quickly and effectively to information requests and policy submissions.

The Company's Underwriting Department works in teams with each agent assigned to one of the three teams. Illinois Casualty underwrites its accounts by evaluating each risk with consistently applied standards. Each policy undergoes a thorough evaluation process prior to every renewal. The Company's underwriting staff of 24 employees has an average of 12 years of insurance industry experience. Howard Beck, the Company's Chief Underwriting Officer, has been with Illinois Casualty since 2004 and has over 27 years of insurance experience with 20 years of property and casualty underwriting experience.

Illinois Casualty strives to be disciplined in its pricing by pursuing targeted rate changes to continually improve its underwriting profitability while still being able to attract and retain profitable customers. The Company's pricing reviews involve evaluating claims experience, loss trends, and data acquired from inspections, applications and other data sources to identify characteristics that drive the frequency and severity of its claims. These results drive changes to rates and rating metrics as well as understanding what portions of the Company's business are most profitable. This knowledge and analysis enables the Company to price risks accurately, improve account retention, and drive profitable new business.

Claims and Litigation Management

The Company's claims team supports its underwriting strategy by working to provide a timely, good faith claims handling response to policyholders. Illinois Casualty believes that claims excellence is achieved by timely investigation and handling of claims, settlement of meritorious claims for equitable amounts, maintenance of adequate case reserves, and control of claims loss adjustment expenses. Policy claims are received directly from the insured or through independent agents. The Company's claims department supports its producer relationship strategy by working to provide a consistently responsive level of claim service to policyholders.

Rickey Plunkett, the Company's Director of Claims, supervises a staff of 16 employees with an average of 18 years of experience in processing property and casualty insurance claims. Mr. Plunkett joined Illinois Casualty in 2010 and has over 35 years of experience in claims management. Julia Suiter, the Company's Chief Legal Officer, supervises a staff of four additional employees, two of whom are also attorneys. Ms. Suiter joined Illinois Casualty in 2009 and has been practicing law both in-house and in private practice for 24 years.

Market Conditions and Competitors

Given the Company's exclusive focus on providing insurance products and services for the food and beverage industry, the market conditions for Illinois Casualty's business and, accordingly, its competition, vary geographically based upon the states in which it operates and also by the segment of the food and beverage industry (for example, bars versus fine dining). In the most competitive states in which it operates (Illinois, Indiana, and Wisconsin), the Company's primary competitors are insurance companies with products targeting the food and beverage industry, such as Society Mutual Insurance Company in all three states, as well as Badger Mutual Insurance Company, Wilson Mutual Insurance Company, and West Bend Mutual Insurance Company in Wisconsin.

In other states such as Iowa and Minnesota, Illinois Casualty competes with both the carriers referenced above and excess and surplus line insurance companies (such as Scottsdale Insurance Company and Lloyd's of London). In other jurisdictions, like Missouri, the Company's primary competitors are larger regional and national insurance companies without a focus on the food and beverage industry (such as Allied Insurance Company, Auto-Owners Insurance Company, and Travelers Insurance Company) and excess and surplus line insurance companies (such as EverGuard Insurance Services, Inc. and Lloyd's of London). When

evaluating the franchise and fine dining segment of the food and beverage industry, the Company competes with national insurance carriers, such as Allied Insurance Company, Travelers Insurance Company, and The Hartford Insurance Company.

Many insurance companies sporadically target businesses within the food and beverage industry niche; however, a relatively small number make a long-term commitment to the niche through changing insurance market cycles. When the insurance market is "hard" and premium growth is achievable in less specialized segments, many carriers exit this niche. Large and diversified insurance carriers have the ability to shift their focus and resources to less challenging areas. When market conditions "soften," those same carriers often aggressively move back into the niche for premium growth. Because Illinois Casualty specializes in the niche, it does not shift resources to other market segments. Therefore, the Company generally maintains pricing stability throughout market cycles by relying on its strong loss control, underwriting, and claims expertise and its customer service commitment. The Company reacts to market conditions by adjusting its appetite for risks based on pricing and cycle conditions, while maintaining a consistent commitment to the food and beverage industry that does not fluctuate to the extent of the rest of the market.

Executive Officers

Illinois Casualty is managed by an experienced group of executives led by Arron K. Sutherland, its President and Chief Executive Officer ("CEO"). Mr. Sutherland has served in his current position since June 2010, joined the Company in 2006, and has worked in the insurance and finance industry for over 20 years. Summary biographies of the Company's executive officers are included below:

Arron K. Sutherland, age 47, serves as the President and CEO of the Company and also serves on the Board of Directors. He has served as the CEO since 2010 and formerly as Chief Financial Officer from 2006 to 2010. Mr. Sutherland has more than 20 years of experience in the insurance and finance industry and holds a CPA and CPCU designation. Prior to joining Illinois Casualty, he was employed for more than 15 years in the accounting field including ten years of property and casualty experience with Frankenmuth Financial Group. Mr. Sutherland received his B.A. in Accounting from Michigan State University and his M.B.A. from Saginaw State University.

Michael R. Smith, age 49, serves as the Chief Financial Officer, a position he has held since May 2016. Previously, he served as the Vice President of Finance since January 2015. Mr. Smith joined the Company originally in 2011 as the Assistant Vice President of Finance until July 2013. He served as Vice President and Controller at CGB Enterprises, Inc. from July 2013 to January 2015. Mr. Smith has more than 20 years of experience in the financial industry including 15 years in the insurance industry and holds a CPA and CPCU designation. Prior to joining the Company he worked for several insurance organizations including GF&C Holding Company, The Financial Group, Insurall, and Continental National Indemnity. Mike received his B.S.B.A. in Accounting from Xavier University and his M.B.A. in Finance from Xavier University.

Norman D. Schmeichel, age 46, serves as the Vice President and Chief Information Officer of the Company, a position he has held since 2011. Mr. Schmeichel has over 14 years of experience in the insurance industry. He started with Illinois Casualty in 2002 as the Associate Director of Information Technology ("IT"), and served as the Assistant Vice President of IT from 2007 to 2011. Mr. Schmeichel has over 20 years of experience in development of enterprise solutions. He oversees the Company's IT, Actuarial Services, and Products and Process operations. Mr. Schmeichel holds a B.A. in Economics from Northern Illinois University.

Howard J. Beck, age 57, serves as the Chief Underwriting Officer of the Company, a position he has held since May 2016. Previously, he served as the Vice President of Underwriting since 2014. He joined the Company in 2004 as Program Manager and has served as Marketing Manager and Director of Underwriting. Mr. Beck has over 24 years of experience in the insurance industry and holds a CPCU. Prior to joining the Company, he was employed for over 12 years with both company and agency operations, working with Sentry Select, John Deere Insurance, and Lohman Brothers Agency. Mr. Beck oversees the Company's Underwriting, Marketing and Loss Control operations. He received a B.S. in Finance from Northern Illinois University and his M.B.A. from University of St. Thomas.

Julia B. Suiter, age 49, serves as Chief Legal Officer of the Company, a position she has held since May 2016. Previously, she had been the Company's Chief Litigation Counsel since 2011. She joined the Company in 2009 as Litigation Manager. Prior to joining the Company, Mrs. Suiter practiced in the areas of construction law, product liability, contract law, employment law, and insurance defense for more than 15 years. Prior to joining Illinois Casualty, she served as Operations Counsel for KONE Inc., where she was responsible for the company's corporate compliance program, and taught the "Legal Environment of Business" as an adjunct professor at St. Ambrose University. Mrs. Suiter holds a B.A. in Criminal Justice from Indiana University and a J.D. from Indiana University School of Law.

Rickey Plunkett, age 61, serves as the Director of Claims, a position he has held since 2011. He joined the Company in 2010 as Claims Manager. He has more than 35 years of experience in the insurance industry. Prior to joining the Company, Mr. Plunkett worked as Claims Program Manager for General Casualty Insurance Company. He holds the CPCU, CIC, and SCLA designations. Mr. Plunkett received his B.A. from Indiana State University.

Kathleen S. Springer, age 48, serves as the Director of Human Resources, a position she has held since 2011. She joined the Company in 2008 as the Human Resources Manager. Mrs. Springer has over 20 years of experience in the human resources field and holds both a SPHR and SHRM-SCP designation. Prior to joining Illinois Casualty, she was employed in human resources management with K's Merchandise and Service Merchandise Corp. Mrs. Springer oversees the Company's Administration and Human Resources operations. She received her B.A. from Western Illinois University.

Plan of Conversion

As a mutual insurance company, Illinois Casualty does not have shareholders. It has members. The members of Illinois Casualty are the policyholders of Illinois Casualty. The members of Illinois Mutual are entitled to the right to elect directors and to approve fundamental transactions such as the Conversion. In an insurance company organized as a stock institution, policyholders have no governance rights, which reside with shareholders, and instead have only contractual rights under their insurance policies.

On February 16, 2016, the Board of Directors of Illinois Casualty unanimously adopted the Plan of Conversion, subject to the approval of the Illinois Department of Insurance and the members of Illinois Casualty. The Plan of Conversion is also subject to the approval of the members of Illinois Mutual as of February 16, 2016, by the affirmative vote of at least two-thirds of the votes to be cast at a special meeting. The Plan of Conversion provides that ICC Holdings will offer shares of its common stock for sale in a subscription offering to eligible members of Illinois Casualty, the ESOP, and the directors, officers, and employees of Illinois Casualty. In addition, the Company may elect to offer the shares of common stock not subscribed for in the subscription offering, if any, for sale in a community offering commencing during or upon

completion of the subscription offering and in a subsequent syndicated community offering. Certain identified standby investors have agreed to purchase in the community offering up to 1,400,000 shares of common stock and to certain restrictions on their acquisition, sale, and voting of the common stock.

Upon completion of the Conversion, all of the outstanding shares of common stock of the converted Illinois Casualty will be issued to ICC Holdings and Illinois Casualty will then become a wholly owned stock subsidiary of ICC Holdings. The Conversion will be effected only if subscriptions and orders are received for at least the minimum shares of common stock as indicated by the Valuation Range and the members of Illinois Mutual as of February 16, 2016 approve the Plan of Conversion. The Conversion will be accounted for as a simultaneous reorganization, recapitalization, and share offering that will not change the historical accounting basis of Illinois Casualty's consolidated financial statements.

After paying its expenses and commissions related to the Conversion, the Company will use a portion of the net proceeds received from the sale of common stock in the Offering to make a loan to the ESOP in an amount sufficient to permit the ESOP to buy up to 10.0% of the shares sold in the Offering. Contingent upon approval from the Illinois Department of Insurance, ICC Holdings expects to purchase ICC Realty from Illinois Casualty for approximately $5 million. Most of the remaining net proceeds from the Offering will be contributed to Illinois Casualty. These net proceeds will supply additional capital that Illinois Casualty needs to support future premium growth. The net proceeds will also be used for general corporate purposes, including the expansion of the Company's producer networks and the marketing of its products. On a short-term basis, the net proceeds will be invested primarily in U.S. Government securities, other federal agency securities, and other securities consistent with the Company's investment policy.

Any proceeds retained directly by ICC Holdings versus infusion into the subsidiary insurance business will be invested primarily in U.S. government securities, other federal agency securities, and other securities until utilized for other purposes. Except for the foregoing, Illinois Casualty currently has no specific plans, intentions, arrangements, or understandings regarding the proceeds of the Offering.

The remainder of Chapter I examines in more detail the trends addressed in this section, including the impact of changes in the Company's economic and competitive environment, and Illinois Casualty's recent financial performance. The discussion is supplemented by the exhibits in the Appendix. Exhibit III-1 displays the Company's audited balance sheets as of December 31, 2014 and 2015. Exhibit III-2 presents the Company's audited income statements for the years ended December 31, 2014 and 2015.

Financial Condition

Table 1 presents selected data concerning Illinois Casualty's financial position as of December 31, 2014 and 2015. Exhibit III-1 presents the Company's audited balance sheets as of December 31, 2014 and 2015. The financial data presentation for Illinois Casualty in the tables below and in Exhibits III-1 to III-3 is based on United States generally accepted accounting principles ("GAAP"). Statutory financial data for Illinois Casualty is included in Exhibit III-4 to provide a five-year overview of the Company's operating trends. GAAP financial statements of the Company prior to the years ended December 31, 2014 and 2015 have not been prepared.

Table 1
Selected Financial Condition Data
As of December 31, 2014 and 2015
(Dollars in Thousands)

	December 31,	
	2015	2014
Balance Sheet Data		
Total assets	$123,373	$123,428
Total investments and cash	76,260	72,917
Premiums and reinsurance balances receivable	15,638	14,522
Reinsurance balances recoverable	19,535	25,855
Total policy reserves (1)	61,056	64,617
Unearned premiums	23,948	22,498
Total liabilities	93,208	94,393
Total equity	30,166	29,035
Total equity / total assets	24.45%	23.52%
Investments and cash / total assets	61.81%	59.08%
Policy reserves / total assets	49.49%	52.35%

(1) Total policy reserves equal unpaid losses and settlement expenses.

Source: Illinois Casualty Company, audited GAAP financial statements.

The Company's total assets were relatively unchanged from December 31, 2014 to December 31, 2015, measuring approximately $123.4 million at both year-end periods. The largest change among asset categories in 2015 was a $6.3 million decline in reinsurance balances recoverable, which was offset partially by the $3.4 million increase in total investments and cash and the $1.1 million increase in premiums and reinsurance balances receivable. Total investments and cash increased from $73.5 million at December 31, 2014 to $76.8 million at December 31, 2015 as a result of continued positive cash flow from operations. Total investments and cash amounted to 61.8% of total assets at December 31, 2015, compared to 59.1% of total assets as of December 31, 2014. Premiums and reinsurance balances receivable increased from $14.5 million (11.8% of total assets) at December 31, 2014 to $15.6 million (12.7% of total assets) at December 31, 2015. Reinsurance balances recoverable on unpaid losses and settlement expenses decreased from $25.9 million (20.9% of total assets) to $19.5 million (15.8% of total assets) over the corresponding periods.

Total liabilities decreased by 1.3% from $94.4 million at December 31, 2014 to $93.2 million at December 31, 2015. The $1.2 million decrease in total liabilities was caused principally by the decrease in total policy reserves (unpaid losses and settlement expenses), which was reflective of the timing of claims payments and favorable loss reserve development. Total policy reserves decreased by $3.5 million from $64.6 million at December 31, 2014 to $61.1 million at December 31, 2015, while unearned premiums increased by $1.4 million from $22.5 million at year-end 2014 to $23.9 million at year-end 2015.

Illinois Casualty maintains policy reserves for the payment of claims (indemnity losses) and loss adjustment expenses ("LAE") related to adjusting those claims. Illinois Casualty's loss reserves consist of case reserves, which are reserves for claims that have been reported to it,

defense and cost containment ("DCC") expense reserves, which include all defense and litigation-related expenses (whether internal or external to the Company), and reserves for claims that have been incurred but have not yet been reported or for case reserve deficiencies or redundancies ("IBNR"). Illinois Casualty utilizes an independent actuary to assist with the estimation of its loss and LAE reserves. Such reserves are necessarily based on estimates; management of the Company and the independent actuary believe the reserves as established make a reasonable provision for all unpaid losses and settlement expenses.

Insurance premiums on property and casualty policies 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 (reported as a liability on the balance sheets) and is realized as revenue in subsequent periods over the remaining term of the policy. Reflecting the upward trends in premium growth, the amount of unearned premiums increased by 6.4% from $22.5 million at year-end 2014 to $23.9 million at year-end 2015.

The Company's aggregate balance of investments and cash amounted to $76.8 million at December 31, 2015 and constituted 61.8% of total assets. Illinois Casualty maintains a portion of its investments in relatively short-term and highly liquid assets to ensure the availability of funds for operating purposes. The Company's cash and short-term investments amounted to $2.2 million and investment securities amounted to $74.1 million at December 31, 2015. Exhibit III-3 presents the Company's investment securities portfolio as of December 31, 2014 and 2015. Illinois Casualty's investment portfolio comprised $65.2 million of fixed income securities and $8.9 million of equity securities as of year-end 2015. The fixed maturity portfolio primarily consisted of tax-exempt municipal, government agency, mortgage-backed, asset-backed, and corporate bonds. The equities portfolio is composed of exchange traded funds.

Illinois Casualty's fixed income and equity securities are classified as available for sale and carried at estimated fair value as determined by management based upon quoted market prices or a recognized pricing service at the reporting date for those or similar investments. Changes in unrealized investment gains or losses on Illinois Casualty's investments, net of applicable income taxes, are reflected directly in equity as a component of comprehensive income (loss) and, accordingly, have no effect on earnings. Investment income is recognized when earned, and capital gains and losses are recognized when investments are sold or other-than-temporarily impaired. For the year ended December 31, 2015, Illinois Casualty's investment portfolio experienced net unrealized losses of $1.5 million due to decreases in fair values. Most of the decrease in the fair value of the fixed maturity portfolio was in corporate bonds and asset-backed securities as a result of changes in the prevailing interest rate environment. For the years ended December 31, 2014 and 2015, Illinois Casualty did not determine that any securities in its investment portfolio were other-than-temporarily impaired. The Company's investment portfolio is managed by an independent third party and manager specializing in the insurance industry.

In accordance with insurance industry practice, Illinois Casualty reinsures a portion of its loss exposure and pays to the reinsurers a portion of the premiums received on all policies reinsured. Insurance policies written by the Company are reinsured with other insurance companies principally to: (i) reduce net liability on individual risks; (ii) mitigate the effect of individual loss occurrences (including catastrophic losses); (iii) stabilize underwriting results; (iv) decrease leverage; and (v) increase underwriting capacity. Illinois Casualty ceded to

reinsurers $5.6 million and $7.8 million of written premiums for the years ended December 31, 2014 and 2015, respectively. Illinois Casualty's reinsurance providers, the majority of whom are longstanding partners who understand the Company's business, are all carefully selected with the help of the Company's reinsurance broker. Illinois Casualty monitors the solvency of its reinsurers through regular review of their financial statements and, if available, their A.M. Best ratings. All of the Company's current reinsurance partners have at least an "A-" rating from A.M. Best.

Illinois Casualty's total equity, as measured under GAAP, increased from $29.0 million at December 31, 2014 to $30.2 million at December 31, 2015 as a result of profitable operating results for the year ended December 31, 2015. Concurrently, the Company's ratio of total equity to total assets advanced from 23.5% at December 31, 2014 to 24.5% at December 31, 2015. As of year-end 2015, the Company's total equity of $30.2 million was composed of $29.6 million in retained earnings and $530,000 in unrealized gains on securities.

Income and Expense Trends

Table 2 displays Illinois Casualty's earnings results and selected operating ratios for the years ended December 31, 2014 and 2015. Table 3 presents the Company's underwriting performance and related ratios. Table 4 details Illinois Casualty's direct premiums written by state and Table 5 presents a summary of direct premiums written by policy line of business. Exhibit III-2 displays the Company's audited income statements for the years ended December 31, 2014 and 2015. Illinois Casualty's operating results are influenced by factors affecting the property and casualty ("P&C") insurance industry in general. The performance of the P&C insurance industry is subject to significant variations due to competition, weather, catastrophic events, regulation, general economic conditions, judicial trends, fluctuations in interest rates, and other factors.

Illinois Casualty's operating results are influenced by factors affecting the P&C insurance industry in general. The operating results of the United States P&C 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.

The Company's premium growth and underwriting results have been, and continue to be, influenced by market conditions. Pricing in the P&C insurance industry historically has been cyclical with the financial performance of insurers fluctuating from periods of low premium rates and excess underwriting capacity resulting from increased competition (soft market), followed by periods of high premium rates and a shortage of underwriting capacity resulting from decreased competition (hard market).

Table 2
Consolidated Income Statement Data
For the Years Ended December 31, 2014 and 2015
(Dollars in Thousands)

	For the Years Ended December 31,	
	2015	2014
Income Statement Data		
Direct premiums written	$49,047	$46,340
Net premiums written	41,631	41,077
Net premiums earned	$40,220	$38,121
Net investment income	1,333	1,141
Net realized gains on investments	81	459
Other income	190	113
Total revenue	41,823	39,833
Losses and settlement expenses	23,801	22,748
Policy acquisition costs	14,555	14,323
Interest expense on debt	136	134
General corporate expenses	314	263
Total expenses	38,806	37,468
Income before income taxes	3,017	2,364
Income tax expense	862	779
Net income	$ 2,155	$ 1,585
Profitability Ratios		
Return on average assets	1.75%	1.28%
Return on average equity	7.28%	5.46%

Source: Illinois Casualty Company, audited GAAP financial statements.

Illinois Casualty recorded net income of $2.2 million in the year ended December 31, 2015 as compared to net income of $1.6 million for the year ended December 31, 2014. The Company experienced noticeable improvement in premium growth and underwriting profits in 2015. The 36.0% or $570,000 increase in earnings for 2015 was attributable primarily to a $2.1 million increase in net premiums earned, offset partially by a $1.1 million increase in losses and settlement expenses and a $232,000 increase in policy acquisition costs. Illinois Casualty's return on average assets ("ROA") increased from 1.28% in 2014 to 1.75% in 2015, while its return on average equity ("ROE") advanced from 5.46% in 2014 to 7.28% in 2015.

Total revenue increased to $41.8 million in 2015, which was $2.0 million or 5.0% greater than the $39.8 million of total revenue reported in 2014. Net premiums earned increased by 5.5% from $38.1 million in 2014 to $40.2 million in 2015, primarily due to growth in the Company's business outside of Illinois. As shown in Table 4, direct premiums written increased by 5.8% from $46.3 million in 2014 to $49.0% in 2015. Illinois continued to account for the largest share of the Company's DPW with a 35.7% concentration in 2015, reflecting an increase of $310,000 or 1.8% from 2014. Recent market data indicates that Illinois Casualty remains the largest writer of liquor liability insurance in Illinois by a substantial margin. The largest increases during 2015 in the Company's DPW by state were experienced in Minnesota ($1.3 million or 14.7%) and Missouri ($791,000 or 10.4%). As illustrated in Table 5, business owners policies accounted for $28.2 million or 57.4% of the Company's DPW in 2015, followed by liquor liability policies with $11.6 million or 23.6% of total DPW, workers compensation at $7.2 million or 14.7%, and umbrella policies at $2.1 million or 4.2%. Based on total number of policies in 2015, business owner policies and liquor liability policies accounted for 38.5% and 36.9%, respectively, followed by workers compensation at 15.1% and umbrella policies at 9.5%.

A key measurement of the profitability of any insurance company for any period is its combined ratio, which is equal to the sum of its loss ratio and its expense ratio. However, investment income, federal income taxes and other non-underwriting income or expense are not reflected in the combined ratio. The profitability of property and casualty insurance companies depends on income from underwriting, investment, and service operations. Underwriting results are considered profitable when the combined ratio is under 100% and unprofitable when the combined ratio is over 100%. Table 3 provides additional underwriting performance data for Illinois Casualty in the years ended December 31, 2014 and 2015.

Losses and settlement expenses increased by 4.6% from $22.7 million in 2014 to $23.8 million in 2015. Losses and settlement expenses represent the Company's largest expense item and include: (i) claim payments made; (ii) estimates for future claim payments and changes in those estimates for prior periods; and (iii) costs associated with investigating, defending, and adjusting claims. Illinois Casualty's loss ratio decreased slightly from 59.7% in 2014 to 59.2% in 2015, primarily due to the steady premium growth and favorable development relative to prior years' loss reserve estimates in the property line of business primarily from the 2014 accident year. The Company also experienced reduced losses in 2015 from the extraordinary weather incidents that occurred in 2014.

Policy acquisition costs and other general corporate expenses (excluding interest expense on debt) increased by $283,000 or 1.9% from $14.6 million in 2014 to $14.9 million in 2015. Because net premiums earned increased by a higher rate of 5.5%, the Company's expense ratio decreased from 38.2% in 2014 to 36.9% in 2015. The Company's combined ratio improved from 97.9% in 2014 to 96.1% in 2015, driven largely by the growth in net premiums earned and the relatively modest level of increase in underwriting expenses.

Table 3
Underwriting Performance Data
For the Years Ended December 31, 2014 and 2015
(Dollars in Thousands)

	For the Years Ended December 31,	
	2015	2014
Selected Income Statement Data		
Net premiums earned	$40,220	$38,121
Losses and settlement expenses	23,801	22,748
Policy acquisition costs	14,555	14,323
General corporate expenses	314	263
Total underwriting losses and expenses	38,670	37,334
Underwriting profit	$ 1,550	$ 786
Underwriting Ratios		
Loss ratio (1)	59.2%	59.7%
Expense ratio (2)	36.9%	38.2%
Combined ratio (3)	96.1%	97.9%

(1) Losses and settlement expenses divided by net premiums earned.
(2) Underwriting and other expenses divided by net premiums earned.
(3) Sum of the loss ratio and the expense ratio.

Source: Illinois Casualty Company, financial statements; Feldman Financial calculations.

Net investment income increased by $192,000 or 16.8% from $1.1 million in 2014 to $1.3 million for 2015. The average balance of cash and invested assets increased from $69.0 million in 2014 to $74.6 million in 2015. While the current fixed income investment environment remained at historically low investment yields, the weighted average yield on invested assets increased from 1.65% in 2014 to 1.79% in 2015 as lower yielding fixed maturity securities matured and were replaced with higher yielding securities. Net realized gains on investments declined from $459,000 in 2014 to $81,000 in 2015 primarily due to the overall downturn in stock market valuations during the year.

Table 4
Direct Premiums Written by State
For the Years Ended December 31, 2014 and 2015
(Dollars in Thousands)

	For the Years Ended December 31,				Increase (Decrease)	
	2015		2014			
	Amount	%	Amount	%	Amount	%
State						
Illinois	$17,511	35.7	$17,201	37.1	$ 310	1.8
Minnesota	9,833	20.0	8,571	18.5	1,261	14.7
Missouri	8,419	17.2	7,627	16.5	791	10.4
Iowa	6,713	13.7	6,380	13.8	332	5.2
Indiana	5,341	10.9	5,634	12.2	(293)	(5.2)
Wisconsin	1,231	2.5	925	2.0	306	33.0
Total	$49,047	100.0	$46,340	100.0	$2,707	5.8

Source: Illinois Casualty Company, internal financial data.

The Company’s income before income taxes increased by $651,000 or 27.5% from $2.4 million in 2014 to $3.0 million in 2015. The improvement in pre-tax earnings resulted from the $2.0 million increase in total revenue exceeding the $1.3 million increase in total expenses. The improvement in overall profitability was driven by the increased level of underwriting profits, which advanced by $764,000 in 2015. Income tax expense amounted to $862,000 in 2015, reflecting an effective income tax rate of approximately 28.6%. Income tax expense amounted to $779,000 in 2014, reflecting an effective rate of approximately 33.0%. After adjusting pre-tax earnings for these factors, the Company’s net income for 2015 amounted to $2.2 million in 2015 as compared to $1.6 million in 2014. The Company estimates that taxable income will be taxed at an effective rate approximating 34% in future years as certain deferred tax items are reversed.

Table 5
Direct Premiums Written by Policy Type
For the Years Ended December 31, 2014 and 2015
(Dollars in Thousands)

	For the Years Ended December 31,				Increase (Decrease)	
	2015		2014			
	Amount	%	Amount	%	Amount	%
Direct Premiums Written						
Business owners policy	$28,151	57.4	$26,291	56.7	$1,860	7.1
Liquor liability	11,593	23.6	10,922	23.6	671	6.1
Workers compensation	7,224	14.7	7,163	15.5	61	0.9
Umbrella	2,080	4.2	1,964	4.2	116	5.9
Total	$49,047	100.0	$46,340	100.0	$2,708	5.8
Policy Count						
Business owners policy	4,548	38.5	4,361	38.3	187	4.3
Liquor liability	4,355	36.9	4,136	36.3	219	5.3
Workers compensation	1,779	15.1	1,817	15.9	(38)	(2.1)
Umbrella	1,117	9.5	1,083	9.5	34	3.1
Total	11,799	100.0	11,397	100.0	402	3.5

Source: Illinois Casualty Company, internal financial data.

Statutory Financial Data Overview

State insurance laws and regulations require Illinois Casualty to file financial statements with state insurance departments everywhere it does business, and the operations of Illinois Casualty are subject to examination by those departments. Illinois Casualty prepares statutory financial statements in accordance with accounting practices and procedures prescribed or permitted by these departments. Certain accounting standards differ under statutory accounting

practices ("SAP") as compared to GAAP. For example, premium income is recognized on a pro rata basis over the term covered by the insurance policy, while the related acquisition costs are expensed when incurred under SAP. Under GAAP, both premium income and the related policy acquisition costs are recognized on a pro rata basis over the term of the insurance policy. Therefore, the SAP data for Illinois Casualty does not correspond to the GAAP presentation.

Exhibit III-4 presents summary statutory financial data for Illinois Casualty over the five-year period ended from December 31, 2011 to 2015. As reflected on a statutory basis, the Company reported improved earnings in 2014 and 2015 after incurring a net loss in 2013 and breakeven results for 2011. Underwriting profits were positive in 2014 and 2015, following a period of consecutive underwriting losses from 2011 to 2013. The Company's direct premiums written increased by a compound annual growth rate of 8.1% from $35.9 million in 2011 to $49.0 million in 2015. Net premiums earned increased at a greater pace over this five-year period due to the decreased level of premiums ceded to reinsurers. The Company's statutory capital and surplus advanced moderately by a compound annual growth rate of 2.8% from $24.1 million at year-end 2011 to $26.9 million at year-end 2015. The Company's underwriting leverage remained fairly constant as evidenced by the ratio of reserves to statutory capital and surplus measuring 1.56x at year-end 2015 as compared to 1.50x at year-end 2011.

II. INDUSTRY FUNDAMENTALS

Financial Strength Ratings by A.M. Best

A.M. Best is a widely recognized rating agency dedicated to the insurance industry. A.M. Best provides ratings that indicate the financial strength of insurance companies. The objective of A.M. Best's rating system is to provide an independent opinion of an insurer's financial strength and its ability to meet ongoing obligations to policyholders. The assigned financial strength rating is derived from an in-depth evaluation and analysis of a company's balance sheet strength, operating performance, and business profile. A.M. Best's ratings scale is comprised of fifteen individual ratings grouped into nine categories (excluding suspended ratings).

A.M. Best has provided ratings and analysis on Illinois Casualty since 1954. A.M. Best currently assigns a financial strength rating of B++ (Good) to Illinois Casualty, effective February 23, 2016. The rating of B++ (Good) is the fifth highest of fifteen ratings and the category of "Good" represents the second highest of nine categories. Insurance companies rated B++ are considered by A.M. Best to have "a good ability to meet their ongoing insurance obligations." The recent financial strength rating for Illinois Casualty represented an affirmation of the B++ (Good) rating issued by A.M. Best on February 13, 2015.

The most recent rating changes for Illinois Casualty occurred on November 26, 2008 when A.M. Best revised the Company's financial strength rating from A- (Excellent) to B++ (Good) and on April 23, 2008 from A (Excellent) to A- (Excellent). This series of downgrades reflected significant deterioration in the Company's underwriting results that occurred in 2007 and 2008 and the resultant negative impact on risk-adjusted capitalization.

More recently on February 23, 2016, A.M. Best affirmed the Company's financial strength rating of B++ (Good) and the issuer credit rating of "bbb," while revising the outlook to positive from stable for the issuer credit rating. A.M. Best maintained as stable the outlook for the Company's financial strength rating. In its analysis of Illinois Casualty, A.M. Best cited as positive factors the Company's improved operating results and risk-adjusted capitalization over the past five years. A.M. Best noted that current management of Illinois Casualty has made progress in improving rates and growing premiums while maintaining a manageable level of increases in policy count. A.M. Best emphasized that the positive trend in combined ratios contrasted with prior years when combined ratios over 100% were attributable to elevated expenses as the Company's loss ratios compared favorably to industry composites. It is A.M. Best's view that expense control initiatives at Illinois Casualty have gained traction and are expected to further reduce the Company's expense ratio going forward.

According to A.M. Best, the potential for future rating upgrades for Illinois Casualty is contingent on strengthening risk-adjusted capitalization combined with sustaining a positive trend in operating results. Although underwriting results have improved recently, there has been much variability in performance over the past five years. An ongoing concern mentioned by A.M. Best is the Company's overall weak operating return measures. A.M. Best observed that Illinois Casualty will be challenged to improve its underwriting and investment expense ratios to better reflect industry composites given its modest size, which compresses overall margins relative to larger competitors.

Industry Performance and Investment Outlook

The property and casualty segment of the insurance industry provides protection from risk into two basic areas. In general, property insurance protects an insured against financial loss arising out of loss of property or its use caused by an insured peril. Casualty insurance protects the insured against financial loss arising out of the insured's obligation to others for loss or damage to persons, including, with respect to workers compensation insurance, persons who are employees, or property. There are approximately 3,000 companies providing property and casualty insurance coverage in the United States. About 100 of these companies provide the majority of the property and casualty coverage.

Historically, the financial performance of the P&C insurance industry has tended to fluctuate in cyclical periods of aggressive price competition and excess underwriting capacity (known as a soft market), followed often by periods of high premium rates and shortages of underwriting capacity (or a hard market). Although an individual insurance company's financial performance is dependent on its own specific business characteristics, the profitability of most property and casualty insurance companies tends to follow this cyclical market pattern. During soft market conditions, premium rates are stable or falling and insurance coverage is readily available. During periods of hard market conditions, coverage may be more difficult to find and insurers increase premiums or exit unprofitable areas of business. Following several years of heavy catastrophe losses in 2011-2012, industry premium rates have firmed and the rebounding economy has helped spur the demand for insurance.

According to the Insurance Services Office Inc. ("ISO"), the P&C industry experienced net written premium growth of 2.9% in 2011, 3.4% in 2012, and 4.4% in 2013, evidencing an

improving insurance pricing environment. The industry's largest sector, personal lines, accounted for approximately 42% of the total industry premium volume in 2013. The commercial lines sector accounted for approximately 35% of the total industry written premiums with balanced lines underwriters, who write a combination of personal and commercial lines coverage, accounting for the remaining 23%.

Underwriting results were unprofitable for the U.S. property and casualty insurance industry from 2008 to 2012, but turned positive in 2013 as the industry's combined ratio improved from 102.9% in 2012 to 96.2% in 2013 and incurred losses declined by 6.6% to $259.3 billion in 2013 from $277.7 billion in 2012. The industry's loss ratio improved from 74.2% in 2012 to 67.3% in 2013, and the expense ratio held steady at 28.2% for both periods. While a drop in catastrophe losses affected results for many industry participants, some broad-based improvements in a number of lines of coverage also drove the improved operating results.

Net investment income is an important revenue source for P&C insurers, historically accounting for 15%-20% of total revenues. For most insurers, cash flows available for investment have stabilized although persistently low investment yields continue to pressure investment income results. Net realized investment gains have increased in recent years on the heels of surging securities market valuations.

United States P&C insurers experienced continued profitability in 2014 but with declining results. Net written premium growth slowed slightly from 4.4% in 2013 to 4.1% in 2014 and the industry's combined ratio increased from 96.2% in 2013 to 97.0% in 2014. The P&C industry's profitability, premium growth, and underwriting ratios all performed better in 2014 than long-term historical averages due largely to moderate catastrophe losses and continued reserve release. However, the industry's earnings declined by 12.5% in 2014 and the return on equity fell to 8.2% in 2014 from 9.8% in 2013.

The P&C industry profits increased moderately by 1.1% in 2015 to $56.6 billion. Challenged by continuing low interest rates and a slumping stock market, the industry nevertheless posted modest premium growth and a below-100% combined ratio for the fourth straight year. Net written premiums increased to a record $514.0 billion in 2015, although the annual growth rate slipped slightly to 3.4% from 4.1% in 2015. P&C insurers' overall profitability as measured by their annualized return on average equity was 8.4% in 2015. Profitability benefited again, as it did in 2013 and 2014, from moderate catastrophe losses and prior-year reserve releases. The P&C industry combined ratio deteriorated slightly to 97.8% for 2015 from 97.0% in 2014, reflecting a 2015 loss ratio of 69.2%, expense ratio of 27.3%, and policyholder dividend ratio of 0.5%. It is clear that combined ratios must be lower in the current suppressed interest rate environment in order for P&C insurers to generate competitive returns. The annualized yield on insurers' investments in 2015 was 3.2%, below the long-term average investment yield of 5.1% from 1960 to 2014 and the 3.8% average annual yield for the last ten years.

Standard & Poor's ("S&P") fundamental investment outlook for the P&C insurance industry is currently positive. Although S&P expects a more competitive pricing environment to impact the degree to which insurers are able to raise rates, it anticipates that the overall operating climate for the P&C industry will remain stable. Premium growth, while still modest, in now experiencing its longest sustained period of gains in a decade. S&P notes that the degree to which demand for certain types of insurance products, particularly those in the commercial lines area, increases will depend on the health of the broader economy in the United States and globally. Reserve releases are expected to taper off gradually, but will continue to benefit the bottom line and combined ratio through at least 2016.

The industry's strong capital position suggests insurers are in a good position to increase risk appetite, repurchase shares, and pursue acquisitions. In addition to the excess capital in the industry, merger and acquisition activity has also been stimulated by a drive for growth in response to slow top-line (premium) growth and curtailed earnings expansion and a desire to realize economies of scale. Acquiring companies are also motivated by low interest rates that facilitate attractive debt financing for merger transactions.

S&P forecasts that a softening of certain rates (particularly in the commercial lines segment), partly offset by an uptick in demand, should propel net written premiums by approximately 3% to 4% in 2016. S&P notes that because of the excess underwriting capacity currently in the P&C industry, opportunities exists for stronger capitalized and expansion oriented insurers to gain market share at the expense of more financially strained competitors. Operating profitability in many segments of the P&C industry is heavily influenced by the level of weather and catastrophe losses. Barring a surge in catastrophes, S&P expects underwriting results to remain profitable in 2016 for the P&C industry.

III. COMPARISONS WITH PUBLICLY TRADED COMPANIES

General Overview

The comparative market approach provides a sound basis for determining estimates of going-concern valuations where a regular and active market exists for the stocks of peer institutions. The comparative market approach was utilized in determining the estimated pro forma market value of Illinois Casualty because: (i) reliable market and financial data are readily available for comparable institutions, and (ii) the comparative market method has been widely accepted as a valuation approach by the applicable regulatory authorities. The generally employed valuation method in initial public offerings (“IPOs”), where possible, is the comparative market approach, which also can be relied upon to determine pro forma market value in an insurance company stock conversion.

The comparative market approach derives valuation benchmarks from the trading patterns of selected peer institutions that, due to certain factors such as financial performance and operating strategies, enable the appraiser to estimate the potential value of the subject institution in a mutual-to-stock conversion offering. In Chapter III, our valuation analysis focuses on the selection and comparison of the Company with a comparable group of publicly traded insurance companies (the “Comparative Group”). Chapter IV will detail any additional discounts or premiums that we believe are appropriate to the Company’s pro forma market value.

We considered other conventional valuation methodologies in the course of determining the Company’s estimated pro forma market value. Various income approaches include a capitalization of earnings and a discounted cash flow analysis and reflect the economic principle that the value of a subject investment, or subject business interest, is the present value of the

economic income expected to be generated by the investment. The income capitalization approach relies on either a single period or multiple periods considered to be representative of recurring benefits, which are capitalized by a capitalization rate chosen from comparable companies or from risk-adjusted rates of return required by investors in a particular line of business. When multiple periods are used, income is estimated for several future periods. This income is discounted to the present time period, with or without a terminal value, depending upon the circumstances of the particular company.

Due to the unpredictable nature of earnings in the P&C industry, primarily because of potential catastrophic events, and the lack of long-term income projections for Illinois Casualty, we did not utilize an income approach. Furthermore, a large number of publicly traded insurance companies are represented in the stock market, are widely followed by analysts and investors, and are traded actively. The trading characteristics of these public companies allow analysts and investors to gain and apply knowledge about the comparative fundamentals of these companies as they relate to financial performance and market valuations.

Asset-based valuation approaches may be either on a going concern, orderly disposition, or forced liquidation basis. Going concern asset-based valuations are often used in the case of companies that hold readily marketable assets such as an investment company. Illinois Casualty holds assets for the purpose of producing income to support its insurance operations. While a portion of Illinois Casualty's assets are readily marketable, its primary business is not investment in assets for resale. Financial service companies are rarely valued on the basis of their assets at liquidation value or the disposal of individual assets or groups of assets. While the stock market may use a concept of "book value" as a pricing benchmark, few investors recognize the overall value of a financial service company as being its net book value at any point in time because of

the significant differences in composition of balance sheet assets and liabilities and risks associated with business, market, credit, and interest rate factors that the concept of simple "book value" does not fully recognize. For an insurance company such as Illinois Casualty, the asset-based approach could lead to valuation conclusions that do not fully take into account the enterprise as a whole and the accompanying intangible benefits or risk factors related to the business franchise. Therefore, we have elected not to utilize this approach and have concentrated on the comparative market approach.

Selection Criteria

Selected market price and financial performance data for insurance companies listed on the New York and NYSE MKT Stock Exchanges or traded on the NASDAQ Stock Market are shown in Exhibit IV as compiled from data obtained from SNL Financial LC ("SNL Financial"), a leading provider of financial and market data focused on financial services industries, including banks and insurance companies. SNL Financial differentiates the overall insurance industry into six market segments: (i) life and health, (ii) managed care, (iii) mortgage and financial guaranty, (iv) multi-line, (v) property and casualty, and (vi) title. For purposes of this selection screening, we focused exclusively on publicly traded insurance companies based in the United States and included in the property and casualty segment ("Public P&C Insurance Group"). Several criteria, discussed below, were used to select the individual members of the Comparative Group from the overall universe of publicly traded insurance companies.

- Operating characteristics – A company's operating characteristics are the most important factors because they affect investors' expected rates of return on a company's stock under various business and economic scenarios, and they influence the market's general perception of the quality and attractiveness of a given company. Operating characteristics, which may vary in importance during the business cycle, include financial variables such as profitability, capitalization, growth, risk exposure, liquidity, and other factors such as lines of business and management strategies.
- Degree of marketability and liquidity – Marketability of a stock reflects the relative ease and promptness with which a security may be sold when desired, at a representative current price, without material concession in price merely because of the necessity of sale. Marketability also connotes the existence of buying interest as well as selling interest and is usually indicated by trading volumes and the spread between the bid and asked price for a security. Liquidity of the stock issue refers to the organized market exchange process whereby the security can be converted into cash. We attempted to limit our selection to companies that have access to a regular trading market or price quotations. We excluded from the Comparative Group and the Public P&C Insurance Group those companies that are sellers in pending acquisitions that have been previously announced.

In determining the Comparative Group composition, we focused primarily on Illinois Casualty's asset size, market segment, and product lines. In particular, we also focused on companies operating in niche market lines of business. Attempting to concentrate on the Company's financial characteristics and enlarge the Comparative Group to obtain a meaningful statistical cluster of companies, we broadened the size range criterion to encompass a statistically significant number of companies. In addition, due to the ongoing consolidation activity within the insurance industry, we sought to include a sufficient number of companies in the event that one or several members are subsequently subject to acquisition as we update this Appraisal prior to completion of the Conversion.

Of the 48 companies composing the Public P&C Insurance Group as of April 29, 2016, there were only eight insurers with total assets under $500 million. The median asset size of the overall Public P&C Insurance Group was $3.3 billion and the average size was even larger at $35.0 billion, skewed by behemoth companies such as Berkshire Hathaway and American International Group with total assets each approaching or exceeding $500 billion. We applied the following selection criteria and focused principally on companies concentrated in the lower quartile of the Public P&C Insurance Group based on asset size:

- Publicly traded – stock-form insurance company whose shares are traded on New York Stock Exchange, NYSE MKT, or NASDAQ Stock Market.
- Market segment – insurance underwriter whose primary market segment is listed as property and casualty by SNL Financial.
- Non-acquisition target – not subject to an announced or pending acquisition.
- Seasoned trading history – publicly traded for at least one year.
- Current financial data – publicly reported financial data on a GAAP basis available for the last twelve months ("LTM") ended December 31, 2015.
- Asset size – total assets between $100 million and $1.6 billion.

As a result of applying the above criteria, the screening process produced a reliable representation of publicly traded insurance companies for valuation purposes. Fifteen public companies met all of the criteria outlined on the previous page. We included in the Comparative Group each of the eight companies that had assets under $800 million and also met the other criteria. In selecting the remainder of the Comparative Group, we focused on excluding companies that would result in an undue geographic concentration in one state (Florida) or whose product lines were not sufficiently broad. Within the collection of seven companies meeting the previous criteria and exhibiting an asset size between $800 million and $1.6 billion, we selected four additional companies.

A general operating summary of the twelve companies selected for the Comparative Group is presented in Table 6. In focusing on smaller publicly traded companies, the Comparative Group includes a total of five companies with total assets less than $500 million (Atlas Financial Holdings, First Acceptance Corporation, Kingstone Companies, National Security Group, and Unico American Corporation) and three companies with assets between $500 million and $800 million (Federated National Holding Company, HCI Group, and United Insurance Holdings Corp.). In addition, three of the Comparative Group companies are based in the Midwest region (Atlas Financial Holdings in Illinois, Baldwin & Lyons in Indiana, and EMC Insurance Group in Iowa), similar to Illinois Casualty. While no single company constitutes a perfect comparable and differences inevitably exist between the Company and the individual companies, we believe that the chosen Comparative Group on the whole provides a meaningful basis of financial comparison for valuation purposes. Summary operating profiles of the publicly traded insurance companies selected for the Comparative Group are presented in the next section beginning on pages 46 to 53.

Table 6
General Operating Summary of the Comparative Group
As of December 31, 2015

	State	Ticker	Exchange	IPO Date	Total Assets ($mil.)	Total Equity ($mil.)	Total Equity/ Assets (%)
Illinois Casualty Company	IL	NA	NA	NA	123.4	30.2	24.45
Comparative Group Median	NA	NA	NA	NA	637.6	238.5	31.91
Comparative Group Mean	NA	NA	NA	NA	708.5	225.9	33.20
Comparative Group							
Atlas Financial Holdings, Inc.	IL	AFH	NASDAQ	03/18/10	411.6	129.6	31.49
Baldwin & Lyons, Inc.	IN	BWINB	NASDAQ	NA	1,085.8	394.5	36.33
Donegal Group Inc.	PA	DGICA	NASDAQ	NA	1,537.8	408.4	26.56
EMC Insurance Group Inc.	IA	EMCI	NASDAQ	02/04/82	1,536.0	524.9	34.18
Federated National Holding Company	FL	FNHC	NASDAQ	11/05/98	638.3	250.8	39.29
First Acceptance Corporation	TN	FAC	NYSE	NA	402.1	103.7	25.78
Hallmark Financial Services, Inc.	TX	HALL	NASDAQ	NA	1,076.6	262.0	24.34
HCI Group Inc.	FL	HCI	NYSE	07/24/08	637.0	237.7	37.32
Kingstone Companies, Inc.	NY	KINS	NASDAQ	NA	149.1	45.3	30.36
National Security Group, Inc.	AL	NSEC	NASDAQ	NA	148.1	44.9	30.31
Unico American Corporation	CA	UNAM	NASDAQ	NA	140.2	70.3	50.18
United Insurance Holdings Corp.	FL	UIHC	NASDAQ	10/04/07	740.0	239.2	32.32

Source: Illinois Casualty Company; SNL Financial; Feldman Financial.

Summary Profiles of the Comparative Group Companies

Atlas Financial Holdings, Inc. (NASDAQ: AFH) – Elk Grove Village, Illinois

Atlas Financial Holdings, Inc. ("Atlas Financial") is a financial services holding company whose core business is the underwriting of commercial automobile insurance policies, focusing on the "light" commercial automobile sector, which is carried out through its insurance subsidiaries, American Country Insurance Company ("American Country"), American Service Insurance Company, Inc. ("American Service"), Gateway Insurance Company ("Gateway"), and Global Liberty Insurance Company of New York ("Global Liberty"). This insurance sector includes taxicabs, non-emergency paratransit, limousine, livery, and business automobile. Atlas Financial was originally formed in 2009 and completed a reverse merger in 2010 wherein American Service and American Country were sold to Atlas Financial by Kingsway America Inc. American Country commenced operations in 1979. In 1983, American Service was established as a non-standard personal and commercial automobile insurer writing business in the Chicago, Illinois area. Gateway was acquired in 2013 and provides specialized commercial automobile insurance to niche markets such as taxi, black car, and sedan service. In March 2015, Atlas Financial completed the acquisition of Global Liberty, whose primary business focus is the for-hire-livery vehicle market in the New York metropolitan area. American Country, American Service, and Gateway carry current financial strength ratings from A.M. Best of B (Fair) with a stable outlook, while Global Liberty is rated B+ (Good) with a stable outlook. As of December 31, 2015, Atlas Financial had total assets of $411.6 million, total policy reserves of $235.2 million, total equity of $129.6 million, LTM total revenue of $156.9 million, and LTM net income of $14.4 million.

Baldwin & Lyons, Inc. (NASDAQ: BWINB) – Indianapolis, Indiana

Through its subsidiaries, Baldwin & Lyons, Inc. ("Baldwin & Lyons") engages in marketing and underwriting property and casualty insurance and the assumption of property and casualty reinsurance. Subsidiaries of Baldwin & Lyons include Protective Insurance Company, Protective Specialty Insurance Company, Sagamore Insurance Company, Baldwin & Lyons Brokerage Services, Inc., and Baldwin & Lyons Insurance, Ltd. Baldwin & Lyons provides coverage for larger companies in the motor carrier industry that retain substantial amounts of self-insurance, for independent contractors utilized by trucking companies, for medium-sized and small trucking companies on a first dollar or small deductible basis, and for public livery concerns, principally covering fleets of commercial buses. The principal types of fleet transportation insurance marketed by Baldwin & Lyons are commercial motor vehicle liability, physical damage and other liability insurance; workers compensation insurance; specialized accident insurance for independent contractors; non-trucking motor vehicle liability insurance for independent contractors; fidelity and surety bonds; inland marine consisting principally of cargo insurance; and captive insurance company products that are provided through a subsidiary in Bermuda The capital structure of Baldwin & Lyons includes Class A and Class B common stock. The Class A and Class B shares have identical rights and privileges except that Class B shares have no voting rights. Protective Insurance Company, the main insurance subsidiary of Baldwin & Lyons, carries a current financial strength rating of A+ (Superior) from A.M. Best

with a stable outlook. As of December 31, 2015, Baldwin & Lyons had total assets of $1.1 billion, total policy reserves of $538.9 million, total equity of $394.5 million, LTM total revenue of $280.3 million, and LTM net income of $23.3 million.

Donegal Group, Inc. (NASDAQ: DGICA) – Marietta, Pennsylvania

Donegal Group, Inc. ("Donegal Group") is as an insurance holding company whose insurance subsidiaries offer personal and commercial lines of property and casualty insurance to businesses and individuals in 21 Mid-Atlantic, Midwestern, New England, and Southern states. Donegal Group owns insurance subsidiaries domiciled in the states of Iowa, Maryland, Michigan, Pennsylvania, Virginia and Wisconsin. For the year ended December 31, 2015, Donegal Group's direct premiums were generated primarily in the states of Pennsylvania (36.6%), Michigan (16.1%), Virginia (8.8%), Maryland (8.8%), Georgia (6.0%), and Delaware (5.6%). Donegal Group's insurance subsidiaries derive a substantial portion of their insurance business from smaller to mid-sized regional communities. Donegal Group believes this focus provides its insurance subsidiaries with competitive advantages in terms of local market knowledge, marketing, underwriting, claims servicing, and policyholder service. At the same time, Donegal Group believes its insurance subsidiaries have cost advantages over many smaller regional insurers that result from economies of scale they realize through centralized accounting, administrative, data processing, investment, and other services. Donegal Group has been an active consolidator of smaller "Main Street" property and casualty insurance companies. The personal lines products offered by Donegal Group consist primarily of homeowners and private passenger automobile policies, while the commercial lines products consist primarily of commercial automobile, commercial multi-peril, and workers compensation policies. Donegal Group's insurance subsidiaries carry current financial strength ratings of A (Excellent) from A.M. Best with a stable outlook. As of December 31, 2015, Donegal Group had total assets of $1.5 billion, total policy reserves of $1.0 billion, total equity of $408.4 million, LTM total revenue of $636.4 million, and LTM net income of $21.0 million.

EMC Insurance Group Inc. (NASDAQ: EMCI) – Des Moines, Iowa

EMC Insurance Group Inc. ("EMC Insurance") is an insurance holding company that was incorporated in Iowa in 1974 by Employers Mutual Casualty Company ("Employers Mutual") and became a public company in 1982 following the initial public offering of its common stock. EMC Insurance is approximately 57% owned by Employers Mutual, a multiple-line property and casualty insurance company organized as an Iowa mutual insurance company in 1911 that is licensed in all 50 states and the District of Columbia. EMC Insurance conducts operations in property and casualty insurance and reinsurance through its subsidiaries. EMC Insurance primarily focuses on the sale of commercial lines of property and casualty insurance to small and medium-sized businesses. These products are sold through independent insurance agents who are supported by a decentralized network of branch offices. Although EMC Insurance actively markets its insurance products in 41 states, the majority of its business is marketed and generated in the Midwest. EMC Insurance conducts its operations through the following subsidiaries: EMCASCO Insurance Company, Illinois EMCASCO Insurance Company and Dakota Fire Insurance Company, and its reinsurance operations through its subsidiary, EMC Reinsurance

Company. The primary sources of revenue for EMC Insurance are generated from the following commercial lines of business: property, automobile, workers compensation, and liability. For the year ended December 31, 2015, the geographic distribution of the aggregate direct premiums generated by EMC Insurance included Iowa (13.0%), Kansas (8.5%), Wisconsin (5.6%), Nebraska (5.3%), Michigan (4.6%), Illinois (4.2%), and Texas (4.1%). EMC Insurance's property and casualty insurance companies carry financial strength ratings from A.M. Best of A (Excellent) with a stable outlook. As of December 31, 2015, EMC Insurance had total assets of $1.5 billion, total policy reserves of $926.9 million, total equity of $524.9 million, LTM total revenue of $623.7 million, and LTM net income of $50.2 million.

Federated National Holding Company (NASDAQ: FNHC) – Sunrise, Florida

Federated National Holding Company ("Federated National") is an insurance holding company that engages in the insurance underwriting, distribution and claims processes through its subsidiaries and contractual relationships with its independent agents and general agents. Federated National is authorized to underwrite, and/or place through its owned subsidiaries, homeowners multi-peril, commercial general liability, federal flood, personal automobile, and various other lines of insurance in Florida and various other states. Federated National markets and distributes its own and third-party insurers' products and its other services through a network of independent agents. Its principal insurance subsidiary is Federated National Insurance Company ("FNIC"), which is licensed as an admitted carrier in Florida, Alabama, Louisiana, and South Carolina. Federated National also serves as managing general agent for Monarch National Insurance Company ("MNIC"), which was founded in 2015 through a joint venture and is licensed as an admitted carrier in Florida. MNIC writes insurance policies that have a higher risk profile than those written by FNIC, allowing MNIC to reach a broader market and charge higher premiums. Through relationships with a network of approximately 2,500-plus independent agents, FNIC is authorized to underwrite homeowners, commercial general liability, fire, allied lines, and personal and commercial automobile insurance in Florida. FNIC is licensed as an admitted carrier in Alabama, Louisiana, Georgia, and Texas and underwrites commercial general liability insurance in those states, homeowners insurance in Louisiana, and personal automobile insurance in Georgia and Texas. During 2015, approximately 91.4%, 3.3%, 3.3% and 2.0% of the premiums it underwrote were for homeowners, commercial general liability, personal automobile, and federal flood insurance, respectively. FNIC is not currently rated by A.M. Best. As of December 31, 2015, Federated National had total assets of $638.3 million, total policy reserves of $351.3 million, total equity of $250.8 million, LTM total revenue of $249.9 million, and LTM net income of $40.4 million.

First Acceptance Corporation (NYSE: FAC) – Nashville, Tennessee

First Acceptance Corporation ("First Acceptance") is a retailer, servicer, and underwriter of non-standard personal automobile insurance based in Nashville, Tennessee. First Acceptance's insurance operations generate revenue from selling non-standard personal automobile insurance products and related products in 17 states. First Acceptance conducts its servicing and underwriting operations in 13 states and is licensed as an insurer in 12 additional states. First Acceptance owns and operates three insurance company subsidiaries: First

Acceptance Insurance Company, Inc., First Acceptance Insurance Company of Georgia, Inc., and First Acceptance Insurance Company of Tennessee, Inc. First Acceptance is a vertically integrated business and believes that its business model allows it to identify and satisfy the needs of its target customers and eliminates many of the inefficiencies associated with a non-integrated automobile insurance model. At December 31, 2015, First Acceptance operated 440 retail locations and a call center staffed with employee-agents. The employee-agents primarily sell non-standard personal automobile insurance products underwritten by First Acceptance as well as certain commissionable ancillary products. In most states, First Acceptance's employee-agents also sell a complementary insurance product providing personal property and liability coverage for renters underwritten by First Acceptance. In addition to its retail locations, First Acceptance is able to complete the entire sales process over the telephone via its call center or through the internet via its consumer-based website or mobile platform. Effective July 1, 2015, First Acceptance acquired certain assets of Titan Insurance Services, Inc. and Titan Auto Insurance of New Mexico, Inc. These agencies, which are now rebranded under the Acceptance Insurance name, sell private passenger non-standard automobile insurance through 83 retail locations, principally in California, but also in Texas, Arizona, Florida, Nevada, and New Mexico. Based on gross premiums earned by First Acceptance for the year ended December 31, 2015, the geographic distribution of revenue included Georgia (19.2%), Florida (15.4%), Texas (13.4%), Ohio (10.0%), Alabama (9.2%), Illinois (9.0%), and South Carolina (7.6%). The principal operating subsidiaries of First Acceptance carry current financial strength ratings from A.M. Best of B (Fair) with a stable outlook. As of December 31, 2015, First Acceptance had total assets of $402.1 million, total policy reserves of $205.5 million, total equity of $103.7 million, LTM total revenue of $331.9 million, and LTM net loss of -$1.9 million.

Hallmark Financial Services, Inc. (NASDAQ: HALL) – Fort Worth, Texas

Hallmark Financial Services, Inc. ("Hallmark Financial") is a diversified property and casualty insurance group that serves businesses and individuals in specialty and niche markets. Hallmark Financial offers standard commercial insurance, specialty commercial insurance, and personal insurance in selected market niches that are characteristically low-severity and predominately short-tailed risks. Hallmark Financial markets, distributes, underwrites, and services its P&C insurance products primarily through subsidiaries whose operations are organized into product-specific operating units. The standard commercial P&C operating unit offers industry-specific commercial insurance products and services in the standard market. The workers compensation operating unit specializes in small and middle market workers compensation business. Effective July 1, 2015, this operating unit no longer markets or retains any risk on new or renewal policies. The managing general agent ("MGA") commercial products operating unit offers commercial insurance products and services in the excess and surplus lines market. The specialty commercial operating unit offers general aviation and satellite launch insurance products and services, low and middle market commercial umbrella and primary/excess liability insurance, medical professional liability insurance products and services, and primary/excess commercial property coverages for both catastrophe and non-catastrophe exposures. The specialty personal lines operating unit offers non-standard personal automobile and renters insurance products and services. Hallmark Financial's business is geographically concentrated in the South Central and Northwest regions of the United States, except for its general aviation business, which is written on a national basis. Five states

accounted for 63% of the gross premiums written in 2015 by Hallmark Financial's insurance company subsidiaries: Texas (46.7%), Louisiana (4.8%), Arizona (4.3%), Oklahoma (3.5%), and New Mexico (3.4%). Hallmark Financial's insurance subsidiaries carry current financial strength ratings of A- (Excellent) with a negative outlook. As of December 31, 2015, Hallmark Financial had total assets of $1.1 billion, total policy reserves of $667.3 million, total equity of $262.0 million, LTM total revenue of $372.4 million, and LTM net income of $21.9 million.

HCI Group, Inc. (NYSE: HCI) – Tampa, Florida

HCI Group, Inc. ("HCI Group") operates subsidiaries primarily engaged in the property and casualty insurance business. Over the years, HCI Group has broadened and diversified its business portfolio through acquisitions to include information technologies and investment real estate. HCI Group's principal operating subsidiary, Homeowners Choice Property & Casualty Insurance Company, Inc. ("HCPCI"), was incorporated and began operations in 2007. HCPCI currently provides property and casualty insurance to homeowners, condominium owners, and tenants residing in Florida. HCPCI's operations are supported by certain of HCI's wholly owned subsidiaries as well as HCI Group: Homeowners Choice Managers, Inc. acts as managing general agent and provides marketing, underwriting, claims settlement, accounting, and financial services to HCPCI; Southern Administration, Inc. provides policy administration services to HCPCI. HCPCI began operations by participating in a "take-out program" through which it assumed insurance policies held by Citizens Property Insurance Corporation ("Citizens"), a Florida state-supported insurer. The take-out program is a legislatively mandated program designed to reduce the state's risk exposure by encouraging private companies to assume policies from Citizens. HCPCI has assumed policies in a series of separate transactions, which took place from 2007 through 2015. Substantially all HCI Group's premium revenue since inception has come from the policies acquired in these assumption transactions and subsequent renewals. HCPCI began writing flood coverage in January 2014 in response to the demand for an alternative to the Federal National Flood Insurance Program for Florida homeowners. Through the assumption transactions, HCI Group has increased its geographic diversification within the state of Florida and currently has approximately 160,000 policies in force. HCI Group is not currently rated by A.M. Best. As of December 31, 2015, HCI Group had total assets of $637.0 million, total policy reserves of $239.0 million, total equity of $237.7 million, LTM total revenue of $286.0 million, and LTM net income of $65.9 million.

Kingstone Companies, Inc. (NASDAQ: KINS) – Kingston, New York

Kingstone Companies, Inc. ("Kingstone") offers property and casualty insurance products to small businesses and individuals in the state of New York through its wholly owned subsidiary, Kingstone Insurance Company ("KICO"). KICO is a licensed property and casualty insurance company in New York, New Jersey, Connecticut, Pennsylvania, and Texas; however, KICO writes substantially all of its business in New York. Kingstone is a multi-line regional property and casualty insurance company writing business exclusively through independent retail and wholesale agents and brokers. Kingstone's largest line of business is personal lines, consisting of homeowners, dwelling fire, 3-4 family dwelling package, condominium, renters, equipment breakdown and service line endorsements, and personal umbrella policies.

Commercial liability is another product line through the offering of business owners policies that consist primarily of small business retail risks without a residential exposure. Kingstone also writes artisan's liability policies for small independent contractors with seven or fewer employees. In addition, it writes special multi-peril policies for larger and more specialized business owners' risks, including those with limited residential exposures. Commercial automobile represents a third product line as Kingstone provides physical damage and liability coverage for light vehicles owned by small contractors and artisans. A fourth line of business is livery physical damage. Kingstone writes for-hire vehicle physical damage only policies for livery and car service vehicles and taxicabs. These policies insure only the physical damage portion of insurance for such vehicles, with no liability coverage included. Personal lines, commercial liability, livery physical damage, and commercial automobile policies accounted for 76.0%, 13.2%, 9.9%, and 0.6% of gross written premiums for the year ended December 31, 2015. Kingstone complete an underwritten public offering of common stock in December 2013. Kingstone's current financial strength rating from A.M. Best is B++ (Good) with a stable outlook. As of December 31 2015, Kingstone had total assets of $149.1 million, total policy reserves of $90.0 million, total equity of $45.3 million, LTM total revenue of $64.2 million, and LTM net income of $7.0 million.

National Security Group, Inc. (NASDAQ: NSEC) – Elba, Alabama

National Security Group, Inc. ("National Security") is an insurance holding company that, through its property and casualty subsidiaries, primarily writes personal lines coverage including dwelling fire and windstorm, homeowners, and mobile homeowners lines of insurance in ten states. Through its life insurance subsidiary, National Security offers a basic line of life and health and accident insurance products in six states. Property and casualty insurance is the most significant segment accounting for approximately 90% of total premium revenues in 2015 and is conducted through National Security Fire & Casualty Company ("NSFC") and Omega One Insurance Company ("Omega"). NSFC is licensed to write insurance in the states of Alabama, Arkansas, Florida, Georgia, Kentucky, Mississippi, Oklahoma, South Carolina, Tennessee and West Virginia. Omega is licensed to write insurance in Alabama and Louisiana. Another subsidiary, National Security Insurance Company ("NSIC"), conducts the life insurance business. Dwelling fire and homeowners, collectively referred to as the dwelling property line of business, is the largest segment of property and casualty operations composing approximately 97% of total property and casualty premium revenue. National Security focuses on providing niche insurance products within the markets it serves. National Security ranks in the top twenty dwelling property insurance carriers in its two largest states, Alabama and Mississippi. However, due to the large concentration of business among the top five carriers, its total combined market share in these two states is less than 2%. NSFC and Omega products are marketed through a network of independent agents and brokers, who are independent contractors and generally maintain relationships with one or more competing insurance companies. For the year ended December 31, 2015, National Security's direct written premium distribution was as follows: Alabama (28.5%), Mississippi (18.0%), Georgia (11.9%), Louisiana (11.9%), South Carolina (10.6%), Oklahoma (9.4%), Tennessee (5.6%), and Arkansas (4.1%). NSFC currently carries an A.M. Best group financial strength rating of B++ (Good), while Omega and NSIC carry financial strength ratings of B+ (Good), all with stable outlooks. As of December 31, 2015, National Security had total assets of $148.1 million, total policy reserves of $77.0 million, total equity of $44.9 million, LTM total revenue of $64.1 million, and LTM net income of $4.7 million.

Unico American Corporation (NASDAQ: UNAM) – Calabasas, California

Unico American Corporation ("Unico American") is an insurance holding company that underwrites property and casualty insurance through its insurance company subsidiary; provides property, casualty, and health insurance through its agency subsidiaries; and provides insurance premium financing and membership association services through its other subsidiaries. The insurance company operation is conducted through Crusader Insurance Company ("Crusader"), which is a multiple line P&C insurance company that began transacting business on January 1, 1985. Since 2004, all Crusader business has been written in the state of California until June 2014 when Crusader also began writing business in the state of Arizona. During the year ended December 31, 2015, approximately 98% of Crusader's business was commercial multiple peril policies. Commercial multiple peril policies provide a combination of property and liability coverage for businesses. Commercial property coverage insures against loss or damage to buildings, inventory and equipment from natural disasters, including hurricanes, windstorms, hail, water, explosions, severe winter weather, and other events such as theft and vandalism, fires, storms, and financial loss due to business interruption resulting from covered property damage. However, Crusader does not write earthquake coverage. In addition to commercial multiple peril policies, Crusader also writes separate policies to insure commercial property and commercial liability risks on a mono-line basis. Crusader is domiciled in California and is licensed as an admitted insurance carrier in the states of Arizona, California, Nevada, Oregon, and Washington. For the year ended December 31, 2015, 99.5% and 0.5% of direct written premium was produced in California and Arizona, respectively. Unico American sells its insurance policies through Unifax Insurance Systems, Inc., Crusader's sister corporation and exclusive general agent. All policies are produced by a network of independent brokers and retail agents. Although Crusader plans to continually introduce new products, it did not introduce new products during 2015; instead, in 2015 Crusader implemented product changes such as revised rates, eligibility guidelines, rules and coverage forms. In October 2015, A.M. Best affirmed the financial strength rating of A- (Excellent) for Crusader with a stable outlook. As of December 31, 2015, Unico American had total assets of $140.2 million, total policy reserves of $67.2 million, total equity of $70.3 million, LTM total revenue of $33.3 million, and LTM net loss of -$1.2 million.

United Insurance Holdings Corp. (NASDAQ: UIHC) – St. Petersburg, Florida

United Insurance Holdings Corp. ("United Insurance") serves as the holding company for United Property & Casualty Insurance Company and its affiliated companies (referred to collectively as "UPC Insurance"). UPC Insurance is primarily engaged in the homeowners property and casualty insurance business in the United States. It currently writes in Connecticut, Florida, Georgia, Hawaii, Louisiana, Massachusetts, New Jersey, North Carolina, Rhode Island, South Carolina, and Texas, and is licensed to write in Alabama, Delaware, Maryland, Mississippi, New Hampshire, New York, and Virginia. United Insurance's target market currently consists of areas where the perceived threat of natural catastrophe has caused large

national insurance carriers to reduce their concentration of policies. In such areas, United Insurance believes an opportunity exists for UPC Insurance to write profitable business. United Insurance manages its risk of catastrophic loss primarily through sophisticated pricing algorithms, avoidance of policy concentration, and the use of a comprehensive catastrophe reinsurance program. UPC Insurance has been operating continuously in Florida since 1999, and has managed its business through various hurricanes, tropical storms, and other weather related events. Homeowners policies and related coverage account for the vast majority of the business that United Insurance writes, but it is diversifying by product as well as geography. In 2015, personal property policies (standard homeowners, dwelling fire, renters and condominium owners policies) accounted for 95% of United Insurance's total written premium. In addition to these policies, United Insurance writes flood policies, which accounted for 3%, and commercial residential policies, which accounted for the remaining 2% of its 2015 written premium. United Insurance currently markets its policies to a broad range of prospective policyholders through over 7,000 independent agencies. In September 2015, United Insurance entered into a stock purchase agreement to acquire Mineola, New York-based Interboro Insurance Company, a New York domiciled property and casualty insurer licensed in New York, South Carolina, Alabama, Louisiana, and Washington, D.C. The transaction is currently expected to close in April 2016. Based on direct written premium for the year ended December 31, 2015, United Insurance's geographic distribution includes Florida (57.3%), Texas (10.0%), Massachusetts (7.1%), South Carolina (7.4%), Louisiana (6.7%), North Carolina (5.3%), and Rhode Island (4.2%). United Insurance is not currently rated by A.M. Best. As of December 31, 2015, United Insurance had total assets of $740.0 million, total policy reserves of $381.4 million, total equity of $239.2 million, LTM total revenue of $357.6 million, and LTM net income of $27.4 million.

Recent Financial Comparisons

Table 7 summarizes certain financial comparisons between Illinois Casualty and the Comparative Group. Financial data for the Company, the Comparative Group, and the Public P&C Insurance Group are based on GAAP data for the LTM ended December 31, 2015. The Public P&C Insurance Group includes all of the companies presented in Exhibit IV.

The Company's total assets of $123.4 million measured below the Comparative Group median and mean of $637.6 million and $708.5 million, respectively. Overall, the Comparative Group includes five companies with assets under $500 million, three companies with assets between $500 million and $1 billion, and four companies with assets between $1.0 billion and $1.6 billion. The median asset size of the Public P&C Insurance Group was $3.3 billion. There were only five companies within the Public P&C Insurance Group with total assets less than $150 million and two such companies with an asset size below the Company's asset size.

The P&C insurance industry is highly competitive in the areas of price, coverage, and service, and includes insurers ranging from large companies offering a wide variety of products worldwide to smaller, specialized companies in a single state or region offering only a single product. Smaller companies may find themselves competing with many companies of substantially greater financial resources, more advanced technology, larger business volumes, more diversified insurance coverage, broader product ranges, and higher ratings. Competition centers not only on the marketing of products, but also on the recruitment and retention of qualified agents and producers. Large national insurers may have certain competitive advantages over smaller companies, including increased name recognition, increased loyalty of their customer base, greater efficiencies and economies of scale, and reduced policy acquisition costs.

Illinois Casualty's ratio of total policy reserves to total equity on a GAAP basis measured 2.02x, evidencing its comparatively lower capital position and expanded utilization of underwriting leverage. The Comparative Group median and mean ratios of policy reserves to equity were 1.74x and 1.72x, respectively. Among the Comparative Group, only four companies had ratios of policy reserves to equity approximating or exceeding 2.0x. Correspondingly, these four companies also exhibited lower equity capital ratios. Illinois Casualty's GAAP equity capital ratio at 24.5% of total assets trailed the Comparative Group median of 31.9% and the Public P&C Insurance Group median of 30.1%. Among the Comparative Group, only Hallmark Financial with an equity capital ratio measuring 24.3% of total assets had a GAAP equity capital ratio below Illinois Casualty's corresponding ratio of 24.5%.

The Company's ratio of investments and cash to total assets was 61.8% as of December 31, 2015, and was positioned below the Comparative Group median ratio of 68.1% and mean ratio of 69.8%. Illinois Casualty's lower concentration of invested assets reflects comparatively higher levels of receivables in the form of reinsurance receivables and premium receivables. In addition, the buildup of the Company's investment concentration level has been restrained by sluggish operating results in prior historical periods.

The Company's total assets decreased marginally by 0.04% over the LTM period ended December 31, 2015, whereas the Comparative Group reflected median and mean asset growth rates of 8.1% and 13.0%, respectively, for the corresponding period. Most members of the Comparative Group experienced moderate asset growth over the past year, while a few reported significant asset increases due to substantial increases in total revenue and net income (Atlas Financial, Federated National, and United Insurance).

Table 7
Comparative Financial Condition Data
Illinois Casualty Company and the Comparative Group
As of or for the Last Twelve Months Ended December 31, 2015

	Total Assets ($mil.)	Total Policy Resrvs. ($mil.)	Total Equity ($mil.)	LTM Asset Growth (%)	Policy Resrvs./ Equity (x)	Invest. &Cash/ Assets (%)	Total Equity/ Assets (%)	Tang. Equity/ Assets (%)
Illinois Casualty Company	123.4	61.1	30.2	(0.04)	2.02	61.81	24.45	24.45
Comparative Group Median	637.6	295.1	238.5	8.09	1.74	68.06	31.91	31.16
Comparative Group Mean	708.5	399.0	225.9	12.97	1.72	69.79	33.20	31.94
Public P&C Insurance Group Median	3,292.2	1,979.3	851.2	2.48	1.88	70.84	30.05	27.36
Public P&C Insurance Group Mean	35,040.2	15,826.7	10,377.2	6.02	2.30	69.06	30.14	28.37
Comparative Group								
Atlas Financial Holdings, Inc.	411.6	235.2	129.6	44.97	1.81	56.69	31.49	30.20
Baldwin & Lyons, Inc.	1,085.8	538.9	394.5	(5.11)	1.37	67.59	36.33	36.15
Donegal Group Inc.	1,537.8	1,007.7	408.4	5.43	2.47	60.41	26.56	26.24
EMC Insurance Group Inc.	1,536.0	926.9	524.9	2.55	1.77	92.19	34.18	34.14
Federated National Holding Company	638.3	351.3	250.8	26.74	1.40	68.52	39.29	39.29
First Acceptance Corporation	402.1	205.5	103.7	22.43	1.98	64.46	25.78	18.05
Hallmark Financial Services, Inc.	1,076.6	667.3	262.0	9.76	2.55	65.19	24.34	19.90
HCI Group Inc.	637.0	239.0	237.7	6.42	1.01	78.60	37.32	37.32
Kingstone Companies, Inc.	149.1	90.0	45.3	10.47	1.99	60.62	30.36	29.53
National Security Group, Inc.	148.1	77.0	44.9	2.23	1.72	80.57	30.31	30.31
Unico American Corporation	140.2	67.2	70.3	3.05	0.95	70.01	50.18	50.18
United Insurance Holdings Corp.	740.0	381.4	239.2	26.68	1.59	72.63	32.32	32.01

Source: Illinois Casualty Company; SNL Financial; Feldman Financial.

As shown in Table 8, the Company's ROA for the LTM ended December 31, 2015 was 1.75% and underperformed the Comparative Group median and mean ROA results of 3.24% and 3.34%, respectively. The Public P&C Insurance Group reported median and mean LTM ROA results of 2.33% and 2.27%, respectively. Illinois Casualty's ROE for the recent LTM period was 7.28% and lagged the Comparative Group median and mean ROE results of 10.15% and 10.37%, respectively. Illinois Casualty's comparative disadvantage in profitability versus the Comparative Group reflected its trend of less favorable underwriting results.

Ten out of twelve Comparative Group companies reported positive earnings, led by HCI Group, Federated National, and Kingstone Companies with ROA results of 9.89%, 6.85%, and 4.91%, respectively, and ROE results of 30.24%, 17.65%, and 16.39%, respectively. The lower performers in the Comparative Group with negative earnings results were First Acceptance and Unico American. Companies profitable in 2015 with ROA results below 2.50% and ROE results below 8.50% included Baldwin & Lyons, Donegal Group, and Hallmark Financial.

Illinois Casualty's lower profitability relative to the Comparative Group reflected its higher combined ratio. The Company's combined ratio of 96.1% for the LTM ended December 31, 2015 compared unfavorably to the Comparative Group median and mean combined ratios of 91.2% and 89.2%, respectively. Illinois Casualty's higher combined ratio versus that of the Comparative Group was attributable primarily to its higher expense ratio. Illinois Casualty's loss ratio measured 59.2% for the LTM ended December 31, 2015 and was comparable to the Comparative Group median and mean loss ratios of 59.2% and 58.4%, respectively and slightly better than the P&C Insurance Group median and mean loss ratios of 60.8% and 60.5%, respectively. However, Illinois Casualty's expense ratio was 36.9% for the LTM ended December 31, 2015 and higher than the Comparative Group median and mean expense ratios of

32.3% and 30.9%, respectively, and the P&C Insurance Group median and mean expense ratios of 31.9% and 31.6%, respectively. Among the Comparative Group members, only United Insurance (39.5%) and Federated National (38.2%) reported expense ratios higher than Illinois Casualty's expense ratio of 36.9%. Further evidencing its lower level of profitability, the Company's ratio of LTM pre-tax income to total revenue was 7.21% versus the comparative group median and mean ratios of 11.60% and 12.12%, respectively, and the P&C Insurance Group median and mean ratios of 10.94% and 11.40%, respectively.

The Company's ratio of net premiums written to average equity measured 1.36x for the LTM ended December 31, 2015 and was comparable to the Comparative Group median and mean ratios of 1.37x and 1.31x, respectively, and exceeded the Public P&C Insurance Group median and mean ratios of 1.14x and 1.15x, respectively. In recent years, the Company's rate of net premium growth has exceeded the rate of capital accumulation. Increasing the Company's capital to support future premium growth on its existing platform is an important strategic goal of Illinois Casualty as it seeks to capitalize on expansion opportunities within its traditional niche market.

Table 8
Comparative Operating Performance Data
Illinois Casualty Company and the Comparative Group
For the Last Twelve Months Ended December 31, 2015

	Total Revenue ($mil.)	LTM Net Prem. Written/ Avg.Eq. (x)	LTM Loss Ratio (%)	LTM Exp. Ratio (%)	LTM Comb. Ratio (%)	LTM Pre-tax Inc./ Total Revenue (%)	LTM ROA (%)	LTM ROE (%)
Illinois Casualty Company	41.8	1.36	59.2	36.9	96.1	7.21	1.75	7.28
Comparative Group Median	283.1	1.37	59.2	32.3	91.2	11.60	3.24	10.15
Comparative Group Mean	288.0	1.31	58.4	30.9	89.2	12.12	3.34	10.37
Public P&C Insurance Group Median	920.2	1.14	60.8	31.9	94.0	10.94	2.33	9.72
Public P&C Insurance Group Mean	9,247.1	1.15	60.5	31.6	92.6	11.40	2.27	9.32
Comparative Group								
Atlas Financial Holdings, Inc.	156.9	1.39	59.2	27.8	87.0	14.06	3.84	11.86
Baldwin & Lyons, Inc.	280.3	0.64	59.2	32.2	91.4	12.11	2.09	5.83
Donegal Group Inc.	636.4	1.47	65.8	33.2	99.0	4.34	1.39	4.89
EMC Insurance Group Inc.	623.7	1.12	65.0	31.3	96.3	11.49	3.29	9.66
Federated National Holding Company	249.9	0.98	49.7	38.2	87.9	26.09	6.85	17.65
First Acceptance Corporation	331.9	2.67	82.0	17.8	99.8	(0.77)	(0.51)	(1.82)
Hallmark Financial Services, Inc.	372.4	1.37	65.9	28.0	93.9	8.56	2.11	8.39
HCI Group Inc.	286.0	1.17	30.9	32.8	63.6	37.14	9.89	30.24
Kingstone Companies, Inc.	64.2	1.42	47.7	32.3	80.0	16.06	4.91	16.39
National Security Group, Inc.	64.1	1.37	55.4	35.6	91.0	9.91	3.19	10.64
Unico American Corporation	33.3	0.44	65.0	22.0	87.0	(5.22)	(0.86)	(1.66)
United Insurance Holdings Corp.	357.6	1.74	54.5	39.5	94.0	11.71	3.86	12.35

Source: Illinois Casualty Company; SNL Financial; Feldman Financial.

IV. MARKET VALUE ADJUSTMENTS

General Overview

This concluding chapter of the Appraisal identifies certain adjustments to Illinois Casualty's estimated pro forma market value relative to the Comparative Group. The adjustments discussed in this chapter are made from the viewpoints of potential investors, which would include policyholders and other eligible individuals with subscription rights and unrelated investors who might purchase stock in a community offering or syndicated community offering. It is assumed that these potential investors are aware of all relevant and necessary facts as they would pertain to the value of the Company relative to other publicly traded insurance companies and relative to alternative investments.

Our Appraisal is predicated on a continuation of the current operating environment for Illinois Casualty and insurance companies in general. Changes in the Company's operating performance along with changes in the regional and national economies, the stock market, interest rates, the regulatory environment, and other external factors may occur from time to time, often with great unpredictability, which could impact materially the pro forma market value of the Company or the trading market values of insurance company stocks in general. Therefore, the Valuation Range provided herein is subject to a more current re-evaluation prior to the actual completion of the Conversion.

In addition to the comparative operating fundamentals discussed in prior chapters, it is important to address additional market value adjustments based on certain financial and other criteria, which include, among other factors:

(1) Earnings Prospects

(2) Management

(3) Liquidity of the Issue

(4) Dividend Policy

(5) Subscription Interest

(6) Stock Market Conditions

(7) New Issue Discount

Earnings Prospects

Earnings prospects are dependent upon the ability to grow revenue and control expenses and the effectiveness of managing the combined ratio (ratio of loss and operating expenses to net premiums earned). Illinois Casualty's revenue is generated primarily from net premiums earned, net investment income, and net realized investments gains or losses. The Company's expenses mainly comprise losses and settlement expenses, policy acquisition costs, and other general corporate expenses. The Company's revenue growth is affected by various factors, including competitive pricing, agency relationships, product strategy, business development, customer service and client retention, reinsurance arrangements, and investment performance. The Company's operating efficiency affects the degree to which it can profitably leverage its distribution system and cost infrastructure. Many of the earnings challenges faced by the Company are systemic to smaller insurers that lack economies of scale, diverse distribution channels, significant geographic diversity, or enhanced technological resources.

While Illinois Casualty has experienced steady premium growth over recent years, its path to consistent profitability has reflected more sluggish trends and variability. The uncertainties surrounding the ultimate success of the Company's recent and future strategic initiatives to increase revenue, expand its market penetration into additional states, and improve profitability in its narrow market niche place the Company at a disadvantage with regard to the Comparative Group, which overall is reporting substantially higher levels of earnings. We therefore believe that, given the Company's recent earnings trends and the restrained ability to generate substantial improvements in its profitability over the near term, a downward adjustment is warranted for the Company's earnings prospects with respect to the Comparative Group.

Management

Management's principal challenges are to implement strategic objectives, generate revenue growth, control operating costs, and monitor asset quality and underwriting risks while Illinois Casualty competes in the highly competitive P&C insurance industry. The challenges facing the Company in attempting to sustain improvements in profitability and enhance its competitiveness are paramount because of the inherent competitive disadvantages faced by smaller insurers in general.

We believe that investors will take into account that Illinois Casualty is professionally managed by a team of experienced insurance executives that has focused on the Company's traditional market niche and emphasized its historical operating strengths in attempting to grow revenues and improve profitability. We also note that investors will likely rely upon top-line premium growth, bottom-line earnings results, and the ongoing progress of strategic capital deployment as the means of evaluating the future performance of management. Based on these considerations, we believe no adjustment is warranted based on management.

Liquidity of the Issue

All twelve members of the Comparative Group are traded on major stock exchanges. Ten companies are listed on the NASDAQ Stock Market and two companies (First Acceptance Corporation and HCI Group) are traded on the New York Stock Exchange. As of April 29, 2016, the market capitalizations of the Comparative Group reflected a median of $243.9 million and ranged from $39.7 million for National Security Group to $554.2 million for EMC Insurance Group. In contrast, the median market capitalization for the Public P&C Insurance Group was higher at approximately $1.1 billion as of April 29, 2016.

The development of a public market having the desirable characteristics of depth, liquidity and orderliness depends upon the presence in the marketplace of a sufficient number of willing buyers and sellers at any given time and the existence of market makers to facilitate stock trade transactions. ICC Holdings intends to apply for listing of its common stock on the NASDAQ Capital Market (formerly the NASDAQ SmallCap Market), subject to the completion of the Offering. Given the estimated range of the Company's pro forma market value and the presence of other small insurance companies in the Comparative Group that are publicly traded and also operate in the P&C insurance sector, we believe that it is reasonable to believe that an established market for the Company's stock might develop, assuming that it continually met listing requirements. However, simultaneously, we also recognize that companies with lower levels of market capitalization also tend to experience restrained trading volumes and frequent price volatility due to limited shares outstanding and other factors. In addition, the purchase of large blocks of stock in the Offering by identified standby investors may further impact the stock float (shares actually available for trading). Therefore, we believe that at the present time a downward adjustment is necessary for lack of liquidity to address these collective factors.

Dividend Policy

Following the Offering, the payment of dividends on the common stock of ICC Holdings will be subject to determination and declaration of its Board of Directors. The dividend policy will depend upon the financial condition, operating results, and future prospects of ICC Holdings. At the present time, ICC Holdings does not have any plans to pay dividends to its shareholders. There is no assurance that dividends will be paid in the future by ICC Holdings, or

if and when paid, that they will be paid continuously. The regulatory restrictions under Illinois law that will affect the payment of dividends by Illinois Casualty to ICC Holdings will also be considered by the Board of Directors.

Payment of cash dividends is commonplace among publicly traded insurance companies with solid capital levels. Of the twelve members of the Comparative Group, eight (or approximately 67%) currently pay regular cash dividends. Of the 48 companies in the Public P&C Insurance Group, 37 (or approximately 77%) currently pay regular cash dividends. The median and mean dividend yield of the Comparative Group was 1.24% and 1.75%, respectively, as of April 29, 2016. The median and mean dividend yield of the Public P&C Insurance Group was 1.88% and 1.84%, respectively, as of April 29, 2016.

Although ICC Holdings will experience an increased capital base following the Offering and exhibit improved dividend-paying capacity, we believe that investors will take note of the lack of an affirmative indication to pay dividends initially. Additionally, the uneven earnings history of the Company combined with the prospects for sustaining competitive profitability and executing capital-intensive expansion plans may impact its decision to commence payment of dividends. Therefore, we have concluded that a slight downward adjustment is warranted for purposes of dividend policy.

Subscription Interest

While mutual-to-stock conversions are commonplace in the savings institution industry, such conversions and demutualizations are less common in the insurance industry. In recent years, IPOs of savings institution stocks have attracted a great deal of investor interest and this speculative fervor continued through 2014 and 2015. In contrast, over the past decade, there have been only a handful of insurance company demutualization transactions utilizing a subscription rights offering (including stand-alone offerings or sponsor-affiliation transactions).

In connection with the Conversion, preferential subscription rights to purchase shares of common stock of ICC Holdings will be offered to policyholders of Illinois Casualty, the ESOP, and the Company's directors, officers, and employees. At the present time, we are not aware of any particular marketing factors or transaction circumstances that would suggest either an overwhelming or suppressed level of interest in purchasing shares by eligible subscribers in the Offering. The participation of certain standby investors as stock purchasers in the Offering may help contribute to its successful closing. However, absent actual results from the subscription phase of the Offering, we do not believe that any adjustment is necessary at this juncture.

Stock Market Conditions

Table 9 summarizes the recent performance of various insurance stock indexes along with broader market indexes. The SNL Insurance Index of all public insurance companies increased 2.5% over the past year through April 29, 2016. The SNL Insurance Index outperformed the broader markets indexes as reflected by the Dow Jones Industrials Average ("DJIA") decreasing 1.5% and the S&P 500 Stock Index declining 2.0%.

Over the past three years ended April 29, 2016, the SNL Insurance Index was up 46.0%, while the DJIA increased 19.9% and the S&P 500 advanced 29.6%. Compared to other segments of the financials sector, insurance stock valuations were slower to rebound early in the current bull cycle and experienced more momentum over the past two to three years. Large and mid-tier market capitalization insurance stocks generally outperformed the small and micro capitalization insurance stocks over both the one-year and three-year time periods.

Table 9
Selected Stock Market Index Performance
For the Period Ended April 29, 2016

	Index Value	Percent Change (%)		
		Year-to-Date	One Year	Three Years
SNL Insurance Indexes				
SNL U.S. Insurance	744.61	2.03	2.49	45.95
SNL U.S. Insurance Underwriter	732.57	1.42	2.28	45.58
SNL U.S. Insurance Broker	1,203.78	9.48	3.94	49.20
S&P 500 Insurance	307.10	(0.20)	1.45	31.40
NASDAQ Insurance	7,308.47	1.17	8.60	29.47
S&P 500 Insurance Brokers	502.87	10.07	5.58	66.17
S&P 500 Multiline Insurance	102.63	(5.98)	(0.95)	28.92
SNL Sector Indexes				
SNL U.S. Insurance Property & Casualty	724.36	1.71	5.08	30.44
SNL U.S. Insurance Multiline	155.01	(2.53)	(5.87)	38.00
SNL U.S. Insurance Life & Health	743.05	(1.99)	(7.78)	29.24
SNL U.S. Reinsurance	944.61	(3.65)	0.36	24.88
SNL U.S. Managed Care	2,038.53	4.57	8.00	110.96
SNL U.S. Title Insurer	1,339.97	(5.64)	(9.91)	34.63
SNL U.S. Mortgage & Financial Guaranty	62.08	(3.34)	(20.29)	3.13
S&P 500 Property & Casualty	411.60	0.89	10.84	40.64
S&P 500 Life & Health	300.53	(2.12)	(8.33)	23.09
SNL Asset Size Indexes				
SNL U.S. Insurance < $250M	768.78	8.47	16.58	5.66
SNL U.S. Insurance $250M-$500M	570.78	(17.40)	(23.85)	11.22
SNL U.S. Insurance $500M-$1B	640.62	(18.53)	(13.28)	35.36
SNL U.S. Insurance $1B-$2.5B	1,501.34	0.09	(0.45)	23.17
SNL U.S. Insurance $2.5B-$10B	912.42	(3.34)	(2.55)	34.05
SNL U.S. Insurance > $10B	696.59	1.73	2.62	46.57
SNL U.S. Insurance > $1B	761.86	1.48	2.34	45.62
SNL U.S. Insurance < $1B	838.01	(12.27)	(9.52)	41.61
SNL Market Cap Indexes				
SNL Micro Cap U.S. Insurance	311.40	(1.06)	(3.42)	30.68
SNL Small Cap U.S. Insurance	693.77	(3.74)	(9.07)	9.26
SNL Mid Cap U.S. Insurance	557.53	(2.00)	(0.53)	42.45
SNL Large Cap U.S. Insurance	680.14	2.82	2.83	49.28
Broad Market Indexes				
Dow Jones Industrials Average	17,773.64	2.00	(1.45)	19.94
S&P 500	2,065.30	1.05	(1.97)	29.60
S&P Mid-Cap	1,461.65	4.51	(3.75)	27.12
S&P Small-Cap	694.56	3.40	(3.09)	31.82
S&P 500 Financials	313.64	(2.51)	(4.27)	24.85
NASDAQ	4,775.36	(4.63)	(4.94)	44.40
NASDAQ Financials	3,232.40	(0.28)	0.56	28.85

Source: MSCI; SNL Financial.

Although stumbling through early 2016, financial stocks have performed well in the economic recovery over the past five years and insurance stocks have participated fully in this sustained market rally. Increased merger and acquisition activity among insurance companies has provided additional support for improved market valuations. Strengthening fundamentals in the insurance industry have included fortified capital positions, improved product pricing, and increased demand for products as consumers and businesses accumulate additional cash flow in the rebounding economy. Insurance industry earnings have been challenged by the low interest rate environment, which has restrained the growth of investment income. Additionally, pricing on policies has been decelerating, particularly for commercial lines of insurance. The expansion of regulatory reform from the banking industry to other financial services industries, such as insurance companies, asset managers and investment advisors, has led to increased costs for compliance, controls, and regulatory systems. Through the early months of 2016, momentum in the financials sector, including insurance equities, and the overall market stalled due to overhanging concerns related to weak global demand, lackluster growth in the U.S. gross domestic product, and the energy slump weighing down corporate profits.

While P&C insurers historically have been very volatile due to cyclical market conditions and catastrophic losses, the stock performance of these issues has evidenced lesser volatility. The industry’s improved capital position provides a solid buffer against catastrophic losses. The valuation support for many P&C companies will focus on incremental additions to book value from stable earnings and capital deployment strategies such as leverage, mergers, dividend payments, and share repurchases to provide price momentum going forward. Viewing the broader trends, the overall health of the industry, which endured significant pricing pressure and reduced exposure since the latest recession, has recently improved with the stepped-up macro

economy. While encountering short-term resistance to premium rate increases, the industry may be poised to experience margin expansion. Although a more competitive pricing environment is expected to impact insurers' ability to raise premium rates, the overall operating climate is projected to remain stable and therefore we believe no specific adjustment is necessary for stock market conditions.

New Issue Discount

A "new issue" discount that reflects investor concerns and investment risks inherent in all IPOs is a factor to be considered for purposes of valuing companies converting from mutual to stock form. The magnitude of the new issue discount typically narrows during periods of declining stock prices and expands during stronger market conditions as existing trading companies appreciate in value. The necessity to build a new issue discount into the stock price of a converting insurance company continues to prevail in recognition of the uncertainty among investors as a result of the lack of a seasoned trading history for the converting company, its operation in an intensely competitive industry, underlying concerns regarding the interest rate outlook and economic recovery trends, recent volatility in the stock market, and the ever-changing landscape of competitors and product marketing in the insurance marketplace.

Because a mutual-to-stock conversion transaction results in an infusion of additional capital, the new issue discount is most often reflected in the form of relative discounts to the pro forma price-to-book value ratio. The pro forma equity of the converting company includes the existing equity plus the net proceeds from the mutual-to-stock conversion. Pricing a new conversion offering at a relatively high ratio in relation to pro forma book value, because of the mathematics of the calculation, would require very large increases in valuations resulting in

unsustainable price-to-earnings ratios and very marginal returns on equity. Given Illinois Casualty's existing capitalization, it will be confronted with the challenges of managing and deploying the excess capital to generate competitive returns on equity.

Recent experiences of insurance mutual-to-stock demutualizations confirm the applicability of the new issue discount. ARI Mutual Insurance Company (Newtown, Pennsylvania) completed a sponsored conversion transaction in January 2016; its pro forma midpoint valuation was $28.0 million with a pro forma price-to-book ratio of 54.3%. Mutual Insurers Holding Company (Chicago, Illinois) completed a sponsored conversion transaction n December 2012; its pro forma midpoint valuation was $57.0 million with a pro forma price-to-book ratio of 55.7%. Penn Millers Holding Corporation (Wilkes-Barre, Pennsylvania) completed a stand-alone conversion transaction in August 2009; its pro forma midpoint valuation was $53.0 million with a pro forma price-to-book ratio of 55.0%. Eastern Insurance Holdings, Inc. (Lancaster, Pennsylvania) completed a stand-alone conversion transaction in March 2006; its pro forma midpoint valuation was $65.0 million with a pro forma price-to-book ratio of 52.0%. Based on the collective factors discussed above, we therefore believe that a new issue discount is reasonable and necessary in the determination of the Company's pro forma market value.

Adjustments Conclusion

The Company's pro forma market value should be discounted relative to the Comparative Group because of earnings prospects, liquidity of the issue, dividend policy, and the new issue discount. Individual discounts and premiums are not necessarily additive and may, to some extent, offset or overlay each other. On the whole, we conclude that the Company's pro forma market value should be discounted relative to the Comparative Group. It is the role of the

appraiser to balance the relative dynamics of price-to-book and price-to-earnings discounts and premiums. We have concluded that a discount of approximately 40% to 50% based on the price-to-book valuation metric is reasonable and appropriate for determining the Company's pro forma Valuation Range value relative to the Comparative Group's trading ratios.

Valuation Approach

In determining the estimated pro forma market value of the Company, we have employed the comparative market valuation approach and considered the following pricing ratios: price-to-book value per share ("P/B") and price-to-earnings per share ("P/E"). Table 10 displays the trading market price valuation ratios of the Comparative Group as of April 29, 2016. Exhibit V displays the pro forma assumptions and calculations utilized in analyzing the Company's pro forma valuation ratios on a fully converted basis. In reaching our conclusions of the Valuation Range, we evaluated the relationship of the Company's pro forma valuation ratios relative to the Comparative Group's market valuation data.

Investors continue to make decisions to buy or sell P&C insurance company stocks based upon consideration of P/B and P/E comparisons. The P/E ratio is an important valuation ratio in the current insurance stock environment as operating profits have returned to more normalized levels. The P/B ratio remains an important valuation metric because due to applicable regulation, insurers' ability to write premiums is directly related to their surplus, which is a regulatory proxy for equity capital. Also, insurers are required by regulators to maintain minimum equity capital at levels commensurate with the scope and riskiness of their activities. These regulatory effects make book equity a relatively useful measure of the scale of operations and the price-to-book ratio is a means of reflecting qualitative evaluations regarding such factors as solvency risk, potential growth, pricing capacity, expected returns on equity, and efficient capital utilization.

As of April 29, 2016, the median P/B ratio for the Comparative Group was 101.3% and the mean was 110.7%. In consideration of the foregoing analysis along with the additional adjustments discussed in this chapter, we have determined a pro forma midpoint P/B ratio of 55.9% for the Company, which reflects an aggregate midpoint value of $32.0 million based on the assumptions summarized in Exhibit V. Applying a range of value of 15% above and below the midpoint, the resulting minimum of the Valuation Range at $27.2 million reflects a P/B ratio of 51.3% and the resulting maximum of $36.8 million reflects a P/B ratio of 59.9%.

The Company's pro forma P/B valuation ratios reflect discounts to the Comparative Group's median P/B ratio of 101.3%, with the magnitude of discount measuring 40.9% at Illinois Casualty's maximum valuation, 44.8% at the midpoint valuation, and 49.4% at the minimum valuation. In our opinion, this range of discounts for the P/B valuation metric is appropriate to reflect the differences in operating fundamentals discussed in Chapter III and the aforementioned adjustments specified for earnings prospects, liquidity of the issue, dividend policy, and the new issue discount. In addition, we also took into consideration the low returns on equity that would be anticipated in the near term by the Company on a pro forma basis as its capital levels reach higher levels after the Offering ranging from a 36.2% pro forma equity-to-assets ratio at the minimum valuation to 38.0% at the midpoint valuation and 39.7% at the maximum valuation. The Company's pro forma equity-to-assets ratios would surpass the Comparative Group's corresponding median of 31.9% and the Public P&C Insurance Group median of 30.1%.

Based on the Valuation Range as indicated above, the Company's pro forma P/E ratios based on LTM earnings reflected values of 10.7x at the minimum, 12.4x at the midpoint, and

14.1x at the maximum. As shown in Exhibit V-2, pro forma earnings include historical earnings plus the estimated return on net proceeds from the Offering and the after-tax expense effect of the ESOP. The Company's pro forma P/E ratios are positioned above the Comparative Group median and mean ratios of 10.4x and 11.0x, respectively. The Company's pro forma P/E ratios are skewed upward by the Company's lower earnings levels. The Company's pro forma P/E ratios reflect premiums of 2.9%, 19.2%, and 35.6% at the minimum, midpoint, and maximum, respectively, to the Comparative Group median of 10.4x. Other non-equity and non-earnings related market valuation ratios reflect discounts accorded to the Company on a pro forma basis relative to the Comparative Group. The Company's pro forma price-to-total assets and price-to-total revenue ratios reflect discounts to the corresponding Comparative Group ratios.

Valuation Conclusion

It is our opinion that, as of April 29, 2016, the aggregate estimated pro forma market value of Illinois Casualty was $32,000,000 with a resulting Valuation Range of $27,200,000 to $36,800,000. The Valuation Range was based upon a 15% decrease from the midpoint of $32,000,000 to determine the minimum and a 15% increase to establish the maximum. Exhibits V-1 and V-2 display the assumptions and calculations utilized in determining the Company's estimated pro forma market value. Exhibit V-3 presents the pro forma calculations based on the sale of 100% of the aggregate outstanding common stock in the Offering.

Table 10
Comparative Market Valuation Analysis
Illinois Casualty Company and the Comparative Group
Market Price Data as of April 29, 2016

Company	Closing Stock Price ($)	Total Assets ($mil.)	Total Market Value ($mil.)	Price/ Book Value (%)	Price/ Tang. Book (%)	Price/ LTM EPS (x)	Price/ Oper. EPS (x)	Price/ Total Rev. (x)	Price/ Total Assets (%)	Total Equity/ Assets (%)	Current Div. Yield (%)
Illinois Casualty Company (1)											
Pro Forma Minimum	**10.00**	**146.2**	**27.2**	**51.3**	**51.3**	**10.7**	**10.9**	**0.64**	**18.61**	**36.24**	**0.00**
Pro Forma Midpoint	**10.00**	**150.4**	**32.0**	**55.9**	**55.9**	**12.4**	**12.7**	**0.76**	**21.28**	**38.03**	**0.00**
Pro Forma Maximum	**10.00**	**154.6**	**36.8**	**59.9**	**59.9**	**14.1**	**14.4**	**0.87**	**23.80**	**39.72**	**0.00**
Comparative Group Median	**NA**	**637.6**	**243.9**	**101.3**	**106.4**	**10.4**	**11.3**	**1.04**	**39.34**	**31.91**	**1.24**
Comparative Group Mean	**NA**	**708.5**	**244.0**	**110.7**	**117.9**	**11.0**	**11.5**	**0.98**	**36.96**	**33.20**	**1.75**
Public P&C Insurance Median	**NA**	**3,292.2**	**1,082.6**	**129.6**	**132.3**	**14.6**	**14.8**	**1.09**	**35.25**	**30.05**	**1.82**
Public P&C Insurance Mean	**NA**	**35,040.2**	**12,663.3**	**132.6**	**144.4**	**15.8**	**16.5**	**1.29**	**47.94**	**30.14**	**1.82**
Comparative Group											
Atlas Financial Holdings, Inc.	17.57	411.6	208.9	172.7	184.3	15.5	14.4	1.33	50.76	31.49	0.00
Baldwin & Lyons, Inc.	24.44	1,085.8	364.9	93.1	93.8	15.8	15.3	1.30	33.61	36.33	4.26
Donegal Group Inc.	15.31	1,537.8	394.2	97.8	99.4	16.1	13.5	0.62	25.64	26.56	3.59
EMC Insurance Group Inc.	26.46	1,536.0	554.2	104.7	104.9	10.9	11.8	0.89	36.08	34.18	2.87
Federated National Holding Company	19.05	638.3	273.7	113.0	113.0	6.5	6.9	1.10	42.89	39.29	1.26
First Acceptance Corporation	1.70	402.1	69.8	67.3	106.2	NM	NA	0.21	17.36	25.78	0.00
Hallmark Financial Services, Inc.	11.29	1,076.6	214.1	82.3	106.5	10.0	10.9	0.57	19.88	24.34	0.00
HCI Group Inc.	29.96	637.0	323.1	129.7	129.7	5.1	NA	1.13	50.72	37.32	4.01
Kingstone Companies, Inc.	9.33	149.1	73.8	151.0	157.1	9.9	9.8	1.15	49.50	30.36	2.68
National Security Group, Inc.	15.82	148.1	39.7	88.6	88.6	8.5	9.1	0.62	26.84	30.31	1.14
Unico American Corporation	11.25	140.2	59.7	85.0	85.0	NM	NA	1.79	42.59	50.18	0.00
United Insurance Holdings Corp.	16.31	740.0	352.2	143.6	145.7	11.6	NA	0.98	47.60	32.32	1.23

(1) Assumes sale of 100% of the pro forma total outstanding shares of common stock in the initial public offering.

Source: Illinois Casualty Company; SNL Financial; Feldman Financial.

Exhibit I
Background of Feldman Financial Advisors, Inc.

Overview of Firm

Feldman Financial Advisors provides consulting and advisory services to financial services companies in the areas of corporate valuations, mergers and acquisitions, strategic planning, branch sales and purchases, developing and implementing regulatory business and capital plans, and expert witness testimony and analysis. Our senior staff members have been involved in the mutual-to-stock conversion valuation process since 1982 and have valued more than 350 converting institutions.

Feldman Financial Advisors was incorporated in February 1996 by a group of consultants who were previously associated with Credit Suisse First Boston and Kaplan Associates. Each of the officers of Feldman Financial Advisors has over 30 years of experience in consulting to financial institutions and financial services companies. Our senior staff collectively has worked with more than 1,000 commercial banks, savings institutions, mortgage companies, and insurance companies nationwide. The firm’s office is located in Washington, D.C.

Background of Senior Professional Staff

Trent Feldman - President. Trent is a nationally recognized expert in providing strategic advice to and valuing financial service companies, and advising on mergers and acquisitions. Trent was with Kaplan Associates for 14 years and was one of three founding principals at that firm. Trent also has worked at the Federal Home Loan Bank Board and with the California legislature. Trent holds Bachelors and Masters Degrees from the University of California, Los Angeles.

Peter Williams - Principal. Peter specializes in merger and acquisition analysis, stock valuations and other corporate valuations, strategic business plans, and retail delivery analysis. Peter was with Kaplan Associates for 13 years. Peter also worked as a Corporate Planning Analyst with the Wilmington Trust Company in Delaware. Peter holds a B.A. in Economics from Yale University and an M.B.A. in Finance and Investments from George Washington University.

Exhibit II
Statement of Contingent and Limiting Conditions

This Appraisal is made subject to the following general contingent and limiting conditions:

1. The analyses, opinions, and conclusions presented in this Appraisal apply to this engagement only and may not be used out of the context presented herein. This Appraisal is valid only for the effective date specified herein and only for the purpose specified herein.
2. Neither all nor any part of the contents of this Appraisal is to be referred to or quoted in any registration statement, prospectus, public filing, loan agreement, or other agreement or document without our prior written approval. In addition, our Appraisal and analysis are not intended for general circulation or publication, nor are they to be reproduced or distributed to other third parties without our prior written consent.
3. Neither our Appraisal nor our valuation conclusion is to be construed as a fairness opinion as to the fairness of an actual or proposed transaction, a solvency assessment, or an investment recommendation. For various reasons, the price at which the subject interest might be sold in a specific transaction between specific parties on a specific date might be significantly different from the valuation conclusion expressed herein.
4. Our analysis assumes that as of the effective valuation date, the Company and its assets will continue to operate as a going concern. Furthermore, our analysis is based on the past and present financial condition of the Company and its assets as of the effective valuation date.
5. We assume no responsibility for legal matters including interpretations of the law, contracts, or title considerations. We assume that the subject assets, properties, or business interests are appraised free and clear of any or all liens or encumbrances unless otherwise stated.
6. We assume that there is full compliance with all applicable federal, state, and local regulations and laws unless the lack of compliance is stated, defined, and considered in the Appraisal.
7. We do not express an opinion or any other form of assurance on the reasonableness of management’s projections reviewed by us or on the underlying assumptions.
8. We assume responsible ownership and competent management with respect to the subject assets, properties, or business interests.
9. The information furnished by others is believed to be reliable. However, we issue no warranty or other form of assurance regarding its accuracy.

Exhibit III-1
Illinois Casualty Company
Consolidated Balance Sheets
As of December 31, 2014 and 2015
(Dollars in Thousands)

	December 31,	
	2015	2014
Assets		
Fixed income securities, available for sale at fair value	$ 65,195	$ 62,625
Equity securities, available for sale at fair value	8,885	9,151
Cash and cash equivalents	2,180	1,142
Total investments and cash	76,260	72,917
Accrued investment income	581	539
Premiums and reinsurance balances receivable	15,638	14,522
Ceded unearned premiums	57	18
Reinsurance balances recoverable on unpaid losses and settlement expense	19,535	25,855
Current federal income taxes	773	285
Net deferred federal income taxes	1,401	1,273
Deferred policy acquisition costs	3,983	3,801
Property and equipment	4,241	3,606
Other assets	905	613
Total Assets	$123,373	$123,428
Liabilities and Equity		
Unpaid losses and settlement expenses	$ 61,056	$ 64,617
Unearned premiums	23,948	22,498
Corporate debt	3,274	2,786
Accrued expenses	4,096	3,746
Other liabilities	834	747
Total Liabilities	93,208	94,393
Retained earnings	29,636	27,481
Accumulated other comprehensive income	530	1,554
Total Equity	30,166	29,035
Total Liabilities and Equity	$123,373	$123,428

Source: Illinois Casualty Company, audited GAAP financial statements.

Exhibit III-2
Illinois Casualty Company
Consolidated Income Statements
For the Years Ended December 31, 2014 and 2015
(Dollars in Thousands)

	For the Years Ended December 31, 2015	2014
Income Statement Data		
Direct premiums written	$49,047	$46,340
Net premiums written	41,631	41,077
Net premiums earned	$40,220	$38,121
Net investment income	1,333	1,141
Net realized gains on investments	81	459
Other income	190	113
Total revenue	41,823	39,833
Losses and settlement expenses	23,801	22,748
Policy acquisition costs	14,555	14,323
Interest expense on debt	136	134
General corporate expenses	314	263
Total expenses	38,806	37,468
Income before income taxes	3,017	2,364
Income tax expense	862	779
Net income	$ 2,155	$ 1,585
Profitability Ratios		
Return on average assets	1.75%	1.28%
Return on average equity	7.28%	5.46%

Source: Illinois Casualty Company, audited GAAP financial statements.

Exhibit III-3
Illinois Casualty Company
Investment Securities Portfolio
As of December 31, 2014 and 2015
(Dollars in Thousands, Reported at Fair Value)

	December 31,			
	2015		2014	
	Amount (000s)	Percent (%)	Amount (000s)	Percent (%)
Fixed income securities:				
U.S. Government	$ 1,233	1.7	$ 536	0.7
MBS/CMBS/ABS (1)	18,011	24.3	18,402	25.6
Corporate	29,595	40.0	29,878	41.6
Municipal	16,356	22.1	13,808	19.2
Total fixed income securities	65,195	88.0	62,625	87.3
Equity securities:				
Exchange traded funds	8,885	12.0	9,151	12.7
Total investment securities	$74,080	100.0	$71,776	100.0

(1) Mortgage-backed, commercial mortgage-backed, and asset-backed securities.

Source: Illinois Casualty Company, audited GAAP financial statements.

Exhibit III-4
Illinois Casualty Company
Statutory Financial Data
As of or For the Years Ended December 31, 2011 to 2015
(Dollars in Thousands)

	As of or For the Years Ended December 31,				
	2015	2014	2013	2012	2011
Selected Balance Sheet Data					
Total Assets	$97,574	$90,992	$83,683	$ 81,221	$78,270
Total Cash and Investments	77,334	72,129	65,381	62,779	61,402
Loss Reserves	27,695	24,203	23,099	23,315	24,100
Loss Adjustment Expense Reserves	14,202	14,592	13,243	12,660	12,104
Total Loss and LAE Reserves	41,897	38,795	36,342	35,975	36,204
Unearned Premium Reserve	23,891	22,480	19,524	16,742	15,263
Total Liabilities	70,719	65,799	59,600	56,158	54,176
Surplus Notes	1,921	1,962	2,064	2,607	2,882
Capital and Surplus	26,856	25,193	24,082	25,063	24,094
Capital and Surplus / Assets (%)	27.52	27.69	28.78	30.86	30.78
Reserves / Capital and Surplus (%)	156.01	153.99	150.91	143.54	150.26
Selected Income Statement Data					
Direct Premiums Written (DPW)	$49,047	$46,340	$43,025	$ 39,134	$35,871
Net Reinsurance Premiums	(7,416)	(5,263)	(8,825)	(10,220)	(8,640)
Net Premiums Written (NPW)	41,631	41,077	34,200	28,914	27,232
Net Premiums Earned	40,220	38,121	31,418	27,435	25,124
Net Loss and LAE Incurred	23,801	22,748	21,062	18,106	18,440
Net Underwriting Expense Incurred	14,946	14,977	11,901	10,528	9,765
Net Underwriting Gain (Loss)	1,474	395	(1,545)	(1,199)	(3,080)
Net Investment Income	1,134	1,044	1,122	1,071	1,074
Net Realized Capital Gains (Losses)	53	303	137	872	1,793
Income Tax Expense (Benefit)	1,062	523	(27)	(55)	(126)
Net Income (Loss)	1,849	1,381	(428)	939	13
Premiums Written By Major Segment (%)					
Personal Lines - DPW	0.00	0.00	0.00	0.00	0.00
Commercial Lines - DPW	100.00	100.00	100.00	100.00	100.00
Personal Lines - NPW	0.00	0.00	0.00	0.00	0.00
Commercial Lines - NPW	100.00	100.00	100.00	100.00	100.00
Operating Ratios (%)					
Growth Rate - DPW	5.84	7.70	9.94	9.10	13.34
Growth Rate - NPW	1.35	20.11	18.28	6.18	22.51
Loss and LAE Ratio	59.18	59.67	67.04	66.00	73.39
Expense Ratio	35.90	36.46	34.80	36.41	35.86
Policyholder Dividend Ratio	0.00	0.00	0.00	0.00	0.00
Combined Ratio	95.08	96.14	101.84	102.41	109.25
Operating Ratio	92.26	93.40	98.27	98.50	104.98
Effective Tax Rate	36.47	27.46	NM	(6.23)	NM
Net Yield on Invested Assets	1.55	1.51	1.77	1.72	1.72
Return on Average Equity	7.18	5.67	(1.77)	3.80	0.05
Return on Average Assets	1.98	1.57	(0.52)	1.18	0.02

Exhibit III-4 (continued)
Illinois Casualty Company
Statutory Financial Data
As of or For the Years Ended December 31, 2011 to 2015
(Dollars in Thousands)

	For the Years Ended December 31,				
	2015	2014	2013	2012	2011
Underwriting Revenue					
Direct Premiums Written	$49,047	$46,340	$43,025	$ 39,134	$35,871
Personal P&C Direct Premiums	0	0	0	0	0
Commercial P&C Direct Premiums	49,047	46,340	43,025	39,134	35,871
Net Reinsurance Premiums	(7,416)	(5,263)	(8,825)	(10,220)	(8,640)
Net Premiums Written	41,631	41,077	34,200	28,914	27,232
Change in Unearned Premiums Reserve	1,411	2,956	2,782	1,478	2,107
Net Premiums Earned	40,220	38,121	31,418	27,435	25,124
Underwriting Deductions					
Net Losses Paid - Personal	0	0	0	0	0
Net Losses Paid - Commercial	14,267	14,280	14,970	12,599	14,161
Net Losses Paid	14,267	14,280	14,970	12,599	14,161
Net LAE Paid	6,701	5,746	5,725	5,736	5,782
Change in Loss Reserves - Personal	0	0	0	0	0
Change in Loss Reserves - Commercial	3,492	1,104	(216)	(785)	(1,624)
Change in LAE Reserves	(660)	1,619	583	556	121
Net Change in Loss and LAE Reserves	2,833	2,723	367	(229)	(1,503)
Losses and LAE Incurred	23,801	22,748	21,062	18,106	18,440
Other Underwriting Expense Incurred	14,946	14,977	11,901	10,528	9,765
Net Underwriting Gain (Loss)	1,474	395	(1,545)	(1,199)	(3,080)
Investment Income					
Net Investment Income	1,134	1,044	1,122	1,071	1,074
Net Realized Capital Gains (Losses)	53	303	137	872	1,793
Other Income					
Finance Service Charges	211	227	264	251	285
All Other Income	41	(62)	(434)	(111)	(185)
Net Income					
Net Income (Loss) Before Taxes	2,911	1,904	(455)	884	(114)
Federal Income Tax Expense (Benefit)	1,062	523	(27)	(55)	(126)
Net Income (Loss)	1,849	1,381	(428)	939	13
Change in Capital and Surplus					
Capital and Surplus, Beginning of Period	$25,193	$24,082	$25,063	$ 24,094	$24,961
Net Income (Loss)	1,849	1,381	(428)	939	13
Net Unrealized Capital Gains (Losses)	(350)	(200)	110	258	(583)
Change in Surplus Notes	(71)	(71)	(542)	(276)	(752)
All Other Changes in Surplus	235	2	(120)	48	454
Capital and Surplus, End of Period	$26,856	$25,193	$24,082	$ 25,063	$24,094

Exhibit III-4 (continued)
Illinois Casualty Company
Statutory Financial Data
As of or For the Years Ended December 31, 2011 to 2015
(Dollars in Thousands)

	For the Years Ended December 31,				
	2015	2014	2013	2012	2011
Operating Ratios (%)					
Loss Ratio	44.16	40.36	46.96	43.06	49.90
Loss Adjustment Expense Ratio	15.02	19.32	20.08	22.93	23.49
Loss and LAE Ratio	59.18	59.67	67.04	66.00	73.39
Expense Ratio	35.90	36.46	34.80	36.41	35.86
Policyholder Dividend Ratio	0.00	0.00	0.00	0.00	0.00
Combined Ratio	95.08	96.14	101.84	102.41	109.25
Operating Ratio	92.26	93.40	98.27	98.50	104.98
Premium Analysis					
Direct Premiums Written (DPW)	$49,047	$46,340	$43,025	$39,134	$35,871
Net Premiums Written (NPW)	41,631	41,077	34,200	28,914	27,232
Annual Growth DPW (%)	5.84	7.70	9.94	9.10	13.34
Annual Growth NPW (%)	1.35	20.11	18.28	6.18	22.51
DPW by Line of Business (%)					
Major Segment - Personal (est.)	0.00	0.00	0.00	0.00	0.00
Major Segment - Commercial (est.)	100.00	100.00	100.00	100.00	100.00
Home / Farmowners Multi-peril	0.00	0.00	0.00	0.00	0.00
Private Automobile (est.)	0.00	0.00	0.00	0.00	0.00
Commercial Multi-peril Combined	57.40	56.73	56.40	54.93	53.88
Workers Compensation	14.73	15.46	15.72	15.56	16.25
Other Liability	27.88	27.81	27.88	29.51	29.87
Commercial Automobile (est.)	0.00	0.00	0.00	0.00	0.00
Loss and LAE Ratio by Line of Business (%)					
Major Segment - Personal (est.)	NA	NA	NA	NA	NA
Major Segment - Commercial (est.)	59.18	59.68	66.97	66.00	73.40
Home / Farmowners Multi-peril	NA	NA	NA	NA	NA
Private Automobile (est.)	NA	NA	NA	NA	NA
Commercial Multi-peril Combined	60.60	71.20	83.41	73.92	82.78
Workers Compensation	70.49	57.47	72.36	69.88	87.73
Other Liability	50.02	39.51	28.20	47.45	44.96
Commercial Automobile (est.)	NA	NA	NA	NA	NA
Combined Ratio by Line of Business (%)					
Major Segment - Personal (est.)	NA	NA	NA	NA	NA
Major Segment - Commercial (est.)	95.09	96.14	101.77	102.41	109.25
Home / Farmowners Multi-peril	NA	NA	NA	NA	NA
Private Automobile (est.)	NA	NA	NA	NA	NA
Fire and Allied Lines Combined	NA	NA	NA	NA	NA
Commercial Multi-peril Combined	98.65	109.49	119.95	111.92	119.07
Workers Compensation	99.37	89.01	100.98	100.88	121.71
Other Liability	85.72	75.23	63.20	83.80	81.04
Commercial Automobile (est.)	NA	NA	NA	NA	NA

Exhibit III-4 (continued)
Illinois Casualty Company
Statutory Financial Data
As of or For the Years Ended December 31, 2011 to 2015
(Dollars in Thousands)

	For the Years Ended December 31,				
	2015	2014	2013	2012	2011
Operating Ratios (%)					
Loss Ratio	54.04	62.50	68.42	55.75	85.95
Loss Adjustment Expense Ratio	6.10	5.31	5.43	5.97	6.25
Loss and LAE Ratio	60.14	67.82	73.85	61.71	92.20
Expense Ratio	25.98	22.40	21.16	22.96	19.72
Policyholder Dividend Ratio	0.40	0.00	0.36	0.00	0.19
Combined Ratio	86.51	90.22	95.38	84.68	112.11
Operating Ratio	83.51	87.28	92.99	81.76	109.28
Premium Analysis					
Direct Premiums Written (DPW)	$172,774	$164,883	$173,021	$165,415	$162,908
Net Premiums Written (NPW)	143,064	143,040	155,923	131,083	139,603
Annual Growth DPW (%)	4.79	(4.70)	4.60	1.54	20.65
Annual Growth NPW (%)	0.02	(8.26)	18.95	(6.10)	26.49
DPW by Line of Business (%)					
Major Segment - Personal (est.)	66.65	63.89	59.50	58.59	53.59
Major Segment - Commercial (est.)	33.35	36.11	40.50	41.41	46.41
Home / Farmowners Multi-Peril	32.81	31.33	27.81	27.09	23.65
Private Automobile (est.)	33.84	32.56	31.70	31.50	29.94
Fire and Allied Lines Combined	29.62	32.24	36.71	37.54	43.01
Commercial Multi-Peril Combined	2.20	2.31	2.25	2.37	2.01
Other Liability	1.17	1.18	1.13	0.96	0.89
Commercial Automobile (est.)	0.36	0.38	0.41	0.53	0.50
Loss and LAE Ratio by Line of Business (%)					
Major Segment - Personal (est.)	68.55	76.57	72.88	66.88	82.49
Major Segment - Commercial (est.)	36.21	50.97	75.28	51.44	103.88
Home / Farmowners Multi-Peril	64.09	82.79	73.34	66.40	110.84
Private Automobile (est.)	72.50	71.31	72.53	67.25	65.12
Fire and Allied Lines Combined	42.30	56.57	82.36	44.60	105.38
Commercial Multi-Peril Combined	34.42	56.86	60.27	20.60	71.93
Other Liability	(7.51)	(16.04)	4.74	20.42	55.68
Commercial Automobile (est.)	(4.21)	104.66	96.38	8.20	22.26
Combined Ratio by Line of Business (%)					
Major Segment - Personal (est.)	97.52	105.69	102.45	94.63	105.94
Major Segment - Commercial (est.)	54.99	60.07	84.74	64.40	119.35
Home / Farmowners Multi-Peril	94.56	112.02	102.99	97.04	132.58
Private Automobile (est.)	100.10	100.33	102.03	92.65	89.78
Fire and Allied Lines Combined	59.49	62.26	88.91	53.71	112.92
Commercial Multi-Peril Combined	58.00	78.71	83.05	45.14	92.88
Other Liability	17.55	7.35	29.49	47.10	118.95
Commercial Automobile (est.)	18.72	126.09	118.02	31.96	42.76

Exhibit III-4 (continued)
Illinois Casualty Company
Statutory Financial Data
As of or For the Years Ended December 31, 2011 to 2015
(Dollars in Thousands)

	For the Years Ended December 31,				
	2015	2014	2013	2012	2011
Investment Income					
Net Investment Income	$ 1,134	$ 1,044	$ 1,122	$ 1,071	$ 1,074
Realized Capital Gains	53	303	137	872	1,793
Unrealized Capital Gains (Losses)	(350)	(200)	110	258	(583)
Investment Portfolio Composition (%)					
Total Cash and Investments	$77,334	$56,132	$57,763	$62,804	$63,031
Bonds	86.68	88.24	92.43	88.85	88.40
Preferred Stocks	0.00	0.00	0.00	0.20	0.21
Common Stocks	7.56	8.18	2.44	0.00	10.59
Real Estate	2.94	2.05	1.69	1.61	1.38
Cash and Short-term Investments	2.82	1.54	3.44	9.34	(0.58)
Investment Yields by Type (%)					
Net Yield on Invested Assets	1.55	1.51	1.77	1.72	1.72
Gross Yield - Bonds	3.32	3.32	3.20	3.48	3.75
Gross Yield - Preferred Stocks	NA	NA	7.80	6.45	6.42
Gross Yield - Common Stocks	3.25	2.21	2.16	2.30	2.09
Gross Yield - Real Estate	14.62	19.05	23.55	25.95	31.25
Gross Yield - Cash and Short-term Investments	0.81	0.57	0.29	0.13	0.19
Bond Portfolio Composition (%)					
Total Bonds	$67,605	$63,682	$60,751	$59,794	$54,435
U.S. Government	2.43	1.60	3.02	1.71	5.42
States, Territories, and Possessions	1.13	1.20	1.27	1.30	1.43
Political Subdivisions	5.29	4.92	5.56	6.07	9.20
Special Revenue	28.76	25.68	31.98	33.40	38.85
Industrial	62.39	66.60	58.17	57.53	45.10
Bond Average Asset Quality (NAIC Des# 1-6)					
Total Bonds	1.23	1.24	1.07	1.01	1.00
U.S. Government	1.00	1.00	1.00	1.00	1.00
Political Subdivisions	1.00	1.00	1.00	1.00	1.00
Political Subdivisions	1.00	1.00	1.00	1.00	1.01
Special Revenue	1.01	1.02	1.04	1.01	1.01
Industrial	1.37	1.35	1.10	1.01	1.00
Bonds Rated 3 - 6 / Total Bonds (%)	4.49	5.11	0.00	0.00	0.00
Bonds Rated 3 - 6 / Capital and Surplus (%)	11.30	12.92	0.00	0.00	0.00
Equity Investments					
Total Common Stock	$ 5,850	$ 5,928	$ 1,593	$ 0	$ 6,503
Total Preferred Stock	0	0	0	126	129
Other Investments					
Total Real Estate	$ 2,275	$ 1,476	$ 1,107	$ 1,014	$ 847
Total Mortgage Loans	0	0	0	0	0

Source: SNL Financial, statutory financial data.

Exhibit IV-1
Financial Performance Data for Public Property and Casualty Insurance Companies

Company	State	Total Assets ($mil.)	Total Policy Reserves ($mil.)	Total Equity ($mil.)	Policy Resrvs./ Equity (x)	Total Equity/ Assets (%)	Tang. Equity/ Assets (%)	LTM Total Revenue ($mil.)	Net Prem. Written/ Avg.Eq. (x)	LTM Loss Ratio (%)	LTM Exp. Ratio (%)	LTM Comb. Ratio (%)	LTM ROA (%)	LTM ROE (%)
1347 Property Insurance Holdings	FL	82	26	48	0.54	57.88	57.88	27	0.63	38.3	53.3	91.6	(2.12)	(3.45)
Alleghany Corporation	NY	22,846	12,875	7,580	1.70	33.18	32.13	4,999	0.59	55.3	33.7	89.0	2.39	7.43
Allstate Corporation	IL	104,656	69,613	20,025	3.48	19.13	18.18	35,653	NA	69.4	25.5	94.9	2.03	10.20
American Financial Group, Inc.	OH	49,859	37,514	4,770	7.86	9.57	9.11	6,145	0.87	63.8	30.9	94.7	0.75	7.44
American International Group, Inc.	NY	496,943	271,645	90,210	3.01	18.15	17.89	58,327	0.37	77.5	34.9	112.4	0.44	2.16
AMERISAFE, Inc.	LA	1,502	934	454	2.06	30.22	30.22	401	0.83	57.1	22.7	79.8	4.63	15.64
AmTrust Financial Services, Inc.	NY	17,112	11,223	3,086	3.64	18.03	14.01	4,759	1.59	66.7	24.3	91.0	3.23	19.09
Atlas Financial Holdings, Inc.	IL	412	235	130	1.81	31.49	30.20	157	1.39	59.2	27.8	87.0	3.84	11.86
Baldwin & Lyons, Inc.	IN	1,086	539	394	1.37	36.33	36.15	280	0.64	59.2	32.2	91.4	2.09	5.83
Berkshire Hathaway Inc.	NE	552,257	100,952	258,627	0.39	46.83	37.61	210,821	0.17	77.4	18.2	95.6	4.53	9.80
Cincinnati Financial Corporation	OH	18,888	9,502	6,427	1.48	34.03	34.03	5,142	0.71	60.2	30.9	91.1	3.37	9.77
CNA Financial Corporation	IL	55,047	36,486	11,756	3.10	21.36	21.02	9,101	0.57	61.0	34.4	95.4	0.87	3.89
Conifer Holdings, Inc.	MI	178	83	77	1.08	43.42	NA	71	1.31	56.8	45.3	102.1	(0.01)	(0.03)
Donegal Group Inc.	PA	1,538	1,008	408	2.47	26.56	26.24	636	1.47	65.8	33.2	99.0	1.39	4.89
EMC Insurance Group Inc.	IA	1,536	927	525	1.77	34.18	34.14	624	1.12	65.0	31.3	96.3	3.29	9.66
Employers Holdings, Inc.	NV	3,756	2,656	761	3.49	20.26	19.30	752	0.95	62.2	31.9	94.1	2.49	13.04
Federated National Holding Co.	FL	638	351	251	1.40	39.29	39.29	250	0.98	49.7	38.2	87.9	6.85	17.65
First Acceptance Corporation	TN	402	205	104	1.98	25.78	18.05	332	2.67	82.0	17.8	99.8	(0.51)	(1.82)
Hallmark Financial Services, Inc.	TX	1,077	667	262	2.55	24.34	19.90	372	1.37	65.9	28.0	93.9	2.11	8.39
Hanover Insurance Group, Inc.	MA	13,791	9,115	2,844	3.20	20.63	19.54	5,034	1.60	61.3	34.4	95.7	2.37	11.50
HCI Group, Inc.	FL	637	239	238	1.01	37.32	37.32	286	1.17	30.9	32.8	63.6	9.89	30.24
Heritage Insurance Holdings, Inc.	FL	837	386	357	1.08	42.58	42.58	395	1.30	37.5	27.5	65.0	11.92	29.89
Horace Mann Educators Corp.	IL	10,059	6,376	1,265	5.04	12.57	12.16	1,080	0.94	70.5	26.5	97.0	0.94	7.02
Infinity Property and Casualty Corp.	AL	2,387	1,287	688	1.87	28.81	26.49	1,484	1.96	76.9	18.7	95.6	2.11	7.36
Kingstone Companies, Inc.	NY	149	90	45	1.99	30.36	29.53	64	1.42	47.7	32.3	80.0	4.91	16.39
Loews Corporation	NY	76,029	36,486	22,810	1.60	30.00	29.68	13,415	0.29	61.0	34.4	95.4	0.37	1.19
Markel Corporation	VA	24,941	13,541	7,841	1.73	31.44	25.59	5,370	0.49	50.7	38.1	89.0	2.34	7.59
Mercury General Corporation	CA	4,629	2,196	1,821	1.21	39.34	38.35	3,009	1.62	72.5	26.7	99.2	1.61	4.03

Exhibit IV-1 (continued)
Financial Performance Data for Public Property and Casualty Insurance Companies

Company	State	Total Assets ($mil.)	Total Policy Reserves ($mil.)	Total Equity ($mil.)	Policy Resrvs./ Equity (x)	Total Equity/ Assets (%)	Tang. Equity/ Assets (%)	LTM Total Revenue ($mil.)	Net Prem. Written/ Avg.Eq. (x)	LTM Loss Ratio (%)	LTM Exp. Ratio (%)	LTM Comb. Ratio (%)	LTM ROA (%)	LTM ROE (%)
National General Holdings Corp.	NY	5,563	2,948	1,537	1.92	27.62	21.08	2,511	1.62	64.9	29.1	94.0	3.23	11.56
National Interstate Corporation	OH	1,936	1,351	359	3.76	18.54	18.22	619	1.68	80.6	19.8	100.4	1.12	5.78
National Security Group, Inc.	AL	148	77	45	1.72	30.31	30.31	64	1.37	55.4	35.6	91.0	3.19	10.64
Navigators Group, Inc.	CT	4,584	3,023	1,096	2.76	23.91	23.80	1,059	0.98	58.2	35.9	94.1	1.78	7.64
Old Republic International Corp.	IL	17,102	11,065	3,881	2.85	22.69	21.96	5,766	1.23	47.5	48.5	96.0	2.45	10.75
ProAssurance Corporation	AL	4,908	2,367	1,958	1.21	39.90	35.94	772	0.34	59.2	31.3	90.5	2.31	5.63
Progressive Corporation	OH	29,819	16,661	7,289	2.29	24.45	21.98	20,831	2.82	72.1	20.4	92.5	4.57	17.86
RLI Corp.	IL	2,735	1,526	823	1.85	30.10	28.23	806	0.87	42.7	41.8	84.5	4.99	16.49
Safety Insurance Group, Inc.	MA	1,704	956	644	1.48	37.83	37.83	798	1.13	83.0	29.0	112.0	(0.81)	(2.10)
Selective Insurance Group, Inc.	NJ	6,904	4,687	1,398	3.35	20.25	20.16	2,132	1.56	57.7	34.8	92.5	2.45	12.47
State Auto Financial Corporation	OH	2,829	1,669	885	1.89	31.27	31.23	1,369	1.44	67.9	33.6	101.5	1.83	5.79
State National Companies, Inc.	TX	2,388	1,950	263	7.40	11.03	10.81	199	0.47	NA	NA	NA	2.00	17.31
Travelers Companies, Inc.	MN	100,184	64,640	23,598	2.74	23.55	20.50	26,815	0.99	56.6	31.7	88.3	3.37	14.15
Trupanion, Inc.	WA	71	6	45	0.14	63.96	61.31	147	NA	NA	NA	NA	(22.25)	(33.36)
Unico American Corporation	CA	140	67	70	0.95	50.18	50.18	33	0.44	65.0	22.0	87.0	(0.86)	(1.66)
United Fire Group, Inc.	IA	3,890	2,791	879	3.18	22.59	22.08	1,035	1.15	61.0	31.0	92.0	2.30	10.58
United Insurance Holdings Corp.	FL	740	381	239	1.59	32.32	32.01	358	1.74	54.5	39.5	94.0	3.86	12.35
Universal Insurance Holdings, Inc.	FL	994	541	293	1.85	29.50	NA	547	2.44	37.2	NA	NA	10.53	41.49
W. R. Berkley Corporation	CT	21,731	13,806	4,633	2.98	21.32	20.42	7,206	1.35	60.5	33.2	93.7	2.32	10.96
White Mountains Insurance Group	NH	10,285	2,008	4,368	0.46	42.47	40.29	1,809	0.27	59.7	36.9	96.6	2.68	6.33
Overall P&C Insurance Group Median		3,292	1,979	851	1.88	30.05	27.36	920	1.14	60.8	31.9	94.0	2.33	9.72
Overall P&C Insurance Group Mean		35,040	15,827	10,377	2.30	30.14	28.37	9,247	1.15	60.5	31.6	92.6	2.27	9.32

Source: SNL Financial.

Exhibit IV-2
Market Valuation Data for Public Property and Casualty Insurance Companies

Company	Ticker	Exchange	State	Closing Price 4/29/16 ($)	Total Market Value ($mil.)	Price/ Book Value (%)	Price/ Tang. Book (%)	Price/ LTM EPS (x)	Price/ Oper. EPS (x)	Price/ 2015 Est. EPS (x)	Price/ LTM Rev. (x)	Price/ Total Assets (%)	Current Div. Yield (%)	One-Yr. Price Change (%)
1347 Property Insurance Holdings	PIH	NASDAQ	FL	5.60	34	72.3	72.3	NM	NA	NA	1.26	41.67	0.00	(25.23)
Alleghany Corporation	Y	NYSE	NY	521.28	8,054	107.3	112.5	14.84	16.36	17.99	1.61	35.25	0.00	9.13
Allstate Corporation	ALL	NYSE	IL	65.05	24,426	136.0	145.8	12.88	12.53	14.00	0.69	23.34	2.03	(7.40)
American Financial Group, Inc.	AFG	NYSE	OH	69.11	6,010	131.6	139.2	17.54	12.70	12.12	0.98	12.05	1.62	8.36
American International Group, Inc.	AIG	NYSE	NY	55.82	63,290	74.3	75.7	33.83	25.49	11.86	1.09	12.74	2.29	(1.47)
AMERISAFE, Inc.	AMSF	NASDAQ	LA	53.88	1,031	227.0	227.0	12.92	12.71	14.82	2.57	68.62	1.34	16.85
AmTrust Financial Services, Inc.	AFSI	NASDAQ	NY	24.85	4,358	180.2	268.8	8.88	7.94	8.26	0.92	25.47	2.41	(17.24)
Atlas Financial Holdings, Inc.	AFH	NASDAQ	IL	17.57	209	172.7	184.3	15.55	14.40	9.92	1.33	50.76	0.00	(7.48)
Baldwin & Lyons, Inc.	BWINB	NASDAQ	IN	24.44	365	93.1	93.8	15.77	15.28	14.46	1.30	33.61	4.26	5.44
Berkshire Hathaway Inc.	BRK.A	NYSE	NE	219,000	359,275	140.8	207.0	14.94	20.73	18.23	1.70	65.06	0.00	2.15
Cincinnati Financial Corporation	CINF	NASDAQ	OH	66.01	10,857	161.1	161.1	15.79	17.10	21.57	2.11	57.48	2.91	29.41
CNA Financial Corporation	CNA	NYSE	IL	31.60	8,543	72.6	74.1	17.85	16.63	10.53	0.94	15.52	3.16	(22.38)
Conifer Holdings, Inc.	CNFR	NASDAQ	MI	6.78	52	67.1	65.8	NM	NM	11.59	NA	NA	NA	NA
Donegal Group Inc.	DGICA	NASDAQ	PA	15.31	394	97.8	99.4	16.08	13.55	10.20	0.62	25.64	3.59	0.79
EMC Insurance Group Inc.	EMCI	NASDAQ	IA	26.46	554	104.7	104.9	10.89	11.81	14.58	0.89	36.08	2.87	14.08
Employers Holdings, Inc.	EIG	NYSE	NV	29.70	964	120.0	127.1	9.55	10.96	12.76	1.28	25.65	1.21	13.14
Federated National Holding Co.	FNHC	NASDAQ	FL	19.05	274	113.0	113.0	6.52	6.93	7.43	1.10	42.89	1.26	(36.05)
First Acceptance Corporation	FAC	NYSE	TN	1.70	70	67.3	106.2	NM	NA	NA	0.21	17.36	0.00	(41.38)
Hallmark Financial Services, Inc.	HALL	NASDAQ	TX	11.29	214	82.3	106.5	9.99	10.86	9.25	0.57	19.88	0.00	(0.27)
Hanover Insurance Group, Inc.	THG	NYSE	MA	85.76	3,683	129.6	138.7	11.59	13.72	13.59	0.73	26.70	2.15	22.55
HCI Group, Inc.	HCI	NYSE	FL	29.96	323	129.7	129.7	5.08	NA	7.66	1.13	50.72	4.01	(31.92)
Heritage Insurance Holdings, Inc.	HRTG	NYSE	FL	13.29	405	113.5	113.5	4.36	NA	4.69	1.02	48.31	1.50	(36.11)
Horace Mann Educators Corp.	HMN	NYSE	IL	31.10	1,255	99.8	103.6	14.14	15.55	14.03	1.16	12.47	3.41	(11.19)
Infinity Property and Casualty Corp.	IPCC	NASDAQ	AL	80.16	882	130.0	146.0	17.77	18.43	16.77	0.59	36.95	2.59	4.69
Kingstone Companies, Inc.	KINS	NASDAQ	NY	9.33	74	151.0	157.1	9.93	9.82	7.71	1.15	49.50	2.68	23.74
Loews Corporation	L	NYSE	NY	39.68	13,452	76.8	78.4	55.11	48.99	15.11	1.00	17.69	0.63	(5.28)
Markel Corporation	MKL	NYSE	VA	899.11	12,559	160.2	213.7	21.54	25.17	33.78	2.34	50.35	0.00	20.79
Mercury General Corporation	MCY	NYSE	CA	52.90	2,923	160.3	167.1	39.19	22.61	20.11	0.97	63.15	4.69	(4.60)

Exhibit IV-2 (continued)
Market Valuation Data for Public Property and Casualty Insurance Companies

Company	Ticker	Exchange	State	Closing Price 4/29/16 ($)	Total Market Value ($mil.)	Price/ Book Value (%)	Price/ Tang. Book (%)	Price/ LTM EPS (x)	Price/ Oper. EPS (x)	Price/ 2015 Est. EPS (x)	Price/ LTM Rev. (x)	Price/ Total Assets (%)	Current Div. Yield (%)	One-Yr. Price Change (%)
National General Holdings Corp.	NGHC	NASDAQ	NY	20.19	2,134	164.7	256.0	15.90	11.34	11.11	0.85	38.36	0.59	3.75
National Interstate Corporation	NATL	NASDAQ	OH	30.79	615	170.8	174.5	29.32	26.54	19.39	0.99	31.79	1.82	9.61
National Security Group, Inc.	NSEC	NASDAQ	AL	15.82	40	88.6	88.6	8.46	9.09	NA	0.62	26.84	1.14	3.33
Navigators Group, Inc.	NAVG	NASDAQ	CT	82.61	1,201	108.8	109.4	15.10	15.89	15.94	1.13	26.20	0.00	4.81
Old Republic International Corp.	ORI	NYSE	IL	18.49	4,848	117.0	130.2	11.93	14.33	14.61	0.84	28.35	4.06	18.83
ProAssurance Corporation	PRA	NYSE	AL	47.73	2,535	129.4	153.1	22.62	18.29	18.87	3.28	51.64	2.60	5.71
Progressive Corporation	PGR	NYSE	OH	32.60	19,006	251.4	286.5	15.60	16.46	16.65	0.91	63.74	2.72	22.79
RLI Corp.	RLI	NYSE	IL	62.18	2,716	311.3	339.5	19.93	24.19	26.79	3.37	99.27	1.22	23.45
Safety Insurance Group, Inc.	SAFT	NASDAQ	MA	56.61	858	132.6	132.6	NM	NM	14.55	1.08	50.36	4.95	(3.15)
Selective Insurance Group, Inc.	SIGI	NASDAQ	NJ	34.71	2,001	142.4	143.2	12.18	12.86	13.16	0.94	28.97	1.73	25.53
State Auto Financial Corporation	STFC	NASDAQ	OH	20.51	851	95.8	95.9	16.67	24.13	16.19	0.62	30.09	1.95	(13.64)
State National Companies, Inc.	SNC	NASDAQ	TX	11.28	482	182.8	187.0	11.17	NA	11.55	2.42	20.17	2.13	15.93
Travelers Companies, Inc.	TRV	NYSE	MN	109.90	32,134	133.0	158.3	10.34	10.29	11.46	1.20	32.08	2.44	6.85
Trupanion, Inc.	TRUP	NYSE	WA	12.47	356	NM	NM	NM	NA	NA	2.42	502.52	0.00	58.85
Unico American Corporation	UNAM	NASDAQ	CA	11.25	60	85.0	85.0	NM	NA	NA	1.79	42.59	0.00	6.94
United Fire Group, Inc.	UFCS	NASDAQ	IA	44.82	1,135	128.3	132.1	12.70	12.95	17.50	1.10	29.16	1.96	44.49
United Insurance Holdings Corp.	UIHC	NASDAQ	FL	16.31	352	143.6	145.7	11.57	NA	10.48	0.98	47.60	1.23	(17.63)
Universal Insurance Holdings, Inc.	UVE	NYSE	FL	17.61	629	211.0	NA	5.93	NA	5.98	1.15	63.27	3.18	(30.26)
W. R. Berkley Corporation	WRB	NYSE	CT	56.00	6,866	144.5	158.6	14.32	16.00	16.36	0.95	31.59	0.86	13.73
White Mountains Insurance Group	WTM	NYSE	NH	830.00	4,495	119.3	131.9	16.40	NA	NM	2.49	43.71	0.12	23.95
Overall P&C Insurance Group Median				NA	1,083	129.6	132.3	14.58	14.84	14.01	1.09	35.25	1.82	4.81
Overall P&C Insurance Group Mean				NA	12,663	132.6	144.4	15.78	16.46	14.13	1.29	47.94	1.82	3.13

Source: SNL Financial.

Exhibit V-1
Pro Forma Assumptions for Conversion Valuation

1. The initial offering price is $10.00 per share and the number of shares offered is computed by dividing the estimated pro forma market value by the offering price.

2. The total amount of the net offering proceeds was fully invested at the beginning of the applicable period.

3. The net offering proceeds are invested to yield a return of 1.76%, which represents the yield on a five-year U.S. Treasury bond as of December 31, 2015. The effective income tax rate was assumed to be 34.0%, resulting in a net after-tax yield of 1.16%.

4. Fixed expenses related to the offering are estimated to equal $1.125 million. Variable expenses representing selling agent fees are estimated at 2.0% of the gross proceeds raised in the offering.

5. It is assumed that the ESOP acquires 10.0% million of the common stock to be sold in the offering. Pro forma adjustments have been made to earnings and equity to reflect the impact of the ESOP. The annual expense is estimated based on a 15-year loan to the ESOP from ICC Holdings. No re-investment is assumed on proceeds used to fund the ESOP.

6. No effect has been given in the pro forma equity calculation for the assumed earnings on the net proceeds.

7. The calculation of operating income excludes the after-tax impact of net realized securities gains (or losses) and any extraordinary items.

8. The number of shares outstanding for calculation of pro forma book value per share and pro forma tangible book value per share ranges from 2,720,000 at the minimum to 3,200,000 at the midpoint and 3,680,000 at the maximum.

9. The weighted average number of shares for calculation of pro forma earnings per share (“EPS”) ranges from 2,457,067 at the minimum to 2,890,667 at the midpoint and 3,324,267 at the maximum. ESOP shares that have not been committed for release are excluded from the calculation of shares outstanding for EPS purposes.

Exhibit V-2
Pro Forma Conversion Valuation Range
Illinois Casualty Company
Historical Financial Data as of December 31, 2015
(Dollars in Thousands, Except Per Share Data)

	Minimum	*Midpoint*	*Maximum*
Shares outstanding	2,720,000	3,200,000	3,680,000
Offering price	$ 10.00	$ 10.00	$ 10.00
Pro forma market value	$ 27,200	$ 32,000	$ 36,800
Gross offering proceeds	$ 27,200	$ 32,000	$ 36,800
Less: estimated offering expenses	(1,669)	(1,765)	(1,861)
Less: loan for ESOP stock purchase	(2,720)	(3,200)	(3,680)
Net proceeds	$ 22,811	$ 27,035	$ 31,259
Net Income:			
LTM ended December 31, 2015	$ 2,155	$ 2,155	$ 2,155
Pro forma income on net proceeds	265	314	363
Pro forma ESOP adjustment	(120)	(141)	(162)
Pro forma net income	$ 2,300	$ 2,328	$ 2,356
Pro forma earnings per share	$ 0.94	$ 0.81	$ 0.71
Operating Income:			
LTM ended December 31, 2015	$ 2,102	$ 2,102	$ 2,102
Pro forma income on net proceeds	265	314	363
Pro forma ESOP adjustment	(120)	(141)	(162)
Pro forma operating income	$ 2,247	$ 2,275	$ 2,303
Pro forma operating earnings per share	$ 0.91	$ 0.79	$ 0.69
Total Revenue:			
LTM ended December 31, 2015	$ 41,823	$ 41,823	$ 41,823
Pro forma income on net proceeds, pre-tax	401	476	550
Pro forma total revenue	$ 42,224	$ 42,299	$ 42,373
Total Equity			
As of December 31, 2015	$ 30,166	$ 30,166	$ 30,166
Net proceeds	22,811	27,035	31,259
Pro forma total equity	$ 52,977	$ 57,201	$ 61,425
Pro forma book value per share	$ 19.48	$ 17.88	$ 16.69
Tangible Equity:			
As of December 31, 2015	$ 30,166	$ 30,166	$ 30,166
Net proceeds	22,811	27,035	31,259
Pro forma tangible equity	$ 52,977	$ 57,201	$ 61,425
Pro forma tangible book value per share	$ 19.48	$ 17.88	$ 16.69
Total Assets:			
As of December 31, 2015	$ 123,373	$ 123,373	$ 123,373
Net proceeds	22,811	27,035	31,259
Pro forma total assets	$ 146,184	$ 150,408	$ 154,632
Pro Forma Ratios:			
Price / LTM EPS	10.68	12.42	14.11
Price / Operating EPS	10.93	12.71	14.43
Price / LTM Revenue	0.64	0.76	0.87
Price / Book Value	51.34%	55.94%	59.91%
Price / Tangible Book Value	51.34%	55.94%	59.91%
Price / Total Assets	18.61%	21.28%	23.80%
Total Equity / Assets	36.24%	38.03%	39.72%
Tangible Equity / Assets	36.24%	38.03%	39.72%

FELDMAN FINANCIAL ADVISORS, INC.

1001 CONNECTICUT AVENUE, NW • SUITE 840
WASHINGTON, DC 20036
202-467-6862 • (FAX) 202-467-6963

April 29, 2016

Board of Directors
Illinois Casualty Company
225 20th Street
Rock Island, Illinois 61201

Members of the Board:

It is the opinion of Feldman Financial Advisors, Inc., that the subscription rights to be received by certain policyholders and other eligible subscribers of Illinois Casualty Company (the “Company”), pursuant to the Plan of Conversion (the “Plan”) adopted by the Board of Directors of the Company, do not have any ascertainable market value at the time of distribution or at the time the rights are exercised in the subscription offering.

In connection with the Plan, the Company will convert from the mutual to stock form of organization, issue all of its capital stock to a newly formed holding company, ICC Holdings, Inc. (“ICC Holdings”), and ICC Holdings will offer shares of its common stock for sale in a subscription offering to all eligible subscribers. Any shares of common stock that remain unsubscribed for in the subscription offering will be offered by ICC Holdings for sale in a community offering to members of the general public.

Our opinion is based on the fact that the subscription rights are acquired by the recipients without cost, are legally nontransferable and of short duration, and provide the recipients the right only to purchase shares of common stock of ICC Holdings at a price equal to its aggregate estimated pro forma market value, which will be the same price to be paid for any unsubscribed shares by members of the general public in the community offering.

Sincerely,

FELDMAN FINANCIAL ADVISORS, INC.

Exhibit 99.4

STOCK ORDER FORM

ICC Holdings, Inc.

225 20th Street
Rock Island, IL 61201
Call us toll-free
at 1-877-___-___

Policy Number Policy Name Policy Address

For Internal Use Only		
BATCH #________	ORDER #________	CATEGORY ________
REC'D ____________________	O ________	C ________

ORDER DEADLINE & DELIVERY: A Stock Order Form, properly completed and with full payment, must be received (not postmarked) by 12:00 noon, Central Time, on __________ __, 2016. Subscription rights cannot be exercised after this time. Stock Order Forms can be delivered by using the enclosed Order Reply Envelope, or by hand or overnight delivery to the Stock Information Center address on this form. Stock Order Forms will only be accepted at this address. Faxes or copies of this form will not be accepted.

PLEASE PRINT CLEARLY AND COMPLETE ALL APPLICABLE SHADED AREAS - READ THE ENCLOSED STOCK ORDER FORM INSTRUCTIONS (BLUE SHEET) AS YOU COMPLETE THIS FORM

(1) NUMBER OF SHARES	SUBSCRIPTION PRICE PER SHARE	(2) TOTAL PAYMENT DUE
	X $10.00 =	$ .00

Minimum Number of Shares: 50 ($500). Maximum Number of Shares: _________ ($_________).
See Stock Order Form instructions for more information regarding maximum number of shares.

(3) METHOD OF PAYMENT - CHECK OR MONEY ORDER
Enclosed is a personal check, bank check or money order made payable to: _____________ **on behalf of ICC Holdings, Inc.** in the amount of: $ .00

Cash, wire transfers and third party checks will not be accepted for this purchase. Checks and money orders will be cashed upon receipt.

(4) PURCHASER INFORMATION - *SUBSCRIPTION OFFERING*
(descending order of priority)

a. ☐ Check here if you were a policyholder of Illinois Casualty Company ("Illinois Casualty") as of February 16, 2016. (List policy information below.)

b. ☐ Check here if you are a director, offer or employee of Illinois Casualty.

Policy Title (Names on Policy)	*Policy Number(s)*

PLEASE NOTE: FAILURE TO LIST YOUR ELIGIBLE POLICIES, OR PROVIDING INCORRECT OR INCOMPLETE INFORMATION, COULD RESULT IN THE LOSS OF PART OR ALL OF YOUR SHARE ALLOCATION. ATTACH A SEPARATE PAGE IF ADDITIONAL SPACE IS NEEDED.

(5) PURCHASER INFORMATION - *COMMUNITY OFFERING*

c. ☐ Became a policyholder of Illinois Casualty after February 16, 2016.

d. ☐ Licensed insurance producer appointed by Illinois Casualty who have produced business within last 12 months.

e. ☐ Member of General Public.

(6) MAXIMUM PURCHASER IDENTIFICATION
☐ Check here if you, individually or together with others (see Section 7), are subscribing for the maximum number of shares and are interested in purchasing more shares if the maximum purchase limitation is increased. See Section 1 of the Stock Order Form Instructions.

(7) ASSOCIATES/AFFILIATES/ACTION IN CONCERT
☐ Check here if you, or any affiliates and associates or persons acting in concert with you, have submitted other orders for shares. If you check the box, list below all other orders submitted by you or your affiliates and associates or by persons acting in concert with you.

Name(s) listed in Section 8 on other Stock Order Forms	*Number of shares ordered*	*Name(s) listed in Section 8on other Stock Order Forms*	*Number of shares ordered*

(8) STOCK REGISTRATION The name(s) and address that you provide below will be reflected on your stock registration, and will be used for communications related to this order. Please PRINT clearly and use full first and last name(s), not initials. You may not add the names of other persons who are not named insureds on your eligible policy if you are purchasing in the Subscription Offering unless you are a permitted transferee as described in the Prospectus. See Stock Order Form Instructions for further guidance.

First Name, Middle Initial, Last Name				Reporting SSN/Tax ID No.
First Name, Middle Initial, Last Name				SSN/Tax ID No.
Street				Daytime Phone Number **(important)**
*City **(important)***	*State*	*Zip*	*County **(important)***	Evening Phone Number **(important)**

(9) FORM OF STOCK OWNERSHIP Check the applicable box. See Stock Order Form Instructions for ownership definitions

☐ Individual ☐ Joint Tenants ☐ Tenants in Common ☐ Uniform Transfer to Minors Act
☐ Corporation/Partnership ☐ Other __________ (for reporting SSN, use minor's)

FOR BROKER USE ONLY
☐ **IRA**
SSN of Beneficial Owner: _____-____-_____

(10) ACKNOWLEDGMENT AND SIGNATURE(S)
I (we) understand that, to be effective, this form, properly completed, together with full payment, must be received by ICC Holdings, Inc. no later than 12:00 noon Central Time, on ______ _____, 2016, otherwise my (our) subscription rights in the Subscription Offering cannot be exercised. **(continued on reverse side of this form)**

ORDER NOT VALID UNLESS SIGNED BY ALL PURCHASERS

STOCK ORDER FORM - SIDE 2

(10) ACKNOWLEDGMENT AND SIGNATURES (continued from front of Stock Order Form)

I/we certify that, if signing on behalf of a company registering common stock in Section 8, or otherwise signing in a fiduciary capacity, I/we am/are legally authorized to do so.

I (we) agree that after receipt by ICC Holdings, Inc., this Stock Order Form may not be modified or canceled without ICC Holdings, Inc.'s consent. Subscription rights pertain to those eligible to subscribe in the Subscription Offering. Illinois law prohibits any person from transferring or entering into any agreement, directly or indirectly, to transfer the legal or beneficial ownership of subscription rights, or the underlying securities to the account of another, except as described in the Prospectus. Under penalty of perjury, I (we) certify that (1) the Social Security or Tax ID information and all other information provided hereon are true, correct and complete, (2) I am the owner of any subscription rights being exercised or a permitted transferee of such rights as described in the Prospectus, and (3) I am (we are) purchasing shares solely for my (our) own account and that there is no agreement or understanding regarding the sale or transfer of such shares, or the right to subscribe for shares

I (WE) ACKNOWLEDGE THAT THE SHARES OF COMMON STOCK ARE NOT INSURED, AND ARE NOT GUARANTEED BY ICC HOLDINGS, INC. OR BY THE FEDERAL OR STATE GOVERNMENT.

I (we) further certify that, before purchasing the common stock of ICC Holdings, Inc., I (we) received the Prospectus dated __________ __, 2016, which contains disclosures concerning, among other things, the nature of the security being offered and the risks involved in the investment. See the "Risk Factors" section beginning on page ___ of the Prospectus.

By executing this form the investor is not waiving any rights under the Federal securities laws, including the Securities Act of 1933 and the Securities and Exchange Act of 1934.

If you purchase shares of common stock of ICC Holdings, Inc. in this offering, none of your subscription rights will be redeemed as described in the Prospectus dated _____________, 2016.

WHETHER OR NOT YOU PURCHASE SHARES OF ICC HOLDINGS, INC. YOU MUST COMPLETE AND SIGN THE FORM W-9 ON THE LAST PAGE OF THIS ORDER FORM AND SUBMIT THIS FORM TO ILLINOIS CASUALTY IN ORDER TO AVOID BACKUP WITHHOLDING TAX ON FUTURE DIVIDENDS OR ON THE AMOUNT RECEIVED IN REDEMPTION OF YOUR SUBSCRIPTION RIGHTS.

ICC HOLDINGS, INC.
STOCK ORDER FORM INSTRUCTIONS

Sections (1) and (2) - Number of Shares and Total Payment Due. Indicate the Number of Shares that you wish to subscribe for and the Total Payment Due. Calculate the Total Payment Due by multiplying the number of shares by the $10.00 price per share. The minimum purchase is 50 shares ($500). The maximum allowable purchase for any person or entity, together with associates, affiliates or persons acting in concert with such person or entity, is 5% of the total number of shares issued in the offering. Please see the Prospectus section entitled "The Conversion and Offering - Limitations on Purchase of Common Stock," beginning on Page ___ of the Prospectus. By signing this form, you are certifying that your order does not conflict with these purchase limitations.

Section (3) - Payment by Check or Money Order. Payment must be made by including with this form a personal check, bank check or money order may payable to "_____________ on behalf of ICC Holdings, Inc." These will be cashed upon receipt; the funds remitted by personal check, must be available within the account when your Stock Order Form is received. Indicate the amount remitted. Please do not remit cash, wire transfers or third party checks for this purchase.

Section (4) - Purchaser Information (Subscription Offering). Please check the box that reflects the highest eligibility priority of the purchasers listed in Section 4 or 5of the Stock Order Form. If you checked box (a), please list all names and policy numbers that the purchaser(s) had with Illinois Casualty at February 16, 2016 (an "Eligible Policyholder"). Include all policies held individually or jointly. If purchasing shares for a minor, list only the minor's eligible policies. If purchasing shares for a corporation or partnership, list only the entity's eligible policies. Attach a separate page, if necessary. Box (b) refers to any director, officer or employee of Illinois Casualty who was not an Eligible Policyholder. Failure to complete this section, or providing incorrect or incomplete information, could result in a loss of part or all of our share allocation in the event of an oversubscription. Orders placed in the Subscription Offering will take preference over orders placed in the Community Offering. See "The Conversion and Offering" section of the Prospectus for further details about the Subscription Offering and Community Offering, and the method for allocating shares in the event of an oversubscription.

Section (5) Purchaser Information (Community Offering). If boxes (a) and (b) do not apply, please check one of box (c), (d), (e), (f) or (g) applicable to the purchaser(s) in Section 9. Orders placed in the Subscription Offering will take preference over orders placed in the Community Offering. If you checked box (c), please list all names and policy numbers that the purchasers currently have with Illinois Casualty. See "The Conversion and Offering" section of the Prospectus for further details about the Subscription Offering and Community Offering, and the method for allocating shares in the event of an oversubscription.

Section (6) - Maximum Purchaser Identification. Check the box, if applicable. If you check the box but have not subscribed for at least ______ shares and did not complete Section 8, you may not have an opportunity to purchase more shares.

Section (7) - Associates/Affiliates/Acting in Concert. Check the box, if applicable, and provide the requested information. Attach a separate page, if necessary. Please see the Prospectus section entitled "The Conversion and Offering - Limitations on Purchases of Common Stock" for the definition of "associate," "affiliate" and "acting in concert."

Section (8) - Stock Registration. Clearly PRINT the name(s) in which you want the shares registered and the mailing address for all correspondence related to your order, including the notice of the shares issued to you. Each Stock Order Form will generate one notice of the shares issued to you, subject to the stock allocation provisions described in the Prospectus. **IMPORTANT:** Except as described in the Prospectus, subscription rights are non-transferable. If placing an order in the Subscription Offering, you may include the names of one or more named insureds on the eligible policy, but you may not add the names of persons who are not named insureds on your eligible policy unless such person is a permitted transferee. **NOTE FOR FINRA MEMBERS:** If you are a member of the Financial Industry Regulatory Authority ("FINRA"), or a person affiliated or associated with a FINRA member, you may have additional reporting requirements. Please report this subscription in writing to the applicable FINRA member within one day of payment thereof.

Section (9) - Form of Stock Ownership. For reasons of clarity and standardization, the stock transfer industry has developed uniform stockholder registrations for securities. Beneficiaries may not be named on stock registrations. If you have any questions on wills, estates, beneficiaries, etc., please consult your legal advisor. When registering stock, do not use two initials - use the full first name, middle initial and last name. Omit words that do not affect ownership such as "Dr." or "Mrs." Check the one box that applies.

Buying Stock Individually - Used when shares are registered in the name of only one owner. To qualify in the Subscription Offering, the purchaser named in Section 8 of the Stock Order Form must have been a named insured of Illinois Casualty as of February 16, 2016, a director, officer or employee of Illinois Casualty, or a permitted transferee.

Buying Stock Jointly - To qualify in the Subscription Offering, the persons named in Section 8 of the Stock Order Form must have been a named insured of Illinois Casualty as of February 16, 2016, a director, officer or employee of Illinois Casualty, or a permitted transferee.

Joint Tenants - Joint Tenancy (with Right of Survivorship) may be specified to identify two or more owners where ownership is intended to pass automatically to the surviving tenant(s). All owners must agree to the sale of shares.

Tenants in Common - May be specified to identify two or more owners where, upon the death of one co-tenant, ownership of the stock will be held by the surviving co-tenant(s) and by the heirs of the deceased co-tenant. All owners must agree to the sale of shares.

Buying Stock for a Minor - Shares may be held in the name of a custodian for a minor under the Uniform Transfer to Minors Act. To qualify in the Subscription Offering, the minor (not the custodian) named in Section 8 of the Stock Order Form must have been a named insured of Illinois Casualty as of February 16, 2016, a director, officer or employee of Illinois Casualty, or a permitted transferee.

The standard abbreviation for custodian is "CUST." The Uniform Transfer to Minors Act is "UTMA." Include the state abbreviation. For example, stock held by John Smith, as custodian for Susan Smith under the PA Uniform Transfer to Minors Act, should be registered as John Smith CUST Susan Smith UTMA-PA (list only the minor's social security number).

Buying Stock for a Corporation/Partnership - On the first name line, indicate the name of the corporation or partnership and indicate that entity's Tax ID Number for reporting purposes. To qualify in the Subscription Offering, the corporation or partnership named in Section 8 of the Stock Order Form must have been a named insured of Illinois Casualty as of February 16, 2016.

Buying Stock in a Trust/Fiduciary Capacity - Indicate the name of the fiduciary and the capacity under which they are acting (for example, "Executor"), or name of the trust, the trustees and the date of the trust. Indicate the Tax ID Number to be used for reporting purposes. To qualify in the Subscription Offering, the entity named in Section 8 of the Stock Order Form must have been a named insured of Illinois Casualty as of February 16, 2016, a director, officer or employee of Illinois Casualty, or a permitted transferee.

Buying Stock in a Self-Directed IRA (for trustee/broker use only) - Stock may be purchased using self-directed individual retirement accounts which have the ability to hold the securities, such as at a brokerage firm. The purchase of shares using such funds can only be made through a self-directed retirement account, not through retirement accounts which are not self-directed. Registration should reflect the custodian or trustee firm's registration requirements. For example, on the first name line indicate the name of the brokerage firm, followed by CUST or TRUSTEE. On the second name line, indicate the name of the beneficial owner (for example, "FBO JOHN SMITH IRA"). You can indicate an account number or other underlying information, and the custodian or trustee firm's address and department to which all correspondence should be mailed related to this order, including the notice of shares issued. Indicate the Tax ID Number under which the IRA account should be reported for tax purposes.

Section (10) - Acknowledgment and Signature(s). Sign and date the Stock Order Form where indicated. All persons listed in Section 8 of the Stock Order Form must sign the form. If signing on behalf of a company registering common stock in Section 8, or otherwise signing in a fiduciary capacity, you must be legally authorized to do so. Before you sign, please carefully review the information you provided and read the acknowledgment. Verify that you have printed clearly, and completed all applicable shaded areas on the Stock Order Form.

Please review the Prospectus carefully before making an investment decision. **Deliver your completed Stock Order Form, with full payment, so that it is received (not postmarked) by ICC Holdings, Inc. by 12:00 noon, Central Time, on __________ __, 2016.** Stock Order Forms can be delivered by using the enclosed postage paid Order Reply Envelope, or by hand or overnight delivery to the Stock Information Center address on the front of the Stock Order Form. Stock Order Forms will only be accepted at this address. We are not required to accept Stock Order Forms that are found to be deficient or incorrect, or that do not include proper payment or the required signature.

OVERNIGHT DELIVERY can be made to the Stock Information Center address provided on the front of the Stock Order Form.

QUESTIONS? Call our Stock Information Center, toll-free, at 1-877-___-____ Monday through Friday from 10:00 a.m. to 4:00 p.m. Central Time. The Stock Information Center is not open on weekends or bank holidays.

Form **W-9**
(Rev. December 2014)
Department of the Treasury
Internal Revenue Service

Request for Taxpayer Identification Number and Certification

Give Form to the requester. Do not send to the IRS

Print or Type
See **Specific Instructions** on page 2

1 Name (as shown on your income tax return). Name is required on this line; do not leave this line blank.

2 Business name/disregarded entity name, if different from above

3 Check appropriate box for federal tax classification; check only **one** of the following seven boxes:

☐ Individual/sole proprietor or single-member LLC ☐ C Corporation ☐ S Corporation ☐ Partnership ☐ Trust/estate

☐ Limited Liability company. Enter the tax classification (C=C corporation, S=S corporation, P=partnership) ▸ ________

Note. For a single-member LLC that is disregarded, do not check LLC; check the appropriate box in the line above for the tax classification of the single-member owner.

☐ Other (see instructions) ▸

4 Exemptions (codes apply only to certain entities, not individuals; see page 3 of instructions):

Exempt payee code (if any) ________

Exemption from FATCA reporting code (if any) ________

(Applies to accounts maintained outside the U.S.)

5 Address (number, street, and apt. or suite no.)

Requester's name and address (optional)

6 City, state, and ZIP code

7 List account number(s) here (optional)

Part I Taxpayer Identification Number (TIN)

Enter your TIN in the appropriate box. The TIN provided must match the name given on line 1 to avoid backup withholding. For individuals, this is generally your social security number (SSN). However, for a resident alien, sole proprietor, or disregarded entity, see the Part I instructions on page 3. For other entities, it is your employer identification number (EIN). If you do not have a number, see *How to get a TIN* on page 3.

Note. If the account is in more than one name, see the instructions for line 1 and the chart on page 4 of the instructions for guidelines on whose number to enter.

Social security number

☐☐☐ – ☐☐ – ☐☐☐☐

or

Employer identification number

☐☐ – ☐☐☐☐☐☐☐

Part II Certification

Under penalties of perjury, I certify that:

1. The number shown on this form is my correct taxpayer identification number (or I am waiting for a number to be issued to me); and
2. I am not subject to backup withholding because: (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service (IRS) that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding; and
3. I am a U.S. citizen or other U.S. person (defined below); and
4. The FATCA code(s) entered on this form (if any) indicating that I am exempt from FATCA reporting is correct.

Certification instructions. You must cross out item 2 above if you have been notified by the IRS that you are currently subject to backup withholding because you have failed to report all interest and dividends on your tax return. For real estate transactions, item 2 does not apply. For mortgage interest paid, acquisition or abandonment of secured property, cancellation of debt, contributions to an individual retirement arrangement (IRA), and generally, payments other than interest and dividends, you are not required to sign the certification, but you must provide your correct TIN. See the instructions on page 3.

Sign Here | **Signature of U.S. person** ▸ | **Date** ▸

General Instructions

Section references are to the Internal Revenue Code unless otherwise noted.

Future developments. Information about developments affecting Form W-9 (such as legislation enacted after we release it) is at *www.irs.gov/fw9*.

Purpose of Form

An individual or entity (Form W-9 requester) who is required to file an information return with the IRS must obtain your correct taxpayer identification number (TIN) which may be your social security number (SSN), individual taxpayer identification number (ITIN), adoption taxpayer identification number (ATIN), or employer identification number (EIN), to report on an information return the amount paid to you, or other amount reportable on an information return. Examples of information returns include, but are not limited to, the following:

- Form 1099-INT (interest earned or paid)
- Form 1099-DIV (dividends, including those from stocks or mutual funds)
- Form 1099-MISC (various types of income, prizes, awards, or gross proceeds)
- Form 1099-B (stock or mutual fund sales and certain other transactions by brokers)
- Form 1099-S (proceeds from real estate transactions)
- Form 1099-K (merchant card and third party network transactions)
- Form 1098 (home mortgage interest), 1098-E (student loan interest), 1098-T (tuition)
- Form 1099-C (canceled debt)
- Form 1099-A (acquisition or abandonment of secured property)

Use Form W-9 only if you are a U.S. person (including a resident alien), to provide your correct TIN.

If you do not return Form W-9 to the requester with a TIN, you might be subject to backup withholding. See What is backup withholding? on page 2.

By signing the filled-out form, you:

1. Certify that the TIN you are giving is correct (or you are waiting for a number to be issued),
2. Certify that you are not subject to backup withholding, or
3. Claim exemption from backup withholding if you are a U.S. exempt payee. If applicable, you are also certifying that as a U.S. person, your allocable share of any partnership income from a U.S. trade or business is not subject to the withholding tax on foreign partners' share of effectively connected income, and

4.Certify that FATCA code(s) entered on this form (if any) indicating that you are exempt from the FATCA reporting, is correct. See *What is FATCA reporting?* on page 2 for further information.

Exhibit 99.5

ESCROW AGREEMENT

THIS ESCROW AGREEMENT (this "Escrow Agreement"), dated as of October , 2016, is entered into by and among ICC Holdings, Inc., a Pennsylvania corporation (the "Company"), Illinois Casualty Company, an Illinois mutual insurance company ("Illinois Casualty"), Griffin Financial Group LLC (the "Placement Agent") and , as escrow agent (the "Escrow Agent").

WHEREAS, the Company has filed a registration statement on Form S-1 (the "Registration Statement") with the United States Securities and Exchange Commission (the "Commission") in connection with a public offering (the "Offering") of up to 4,088,889 shares of the Company's common stock, $0.01 par value (the "Common Stock"). The Offering is being conducted in connection with the conversion of Illinois Casualty from mutual to stock form (the "Conversion").

Illinois Casualty has entered into an engagement letter dated December 16, 2015, as amended, with the Placement Agent pursuant to which the Placement Agent will assist the Company in connection with the Offering and, if necessary, will form a syndicate of registered broker-dealers to sell any shares not sold in the subscription and community offering phases of the Offering.

WHEREAS, the Company and the Placement Agent desire to deposit funds received from persons who submit stock order forms in the Offering (the "Investors") with the Escrow Agent, to be held for the benefit of the Investors and the Company until such time as the minimum aggregate purchase price of $ (the "Minimum Aggregate Purchase Price") for the shares of Common Stock sold to Investors (the "Shares") has been deposited into escrow in accordance with the terms of this Escrow Agreement.

WHEREAS, the Escrow Agent is willing to accept appointment as escrow agent upon the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the premises set forth above and other good and valuable consideration, the receipt of which is hereby acknowledged, the parties hereto agree as follows:

1. Escrow of Investor Funds.

(a) On or before the commencement of the Offering, the Company shall establish an escrow account with the Escrow Agent (the "Escrow Account"). All funds received from Investors in payment for the Shares ("Investor Funds") will be delivered to the Escrow Agent within one (1) business day following the day upon which such Investor Funds are received by the Company or the Placement Agent, and shall, upon receipt of good and collected funds by the Escrow Agent, be retained in the Escrow Account by the Escrow Agent and invested as stated below. During the term of this Escrow Agreement, the Company and the Placement Agent shall instruct Investors to make all checks payable to the order of "Christiana Trust, on behalf of ICC Holdings, Inc." and shall cause all checks received by each of them in payment for the Shares to be endorsed in favor of the Escrow Agent and delivered to the Escrow Agent for deposit in the Escrow Account. Investor Funds also may be wired directly to the Escrow Account using wire instructions provided by the Escrow Agent.

(b) Escrow Agent shall have no duty to make any disbursement, investment or other use of Investor Funds until and unless it has good and collected funds. In the event that any checks deposited in the Escrow Account are returned or prove uncollectible, the Escrow Agent shall promptly notify the Company and   , as Subscription Agent for the Offering (the "Subscription Agent"), and the Escrow Agent shall deliver the returned checks to the Subscription Agent. The Escrow Agent shall be under no duty or responsibility to enforce collection of any check delivered to it hereunder. The Escrow Agent reserves the right to deny, suspend or terminate participation by an Investor to the extent the Escrow Agent deems it advisable or necessary to comply with applicable laws or to eliminate practices that are not consistent with the purposes of the Offering.

2. Identity of Investors. A copy of the Stock Order Form relating to the sale of the Shares is attached as **Exhibit A-1** to this Escrow Agreement. The Company, the Subscription Agent, or the Placement Agent shall furnish to the Escrow Agent with each delivery of Investor Funds, a list of the Investors who have paid for the Shares showing the name, address, tax identification number, amount of Shares subscribed for and the amount paid and deposited with the Escrow Agent. This information comprising the identity of Investors shall be provided to the Escrow Agent in the format set forth on **Exhibit B** to this Escrow Agreement (the "List of Investors"). All Investor Funds so deposited shall not be subject to any liens or charges by the Company, the Placement Agent or the Escrow Agent, or judgments or creditors' claims against the Company, until released to the Company as hereinafter provided. The Company understands and agrees that the Company shall not be entitled to any Investor Funds on deposit in the Escrow Account and no such funds shall become the property of the Company except when released to the Company pursuant to Section 3 of this Escrow Agreement. The Company, the Placement Agent and the Escrow Agent will treat all Investor information as confidential. The Escrow Agent shall not be required to accept any Investor Funds which are not accompanied by the information on the List of Investors.

3. Disbursement of Funds.

(a) In the event the Escrow Agent receives written notice from the Company or the Placement Agent that the Company or Placement Agent has rejected an Investor's subscription, the Escrow Agent shall pay to the applicable Investor, within ten (10) business days after receiving notice of the rejection, by first class United States Mail at the address appearing on the List of Investors, or at such other address or fed wire instructions as are furnished to the Escrow Agent by the Investor in writing, all collected sums paid by the Investor for Shares and received by the Escrow Agent, without interest.

(b) Once the Escrow Agent is in receipt of good and collected Investor Funds totaling the Minimum Aggregate Purchase Price, the Escrow Agent shall notify the Company and Placement Agent of the same in writing. If the Minimum Aggregate Purchase Price is received into the Escrow Account at any time before the Termination Date (as defined in Section 4 of this Escrow Agreement), then the Escrow Agent shall pay out the Investor Funds and all earnings thereon when and as directed in writing by the Company and the Placement Agent.

(c) If the Minimum Aggregate Purchase Price has not been received by the Escrow Agent before the Termination Date, the Escrow Agent shall, within ten (10) business days after the Termination Date, refund to each Investor by first class United States Mail at the address appearing on the List of Investors, or at such other address or fed wire instructions as are furnished to the Escrow Agent by the Investor in writing, all sums paid by the Investor for Shares and received by the Escrow Agent, without interest, and shall then notify the Company and Placement Agent in writing of such refunds.

4. Term of Escrow. The "Termination Date" shall be , 201 ; *provided, however,* that in all events this Escrow Agreement shall terminate not later than (i) such time as the Escrow Agent has disbursed the Investor Funds pursuant to the terms of this Escrow Agreement, (ii) the date the Escrow Agent receives written notice from the Company or the Placement Agent that the Company is abandoning the sale of the Shares, (iii) the date the Escrow Agent receives notice from the Commission that a stop or similar order has been issued with respect to the Offering, or (iv) the date the Escrow Agent institutes an interpleader or similar action. After the Termination Date, the Company and the Placement Agent shall not deposit, and the Escrow Agent shall not accept, any additional amounts representing payments by prospective Investors.

5. Duty and Limitation on Liability of the Escrow Agent.

(a) The Escrow Agent's rights and responsibilities shall be governed solely by this Escrow Agreement. Neither the Prospectus nor any other agreement or document shall govern the Escrow Agent, even if such other agreement or document is referred to herein, is deposited with, or is otherwise known to, the Escrow Agent.

(b) The Escrow Agent shall be under no duty to determine whether the Company or the Placement Agent is complying with the requirements of the Offering or applicable securities or other laws in tendering the Investor Funds to the Escrow Agent. The Escrow Agent shall not be responsible for, or be required to enforce, any of the terms or conditions of any Offering document or other agreement between the Company or the Placement Agent and any other party.

(c) The Escrow Agent may conclusively rely upon and shall be fully protected in acting upon any statement, certificate, notice, request, consent, order or other document believed by it to be genuine and to have been signed or presented by the proper party or parties. The Escrow Agent shall have no duty or liability to verify any such statement, certificate, notice, request, consent, order or other document. Upon or before the execution of this Escrow Agreement, the Company and the Placement Agent shall deliver to the Escrow Agent authorized signers' lists in the form of **Exhibit C-1** and **Exhibit C-2** to this Escrow Agreement.

(d) The Escrow Agent shall be under no obligation to institute and/or defend any action, suit or proceeding in connection with this Escrow Agreement unless first indemnified to its satisfaction.

(e) The Escrow Agent may consult counsel of its own choice with respect to any question arising under this Escrow Agreement and the Escrow Agent shall not be liable for any action taken or omitted in good faith upon the advice of such counsel.

(f) The Escrow Agent shall not be liable for any action taken or omitted by it except to the extent that a court of competent jurisdiction determines that the Escrow Agent's gross negligence or willful misconduct was the primary cause of loss.

(g) The Escrow Agent is acting solely as escrow agent hereunder and owes no duties, covenants or obligations, fiduciary or otherwise, to any person by reason of this Escrow Agreement, except as otherwise explicitly set forth in this Escrow Agreement, and no implied duties, covenants or obligations, fiduciary or otherwise, shall be read into this Escrow Agreement against the Escrow Agent.

(h) In the event of any disagreement between any of the parties to this Escrow Agreement, or between any of them and any other person, including any Investor, resulting in adverse or conflicting claims or demands being made in connection with the matters covered by this Escrow Agreement, or in the event that the Escrow Agent is in doubt as to what action it should take hereunder, the Escrow Agent may, at its option, refuse to comply with any claims or demands on it, or refuse to take any other action hereunder, so long as such disagreement continues or such doubt exists, and in any such event, the Escrow Agent shall not be or become liable in any way or to any person for its failure or refusal to act, and the Escrow Agent shall be entitled to continue so to refrain from acting until (i) the rights of all interested parties shall have been fully and finally adjudicated by a court of competent jurisdiction, or (ii) all differences shall have been adjudged and all doubt resolved by agreement among all of the interested persons, and the Escrow Agent shall have been notified thereof in writing signed by all such persons. Notwithstanding the foregoing, the Escrow Agent may in its discretion obey the order, judgment, decree or levy of any court, whether with or without jurisdiction and the Escrow Agent is hereby authorized in its sole discretion to comply with and obey any such orders, judgments, decrees or levies.

(i) In the event that any controversy should arise with respect to this Escrow Agreement, the Escrow Agent shall have the right, at its option, to institute an interpleader action in any court of competent jurisdiction to determine the rights of the parties.

(j) IN NO EVENT SHALL THE ESCROW AGENT BE LIABLE, DIRECTLY OR INDIRECTLY, FOR ANY SPECIAL, INDIRECT OR CONSEQUENTIAL LOSSES OR DAMAGES OF ANY KIND WHATSOEVER (INCLUDING WITHOUT LIMITATION LOST PROFITS), EVEN IF THE ESCROW AGENT HAS BEEN ADVISED OF THE POSSIBILITY OF SUCH LOSSES OR DAMAGES AND REGARDLESS OF THE FORM OF ACTION.

(k) The parties agree that the Escrow Agent had no role in the preparation of the Prospectus or other Offering documents, has not reviewed any such documents, and makes no representations or warranties with respect to the information contained therein or omitted therefrom.

(l) The Escrow Agent shall have no obligation, duty or liability with respect to compliance with any federal or state securities, disclosure or tax laws concerning the Prospectus or other Offering documents or the issuance, offering or sale of the Shares.

(m) The Escrow Agent shall have no duty or obligation to monitor the application and use of the Investor Funds once transferred to the Company, that being the sole obligation and responsibility of the Company.

(n) The Escrow Agent shall not be responsible or liable for any failure or delay in the performance of its obligation under this Escrow Agreement arising out of or caused, directly or indirectly, by circumstances beyond its reasonable control, including, without limitation, acts of God; earthquakes; fire; flood; wars; acts of terrorism; civil or military disturbances; sabotage; epidemic; riots; interruptions, loss or malfunctions of utilities, computer (hardware or software) or communications services; accidents; labor disputes; acts of civil or military authority or governmental action; it being understood that the Escrow Agent shall use commercially reasonable efforts which are consistent with accepted practices in the banking industry to resume performance as soon as reasonably practicable under the circumstances.

6. Escrow Agent's Fee. The Escrow Agent shall be entitled to compensation for its services as stated in the signed fee schedule, which compensation shall be paid by Illinois Casualty. The fee agreed upon for the services rendered hereunder is intended as full compensation for the Escrow Agent's services as contemplated by this Escrow Agreement*; provided*, *however,* that in the event that the conditions for the disbursement of funds under this Escrow Agreement are not fulfilled, or the Escrow Agent renders any material service not contemplated in this Escrow Agreement, or there is any assignment of interest in the subject matter of this Escrow Agreement, or any material modification hereof, or if any material controversy arises hereunder, or the Escrow Agent is made a party to any litigation relating to this Escrow Agreement, or the subject matter hereof, then the Escrow Agent shall be reasonably compensated for such extraordinary services and reimbursed for all costs and expenses, including attorney's fees and expenses, occasioned by any delay, controversy, litigation or event, and the same shall be paid by Illinois Casualty. Illinois Casualty's obligations under this Section 6 shall survive the resignation or removal of the Escrow Agent and the assignment or termination of this Escrow Agreement.

7. Investment of Investor Funds; Income Allocation and Reporting.

(a) The Escrow Agent shall invest the Investor Funds, including any and all interest and investment income, in accordance with the written instructions provided to the Escrow Agent and signed by the Company. In the absence of written investment instructions from the Company, the Escrow Agent shall deposit and invest the Investor Funds, including any and all interest and investment income, in a money market deposit account, which is further described herein on **Exhibit E**. Any interest received by the Escrow Agent with respect to the Investor Funds, including reinvested interest shall become part of the Investor Funds, and shall be disbursed pursuant to Section 3 of this Escrow Agreement. The Company agrees that, for tax reporting purposes, all interest or other taxable income earned on the Investor Funds in any tax year shall be taxable to the Company.

(b) The Escrow Agent shall be entitled to sell or redeem any such investments as the Escrow Agent deems necessary to make any payments or distributions required under this Escrow Agreement. The Escrow Agent shall have no responsibility or liability for any loss which may result from any investment or sale of investment made pursuant to this Escrow Agreement. The parties acknowledge that the Escrow Agent is not providing investment supervision, recommendations, or advice.

(c) Upon or before the execution of this Escrow Agreement, the Company shall provide the Escrow Agent with certified tax identification numbers by furnishing appropriate IRS forms W-9 or W-8 and other forms and documents that the Escrow Agent may reasonably request. The Company understands that if such tax reporting documentation is not so certified to the Escrow Agent, the Escrow Agent may be required by the Internal Revenue Code of 1986, as amended, to withhold a portion of any interest or other income earned on the Investor Funds pursuant to this Escrow Agreement. The Company shall also provide tax reporting documentation for the Investors as the Escrow Agent may reasonably request.

(d) Illinois Casualty agrees to indemnify and hold the Escrow Agent harmless from and against any and all taxes, additions for late payment, interest, penalties and other expenses that may be assessed against the Escrow Agent on or with respect to the Investor Funds unless any such tax, addition for late payment, interest, penalties and other expenses shall be determined by a court of competent jurisdiction to have been primarily caused by the Escrow Agent's gross negligence or willful misconduct. The terms of this paragraph shall survive the assignment or termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

8. Notices. All notices, requests, demands, and other communications under this Escrow Agreement shall be in writing and shall be deemed to have been duly given (a) on the date of service if served personally on the party to whom notice is to be given, (b) on the day of transmission if sent by facsimile or email to the facsimile number or email address given below, with written confirmation of receipt, provided that such transmission is sent prior to 5:00 p.m. Eastern Time on a Business Day, and if sent after 5:00 p.m. Eastern Time or on a day that is not a Business Day, then such transmission will be deemed to have been given on the next Business Day, (c) on the Business Day after delivery to Federal Express or similar overnight courier or the Express Mail service maintained by the United States Postal Service, if next Business Day delivery is requested, or (d) on the fifth day after mailing, if mailed to the party to whom notice is to be given, by United States first class mail, registered or certified, postage prepaid, and properly addressed, return receipt requested, to the party as follows:

If to the Company or Illinois Casualty:

Illinois Casualty Company
225 20th Street
Rock Island, Illinois 61201
Attention: Arron K. Sutherland, President and Chief Executive Officer

Phone: (309) 793-1700
Facsimile: ____________

If to Placement Agent:

Griffin Financial Group LLC
620 Freedom Business Center
King of Prussia, PA
Attention: Jeffrey P. Waldron

Phone: (610) 205-6028
Email: jpw@griffinfingroup.com
Facsimile: (610) 371-7974

If to Escrow Agent:

Attention:
Tel:
Facsimile:

Any party may change its address for purposes of this section by giving the other party written notice of the new address in the manner set forth above.

9. Indemnification of Escrow Agent. Illinois Casualty hereby indemnifies, defends and holds harmless the Escrow Agent from and against, any and all loss, liability, cost, damage and expense, including, without limitation, reasonable counsel fees and expenses, which the Escrow Agent may suffer or incur by reason of any action, claim or proceeding brought against the Escrow Agent arising out of or relating in any way to this Escrow Agreement or any transaction to which this Escrow Agreement relates unless such loss, liability, cost, damage or expense is finally determined by a court of competent jurisdiction to have been primarily caused by the gross negligence or willful misconduct of the Escrow Agent. The terms of this Section 9 shall survive the assignment or termination of this Escrow Agreement and the resignation or removal of the Escrow Agent.

10. Resignation. The Escrow Agent may resign upon thirty (30) days' advance written notice to the Company and the Placement Agent. If a successor escrow agent is not appointed within the thirty (30) day period following such notice, the Escrow Agent may petition any court of competent jurisdiction to name a successor escrow agent or interplead the Investor Funds with such court, whereupon the Escrow Agent's duties hereunder shall terminate.

11. Successors and Assigns. Except as otherwise provided in this Escrow Agreement, no party hereto shall assign this Escrow Agreement or any rights or obligations hereunder without the prior written consent of the other parties hereto and any such attempted assignment without such prior written consent shall be void and of no force and effect. This Escrow Agreement shall inure to the benefit of and shall be binding upon the successors and permitted assigns of the parties hereto. Any corporation or association into which the Escrow Agent may be converted or merged, or with which it may be consolidated, or to which it may sell

or transfer all or substantially all of its corporate trust business and assets in whole or in part, or any corporation or association resulting from any such conversion, sale, merger, consolidation or transfer to which the Escrow Agent is a party, shall be and become the successor escrow agent under this Escrow Agreement and shall have and succeed to the rights, powers, duties, immunities and privileges as its predecessor, without the execution or filing of any instrument or paper or the performance any further act.

12. Governing Law; Jurisdiction. This Escrow Agreement shall be construed, performed, and enforced in accordance with, and governed by, the internal laws of the State of Delaware, without giving effect to the principles of conflicts of laws thereof.

13. Severability. In the event that any part of this Escrow Agreement is declared by any court or other judicial or administrative body to be null, void, or unenforceable, said provision shall survive to the extent it is not so declared, and all of the other provisions of this Escrow Agreement shall remain in full force and effect.

14. Amendments; Waivers. This Escrow Agreement may be amended or modified, and any of the terms, covenants, representations, warranties, or conditions hereof may be waived, only by a written instrument executed by the parties hereto, or in the case of a waiver, by the party waiving compliance. Any waiver by any party of any condition, or of the breach of any provision, term, covenant, representation, or warranty contained in this Escrow Agreement, in any one or more instances, shall not be deemed to be nor construed as further or continuing waiver of any such condition, or of the breach of any other provision, term, covenant, representation, or warranty of this Escrow Agreement. The Company and the Placement Agent agree that any requested waiver, modification or amendment of this Escrow Agreement shall be consistent with the terms of the Offering.

15. Entire Agreement. This Escrow Agreement contains the entire understanding among the parties hereto with respect to the escrow contemplated hereby and supersedes and replaces all prior and contemporaneous agreements and understandings, oral or written, with regard to such escrow.

16. Section Headings. The section headings in this Escrow Agreement are for reference purposes only and shall not affect the meaning or interpretation of this Escrow Agreement.

17. Counterparts. This Escrow Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which shall constitute the same instrument and any of the parties hereto may execute this Agreement by signing any such counterpart. Any signature delivered by facsimile or email (including any delivery by PDF) shall bind the parties hereto with the same effect as the delivery of a manually signed signature page.

IN WITNESS WHEREOF, the parties hereto have caused this Escrow Agreement to be executed the day and year first set forth above.

ILLINOIS CASUALTY COMPANY

By: ______________________________
Its: ______________________________

ICC HOLDINGS, INC.

By: ______________________________
Its: ______________________________

GRIFFIN FINANCIAL GROUP LLC

By: ______________________________
Its: ______________________________

____________, AS ESCROW AGENT

By: ______________________________
Its: ______________________________
Date: ______________________________

<u>EXHIBIT A-1</u>

STOCK ORDER FORM

EXHIBIT B

LIST OF INVESTORS

Pursuant to the Escrow Agreement dated October , 2016 by and among ICC Holdings, Inc. (the "Company"), Illinois Casualty Company ("Illinois Casualty"), Griffin Financial Group LLC (the "Placement Agent"), and , as escrow agent (the "Escrow Agent"), the Company and the Placement Agent hereby certify that the following Investors have paid money for the purchase of shares of common stock, par value $0.01 per share, of the Company (the "Shares"), and the money has been deposited with the Escrow Agent:

1. Name of Investor
   Address
   Tax Identification Number
   Amount of Shares subscribed for
   Amount of money paid and deposited with Escrow Agent

2. Name of Investor
   Address
   Tax Identification Number
   Amount of Shares subscribed for
   Amount of money paid and deposited with Escrow Agent

Company: ______________________________
By: ______________________________
Its: ______________________________
Date: ______________________________

Placement Agent: ______________________________
By: ______________________________
Its: ______________________________
Date: ______________________________

EXHIBIT C-1

CERTIFICATE AS TO AUTHORIZED SIGNATURES

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of Griffin Financial Group LLC and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit C-1 is attached, on behalf of Griffin Financial Group LLC.

Name / Title	***Specimen Signature***
Name	Signature
Title	
Name	Signature
Title	
Name	Signature
Title	
Name	Signature
Title	

EXHIBIT C-2

CERTIFICATE AS TO AUTHORIZED SIGNATURES

The specimen signatures shown below are the specimen signatures of the individuals who have been designated as authorized representatives of ICC Holdings, Inc. and are authorized to initiate and approve transactions of all types for the escrow account or accounts established under the Escrow Agreement to which this Exhibit C-2 is attached, on behalf of ICC Holdings, Inc.

Name / Title	***Specimen Signature***
Name	Signature
Title	
Name	Signature
Title	
Name	Signature
Title	
Name	Signature
Title	

EXHIBIT D

ESCROW AGENT FEES

Separate signed fee agreement.

EXHIBIT E

Money Market election form will be attached separately, and will be inserted as exhibit once executed by authorized person

STEVENS & LEE
LAWYERS & CONSULTANTS

620 Freedom Business Center Drive
Suite 200
King of Prussia, PA 19406
(610) 205-6000 Fax (610) 337-4374
www.stevenslee.com

Direct Dial: (610) 205-6076
Email: ssg@stevenslee.com
Direct Fax: (610) 371-1228

October 12, 2016

VIA EDGAR

Ms. Suzanne Hayes
Assistant Director Office of Healthcare and Insurance
Division of Corporation Finance
U.S. Securities and Exchange Commission
100 F Street, N.E.
Mail Stop 4546
Washington, D.C. 20549

**Re: ICC Holdings, Inc.
Draft Registration Statement on Form S-1
Submitted August 12, 2016
CIK No. 0001681903**

Dear Ms. Hayes:

We enclose herewith, on behalf of ICC Holdings, Inc. (the "Company"), clean and marked copies of Amendment No. 1 to the Draft Registration Statement on Form S-1 ("Amendment No. 1"), together with responses to the comments raised by the Staff of the Securities and Exchange Commission (the "Staff") in its comment letter dated September 8, 2016. Amendment No. 1 incorporates responses to the Staff's comments. Below we have noted the Staff's comments in italics face type and the responses of the Company in regular type.

General

1. *As currently proposed, your method for meeting the minimum offering amount does not appear to comport with Exchange Act Rule 10b-9. Please provide us with an analysis, including any legal authority, as to how the potential purchase by the ESOP of 10.0% of the shares of common stock issued in the offering (which you intend to fund by loaning the ESOP a portion of the net offering proceeds) qualifies as a "*bona fide*" purchase in compliance with Exchange Act Rule 10b-9. For guidance, please refer to Exchange Act Release No. 11532 (July 11, 1975) (stating that a minimum contingency offering may not be considered "sold" for purposes of the Rule 10b-9 unless the securities are sold in* bona fide *transactions and the purchase prices are fully paid).*

Response: The Company has changed the manner in which the purchase of shares by the ESOP will be funded. Illinois Casualty will make a loan to the independent ESOP trustee prior to the closing on the offering from cash that Illinois Casualty currently has on hand. The purchase price for the shares being purchased by the ESOP will be deposited by the independent ESOP trustee into the escrow account prior to the closing on the offering. At June 30, 2016, Illinois Casualty had total investments and cash of approximately $77.7 million. Accordingly, Illinois Casualty has the present and continuing ability to satisfy its commitment to make the loan to the ESOP. As a result, we believe that the purchase price for the shares will be fully paid and that the shares will have been sold in a "bona fide" transaction in compliance with Exchange Act Rule 10b-9 and Exchange Act Release No. 11531. The Company has made appropriate revisions to the disclosure throughout Amendment No. 1 to disclose that Illinois Casualty will make the loan to the ESOP prior to the closing of the offering and the ESOP will deposit the purchase price for the shares that it purchases in the offering into the escrow account prior to the closing of the offering.

2. *In addition, please explain how this transaction will be structured so that you receive the funds in escrow for the ESOP's subscription during the subscription offering phase but prior to the closing of the offering. Lastly, please consider any necessary changes to your Use of Proceeds and elsewhere, if appropriate, to reflect the minimum and as adjusted maximum gross proceeds as a result of the loan may be less than $27,200,000 and $40,888,889, respectively.*

Response: As described in the response to Comment 1 above, Illinois Casualty will make the loan to the independent ESOP trustee and the independent ESOP trustee will deposit the purchase price for the shares that it purchases in the offering into the escrow account prior to the closing of the offering. The loan will be made by Illinois Casualty, and the proceeds of the offering will be received by the Company. As a result, the gross proceeds of the offering will not be affected by the loan to the ESOP. Accordingly, the Company believes that the disclosure in the Use of Proceeds section of Amendment No. 1 and elsewhere in Amendment No. 1 that the gross proceeds range of the offering continues to be accurate and appropriate.

3. *Similarly, please provide us with an analysis, including any legal authority, as to how the potential purchases by the directors and officers of Illinois Casualty (in order to meet the minimum offering amount) qualify as* "bona fide" *purchases in compliance with Exchange Act Rule 10b-9.*

Response: Illinois law governing the conversion of mutual property and casualty insurance companies (the "Illinois Conversion Law") states that the plan of conversion must provide that a director or officer may not sell stock purchased pursuant to the conversion within one year after the effective date of the conversion. The only applicable exception included in the law is if the transfer is to (i) the spouse or minor children of such director or officer, (ii) to a trust or other estate or wealth planning entity established for the benefit of such director or officer or the spouse or minor children of such director or officer, or (iii) to an individual or joint IRA or other tax-qualified retirement plan of such officer or director. The officers and directors of Illinois Casualty who purchase shares of the Company in connection with the conversion offering will be paying cash for such shares at the same offering price as any other purchaser in the offering and will be required to hold such shares for one year before they can transfer such shares, subject to the limited exceptions described above. Based on those facts, we believe that such directors and officers are purchasing for investment and not with a view to resell such shares. Accordingly, we believe that such purchases will qualify as "*bona fide*" purchases and will be fully paid for as contemplated by Exchange Act Release No. 11532.

Prospectus Cover Page

4. *Please revise the prospectus cover page to specify that this is your initial public offering of the company's common stock.*

Response: We have updated the disclosure on the prospectus cover of Amendment No. 1 to address this comment.

Prospectus Summary, page 3

Our Business Strategies and Offering Rational, page 4

5. *Please balance the disclosure in this section with a discussion of the challenges you may encounter in implementing these strategies. In this regard, we note your disclosure starting on page 82 of the Business section under the heading "Our Challenges."*

Response: We have updated the disclosure under the heading "Our Business Strategies and Offering Rationale" to address this comment.

The Conversion of Illinois Casualty from Mutual to Stock Form, page 7

6. *Please revise the first sentence in the last paragraph of page 7 and elsewhere as appropriate to clarify that the 3,500,000 figure is exclusive of 10.0% of the total shares issued that the ESOP plans to purchase.*

Response: The 3.5 million shares closing condition includes the shares to be purchased by the ESOP.

The Subscription and Community Offerings, page 8

7. *Please revise your disclosure in this section and in the section of your prospectus captioned, "The Conversion and Offering" to disclose specifically that a loan will be made to the ESOP from the proceeds of the offering, which will allow it to purchase an amount equal to 10.0% of the shares sold in the offering.*

Response: As discussed in our response to Comment 3 above, the Company will make the loan from cash on hand to fund the loan to the ESOP to purchase a number of shares equal to 10.0% of the shares sold in the offering.

Oversubscription, page 12

8. *Please revise the reference to 2,720,000 shares in the third paragraph of this section to 2,448,000 as it appears from your disclosure throughout the prospectus that the minimum purchase requirement may be met with the purchase of the 10.0% of total shares issued to the ESOP.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment. See, for example, page 13 of Amendment No. 1.

9. *We note your disclosure in the third paragraph of this section that any remaining shares after satisfying the subscriptions of the participants of the subscription offering will be "allocated among the investors on a pro rata basis based on their respective purchase agreements." However, your disclosure on page 8 states that if there is not a sufficient number of shares of common stock to satisfy the purchase obligations of the investors in full, you would satisfy "as much of the subscription obligation of the Clinton-Flood Purchasers as possible with any remaining available shares sold to Rock Island Investors, LLC and Tuscarora Wayne based upon their pro rata subscription commitment." Please revise your disclosure as appropriate throughout the prospectus to reconcile these statements.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment.

Use of Proceeds, page 34

10. *We note your disclosure that a large portion of your net proceeds will be used for general corporate purposes. Please note that pursuant to the requirements of Item 504 of Regulation S-K, where a registrant has no current specific plan for the proceeds, or a significant portion thereof, the registrant shall so state and discuss the principal reasons for the offering. In this regard, we refer to page 6 of your draft form of proxy statement attached as Exhibit 99.1. Please revise your disclosure to include such information in this section.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment. See, for example, page 35 of Amendment No. 1.

11. *Please revise your disclosure to clarify whether you have assumed that there is no syndicated offering to estimate the net proceeds of the offering. To this end, we note that the commissions payable to the underwriter for a syndicated offering are higher than the amount payable for shares sold in the subscription and community offering.*

Response: We have updated the disclosure in Amendment No. 1 to specifically state that we assumed that no syndicated offering was pursued in estimating the net proceeds of the offering and that commission payable in a syndicated offering are higher than commissions payable for shares sold in the subscription and community offerings.

12. *We note your disclosure that you believe transferring ICC Realty out of Illinois Casualty in exchange for $5 million represents a more efficient use of capital. Please expand your disclosure to specify how this structure represents a more efficient use of capital.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment.

Unaudited Pro Forma Condensed Balance Sheets, pages 39 and 41

13. *Please tell us how you determined your assumed investments in fixed income and equity securities met the factually supportable criterion of Article 11 of Regulation S-X.*

Response: The pro forma adjustments for both the available-for-sale and equity securities, reflected in the Unaudited Pro Forma Condensed Balance Sheet as of the periods March 31, 2016 and December 31, 2015 were calculated using the actual investment allocation as of March 31, 2016. Both the actual and pro forma available-for-sale and equity securities reflect 87% and 13%, respectively, of total investments. Such allocation is consistent with ICC's investment policy which will remain in force post-demutualization, and, therefore, we believe meets the "factually supportable" criteria of Article 11 of Regulation S-X.

Management's Discussion and Analysis of Financial Condition and Results of Operations Overview, page 51

14. *We note your statement that you "have taken advantage of the extended transition period provided by Section 107 of the JOBS Act, and the election is irrevocable." Please be advised that such election is not irrevocable and that you may decide to comply with the financial accounting standard effective dates applicable to non-emerging growth companies at a later date, so long as you comply with the requirements in Sections 107(b)(2) and (3) of the JOBS Act. Please remove the statement that your election is irrevocable. Please make corresponding changes to your discussion on page 99. For guidance, please refer to Question 37 of the Generally Applicable Questions on Title I of the JOBS Act (December 21, 2015), available on the Commission's website.*

Response: The Company will be taking advantage of the extended transition period provided by Section 107 of the JOBS Act. We have updated the disclosure in Amendment No. 1 to address the comment regarding its revocability in compliance with Section 107(b)(2) and (b)(3) of the JOBS Act.

Business, page 79

Our Business Strategies Reaction to Market Cycles, page 82

15. *We note your statement that "the food and beverage industry…does not fluctuate to the same extent as the rest of the market." Please revise your disclosure to explain your basis for this statement.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment.

Reinsurance, page 87

16. *Please disclose the identity of the ceding party to the excess of loss treaty that you refer to on page 88. Please also file the underlying agreement as an exhibit to your registration statement or tell us why you are not substantially dependent on this agreement.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment and will file the underlying agreements as exhibits to this registration statement.

17. *We note your chart on page 88. Please provide narrative disclosure to explain the information contained in this chart to enable a lay investor to understand. Please ensure that you explain all undefined terms and abbreviations in the chart.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment.

Loss and LAE Reserves, page 89

18. *Please provide a completed table of the development of your unpaid loss and LAE reserves from 2006 through 2015 on a GAAP basis.*

Response: We have updated the table on page 95 in Amendment No. 1 to address this comment.

Regulation, page 95

19. *We note your disclosure on page 101 that the plan of conversion is subject to the approval of the Illinois Department of Insurance. We also note your disclosure on page*

118 that the receipt of all consents and approvals of the Department and any other regulatory body or agency necessary to consummate the transactions is a closing condition to the purchase agreements with the investors. Please expand your disclosure in this section to provide information about the process for regulatory approval of the transaction and the status of your approval. Please also tell us why you do not list the approval of the Illinois Department of Insurance as one of the conditions to complete the offering identified on the cover page.

Response: We have updated the cover page of Amendment No. 1 to include the approval of Illinois Casualty's plan of conversion by the Illinois Department of Insurance as a condition. We also provided an update on the status of the regulatory review under the heading "The Conversion and Offering – General." We have also added new disclosure under the new heading "The Conversion and Offering – Illinois Conversion Act" to describe the process for regulatory approval of the plan of conversion.

JOBS Act, page 99

20. *Please supplementally provide us with copies of all written communications, as defined in Rule 405 under the Securities Act, that you, or anyone authorized to do so on your behalf, present to potential investors in reliance on Section 5(d) of the Securities Act, whether or not they retain copies of the communications.*

Response: The Company did not, nor did it authorize anyone to, have any oral or written communications with potential investors to determine whether such investors might have an interest in a contemplated securities offering. The communications with the Clinton-Flood Group, Rock Island Investors and Tuscarora Wayne were in connection with a proposed private placement.

The Conversion and Offering, page 101

Subscription Offering and Subscription Rights, page 103

21. *We note your disclosure in the second bullet point on page 103 that the ESOP and certain investors may subscribe to purchase shares of your common stock in the subscription offering. However, your disclosure throughout the registration statement indicates that the certain investors will not be eligible to purchase shares until the community offering. Please revise your disclosure to reconcile this inconsistency.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment.

The Valuation, page 108

22. *Please provide on a supplemental basis copies of the materials that Feldman Financial Advisors, Inc. prepared in connection with its Pro Forma Valuation Appraisal Report or otherwise provided to the board of directors in connection with the conversion and offering, including, among other things, any "board books," drafts of appraisal reports provided to the board, and summaries of all oral presentations made to the board.*

Response: Feldman Financial did not provide any other materials or make any other presentations to the board of directors other than those materials previously filed as exhibits.

Proposed Management Purchases, page 116

23. *Please revise the table in this section to include two additional columns that provide the percentage of shares that will be owned by each director and executive officer, as well as all directors and executive officers as a group, assuming that the minimum amount of shares are issued in the offering and that the maximum amount of shares are issued in the offering, respectively.*

Response: We have updated this table in Amendment No. 1 to address this comment.

24. *We note that John Klockau intends to convert his surplus note issued by Illinois Casualty to acquire shares of your common stock. Please clarify whether these shares will be issued to Mr. Klockau as part of this offering. Specifically, please advise us whether the issuance of these shares will be counted toward meeting the minimum offering amount. If so, please explain to us why the disclosure throughout the registration statement anticipates that you will receive offering proceeds from this conversion.*

Response: We have updated the definition of gross proceeds in Amendment No. 1 to address this comment. Under Illinois law, the principal amount of the note is counted towards gross proceeds in determining whether the minimum is meant for purposes of the mutual-to-stock conversion.

Management, page 126

Directors and Officers, page 126

25. *We note your disclosure that your board of directors is elected annually. However, you disclose on page 140 that your board is divided into three classes serving for successive terms of three years each. Please revise to reconcile these statements. Also if you have a staggered board, please disclose the terms of each of your directors.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment.

26. *For each director, please briefly discuss the specific experience, qualifications, attributes or skills that led to the conclusion that the person should serve as a director, in light of your business and structure. Please refer to Item 401(e) of Regulation S-K.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment.

Summary Compensation Table, page 133

27. *Please provide the material terms of the non-equity incentive plan compensation made to the named executive officers, a general description of the formula or criteria applied in determining the amounts payable, and file any such agreement as an exhibit to the registration statement. Please refer to Item 402(o)(5) of Regulation S-K.*

Response: We have updated the disclosure in Amendment No. 1 to address this comment.

Transactions with related persons, promoters and certain control persons, page 139

28. *We note your disclosure that you have not engaged in any transactions with any related persons that exceeds $120,000. However, we note that Mr. Burgess is a director of the company and a Senior Managing Director of Griffin Financial Group, which is also the underwriter in this transaction. Additionally, we note that Mr. Burgess serves on the board of directors of both Tuscarora Wayne Mutual Group, Inc. and Tuscarora Wayne Insurance Company, which appear to be affiliated with Tuscarora Wayne, one of your investors in this offering. Please revise your disclosure to include the information required by Item 404(a) of Regulation S-K. For guidance, refer to Instruction 1 to Item 404(d) of Regulation S-K.*

Response: We have updated the disclosure in Amendment No. 1 to add information regarding Mr. Burgess.

29. *Additionally, we note that Mr. John R. Klockau, a director of the company, holds two surplus notes from the company totaling $1,150,000. Please revise your disclosure to include the information required by Item 404(a) of Regulation S-K.*

Response: We have updated the disclosure in Amendment No. 1 to add this information regarding Mr. Klockau.

Index to Financial Statements General, page F-1

30. *We note your disclosure on page 79 that ICC Holdings, Inc. was formed to acquire all of the capital stock of Illinois Casualty and has not engaged in any significant operations. However, we do not believe this provides a sufficient basis to omit the audited financial statements of the registrant. Please provide audited financial statements of the registrant ICC Holdings, Inc. as required by Rule 3-01(a) of Regulation S-X, or tell us why you believe such financial statements are not required.*

Response: The Company was incorporated on July 26, 2016 under the laws of the Commonwealth of Pennsylvania, but has not issued any shares of common stock and will not issue any shares of common stock prior to the closing of the offering described in the Registration Statement. Prior to the closing of the offering, the Company will have no assets, no liabilities, and no contingent liabilities. In addition, the Company has not commenced operations and has no revenue and has incurred no expenses. Therefore, the Company believes that based on Section 1160.1 of the Division of Corporation Finance Financial Reporting Manual, the Company should not be required to include audited financial statements of the Company.

Notes to Consolidated Financial Statements Note 2 – Investments Analysis, page F-16

31. *We note unrealized losses on equity securities greater than 12 months increased significantly from $0 at December 31, 2014 to $387k and $340k at December 31, 2015 and March 31, 2016, respectively. Please provide us a detailed analysis supporting your conclusion that these securities were not other-than-temporarily impaired at each period end. To the extent available, also provide this information for the quarter ended June 30, 2016. As part of your analysis, address how you define a reasonable period of time when determining your expectation of recovery to cost.*

Response: As discussed on page F-8 of the initial S-1, management's determination of other than temporarily impaired ("OTTI") securities is based on a number of factors and evaluated on a quarterly basis. Absent management's intent to sell or an issuer specific credit event, OTTI on the equity portfolio is automatically triggered when the market value of a security is below cost by 10% or more with a $100,000 minimum threshold (representing approximately 5% of forecasted net income), for a minimum of 12 consecutive months, management does not believe recovery of initial cost is achievable within a reasonable period of time, and the amount is material to the Company's overall financial position. Not-withstanding the above, the evaluation of OTTI may result in income statement recognition when one or more of the above criteria is inconclusive (i.e. forecasted net income is revised mid-year).

Historically, the Company has generated sufficient cash flow from operations to cover operating needs. If cash flow from operations is insufficient, management maintains a $2 million dollar line of credit that automatically feeds the Company's operating account. In addition, if the shortfall occurs due to large and/or abnormal claim payments, the Company's reinsurance contracts have a cash call provision. The line of credit and reinsurance contracts afford the Company the ability to retain its equity investment in the issuer/ETF for a period of time sufficient to allow for any anticipated recovery in market value. As management does not intend to use the equity portfolio to fund any operational cash flow shortfalls, the investment horizon is significantly longer for equity holdings.

As of March 31, 2016, the Company had three exchange traded funds that were underwater.

1. The first is an ETF designed to provide exposure to Eurozone stocks while neutralizing the currency risk (ETF #1). It is comprised of 135 companies weighted by each stock's dividend yield and re-balanced annually. By its construction, ETF #1

is a diversified vehicle which minimizes the risk of impairment at the aggregate level and focuses on large cap companies. ETF #1 was underwater by 12.9% ($55,608), 10.6% ($45,322), 7.3% ($31,336), and 1.2% ($2,503) as of June 30, 2016, March 31, 2016, December 31, 2015 and 2014 respectively. Over the past year, the fund has traded between 45.83 and 63.18. The Company's cost in this holding is 58.04. As of October 5, 2016, this holding was trading at a net unrealized loss of $28,302, which management does not deem material to a financial statement reader. The table below depicts the rationale for the Company's election not to record OTTI.

Evaluation Date	Rationale
12/31/2014	Amount deemed immaterial.
12/31/2015	ETF was trading at a gain between 10/22/2015 and 12/10/2015.
3/31/2016	Amount deemed immaterial.
6/30/2016	Too early to gauge Brexit impact; amount deemed immaterial.

2. The second is an ETF designed to track the performance of the S&P 500 Energy Select Sector Index by investing in companies that develop and produce crude oil and natural gas and provide drilling and other energy related services (ETF #2). The index is comprised of 38 companies weighted by market capitalization. By its construction, ETF #2 is a diversified vehicle which minimizes the risk of impairment at the aggregate level and focuses on large cap companies. The decline in the ETF's stock price is attributable to the drop in crude oil prices. ETF #2 was underwater by 18.2% ($47,024), 25.8% ($66,709), 27.7% ($71,576), and 5.1% ($13,172) as of June 30, 2016, March 31, 2016, December 31, 2015 and 2014 respectively. Over the past year, the fund has traded between 49.93 and 71.94. The Company's cost in this holding is 83.41. As of October 5, 2016, this holding was trading at a net unrealized loss of $38,747. With OPEC's decision last week to cut production, which is driving the price of oil above $50 / barrel, management believes this stock will recover within the next 12 months. The table below depicts the rationale for the Company's election not to record OTTI.

Evaluation Date	Rationale
12/31/2014	Amount deemed immaterial.
12/31/2015	Amount deemed immaterial; price per barrel expected to increase 50% over the coming year.
3/31/2016	Amount deemed immaterial; price per barrel slowly increasing.
6/30/2016	Amount deemed immaterial; price per barrel slowly increasing.

3. The third is an ETF designed to track the performance of the S&P/LSTA U.S. Leveraged Loan 100 Index by investing in the loans of over 100 companies across different industries (ETF #3). By its construction, ETF #3 is a diversified vehicle which minimizes the risk of impairment at the aggregate level. In addition, collateral is a component of each loan and the fact that they are senior in the capital structure (as compared to bonds which have no collateral and are below loans in the capital structure) causes these loans to have extremely high recovery rates in the event of default in comparison to similar rated bonds. Different aspects of the loan market have been under pressure recently which has caused ETF #3 to trade at an unrealized loss for an extended period. ETF #3 was underwater by 7.1% ($238,354), 8.1% ($272,906), 9.4% ($315,589), and 2.8% ($94,724) as of June 30, 2016, March 31, 2016, December 31, 2015 and 2014 respectively. Over the past year, the fund has traded between 21.77 and 23.27. The Company's cost in this holding is 24.73. Prior to September 30, 2016, management believed that a complete recovery of its initial cost was probable due to the strong underlying collateral package, short duration, lack of interest rate sensitivity, strong liquidity and the fact that they are senior in the capital structure. When oil prices improved in late third quarter, and this did not materially improve the Company's unrealized loss position, the Company recorded an impairment of approximately $205,000. The table below depicts the rationale for the Company's election not to record OTTI as of June 30, 2016.

Evaluation Date	Rationale
12/31/2014	Trading at an unrealized loss for only one quarter. No recommended impairment.
12/31/2015	The high yield sector was adversely affected by a sharp drop in energy prices. Investors have become risk averse and, as a result, many bank loans are trading well below their intrinsic value. Based on price per barrel forecasts, we believe the decline will be temporary.
3/31/2016	The high yield market and, as an extension, the bank loan market continue to see weakness from energy prices hitting multi-year lows in February. However, energy prices started to rally at the end of the quarter and we believe bank loan pricing will improve markedly over the next 2 quarters. No impairment recorded at this time.
6/30/2016	Risk appetite has returned and bank loan pricing has improved. The unrealized loss position has improved from a low of $315k in December to $238k at the end of June. Management recommends waiting one more quarter before considering impairing as valuations are still well below intrinsic value and should continue improve in the near-term.

Exhibit Index

32. Please file as exhibits to your registration statement a stock order form and, once available, the escrow agreement.

Response: We have filed a draft escrow agreement and stock order form as exhibits to Amendment No. 1.

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If you have any questions or require any additional information with respect to the above, please do not hesitate to contact me at (610) 205-6076.

Very truly yours,

STEVENS & LEE

/s/ Sunjeet S. Gill
Sunjeet S. Gill

cc: Ms. Christina M. Thomas
Ms. Irene Paik
Ms. Bonnie Baynes
Ms. Sharon Blume
Mr. Arron K. Sutherland