



ICC Holdings, Inc. Reports 2021 Second Quarter and Six Months Results

August 11, 2021

ROCK ISLAND, Ill., Aug. 10, 2021 /PRNewswire/ -- ICC Holdings, Inc. (NASDAQ: ICCH) (the Company), parent company of Illinois Casualty Company, a regional, multi-line property and casualty insurance company focusing exclusively on the food and beverage industry, today reported unaudited results for the six months ended June 30, 2021.

SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2021 – FINANCIAL RESULTS

Net earnings totaled \$563,000, or \$0.18 per share, for the second quarter of 2021, compared to net earnings of \$782,000 or \$0.26 per share, for the second quarter of 2020. The change in second quarter's net earnings as compared to the same quarter last year was driven primarily by a decrease in unrealized equity investment gains for those three months. For the six months ended June 30, 2021, the Company reported net earnings of \$1,725,000, or \$0.57 per share, compared to a net loss of \$1,191,000, or \$0.39 per share, for the same period in 2020. The increase in earnings reflects a more positive year with higher premium earnings, lower losses, and higher unrealized equity investment gains year-over-year. Book value per share increased to \$22.31 at June 30, 2021 from \$22.07 at December 31, 2020. This positive change in book value reflects continued earnings from our insurance operations along with favorable gains in our investment portfolio.

Direct premiums written grew by \$3,604,000, or 24.2%, to \$18,516,000 for the second quarter of 2021 from \$14,912,000 for the same period in 2020. For the six months ended June 30, 2021, direct premiums written grew by \$3,982,000, or 13.4%, to \$33,688,000 compared to \$29,706,000 for the same period in 2020. The second quarter's growth reflects the continued rebound within the food and beverage industry across the states we serve. Consistent with our industry's premium earnings cycle, net premiums earned grew by 11.9% or \$1,358,000 to \$12,733,000 for the three months ended June 30, 2021 from \$11,375,000 for the same period in 2020. Net premiums earned grew by 1.6% to \$24,782,000 for the six months ended June 30, 2021, from \$24,389,000 for the same period in 2020.

For the second quarter of 2021, the Company ceded to reinsurers \$2,817,000 of earned premiums, compared to \$3,167,000 of earned premiums for the second quarter of 2020. For the six months ended June 30, 2021, the Company ceded earned premiums of \$5,289,000, compared to \$5,561,000 for the same period in 2020. The Company ceded less reinsurance in 2021 due to the reinstatement costs incurred in 2020 from property catastrophe events.

Net realized investment gains net of other-than-temporary impairment losses were \$350,000 for the second quarter of 2021 compared to losses of \$439,000 for the same period in 2020. For the six months ended June 30, 2021, net realized gains net of other-than-temporary impairment losses was \$537,000, compared to losses of \$343,000 for the same period in 2020. The current mid-year gains reflect more positive investment market activity in a post-COVID-19 environment, on top of typical rebalancing activities within the Company's investment portfolio.

Net investment income decreased by \$125,000, or 13.8%, to \$784,000 for the second quarter of 2021, as compared to \$909,000 for the same period in 2020. For the six months ended June 30, 2021, net investment income decreased \$159,000, or 9.1%, to \$1,585,000, from \$1,744,000 for the same period in 2020. The change is attributable to a decrease in the bond portfolio's investment income as reinvestment rates decreased significantly in 2020.

Losses and settlement expenses decreased by \$544,000, or 5.9%, to \$8,664,000 for the second quarter of 2021, from \$9,208,000 for the same period in 2020. Losses and settlement expenses decreased by \$584,000, or 3.4%, to \$16,467,000 for the six months ended June 30, 2021, from \$17,051,000 for the same period in 2020. Claims activity for 2021 continues to be more positive than prior year and mirrors our pre-COVID-19 claims experience. The Company has not paid any business interruption claims related to COVID-19 thus far.

Policy acquisition costs and other operating expenses increased by \$793,000, or 18.6%, to \$5,047,000 for the second quarter of 2021 from \$4,254,000 for the same period in 2020 attributable to an increase in contingent commissions and a minor uptick in other operating expenses. Policy acquisition costs and other operating expenses increased by \$496,000, or 5.5%, to \$9,515,000 for the six months ended June 30, 2021, from \$9,019,000 for the same period in 2020.

Total assets increased by 6.6% from \$183,939,000 at December 31, 2020, to \$196,110,000 at June 30, 2021. Our investment portfolio, which consists of fixed income securities, common stocks, preferred stock, property held for investment, and other invested assets, increased by 7.6% from \$129,322,000 at December 31, 2020, to \$139,131,000 at June 30, 2021, from allocating additional resources to our investment portfolio coupled with

favorable market appreciation.

SECOND QUARTER AND SIX MONTHS ENDED JUNE 30, 2021 – FINANCIAL RATIOS

The Company's losses and settlement expense ratio (defined as losses and settlement expenses divided by net premiums earned) was 68.0% and 66.4% for the second quarter and six months ended June 30, 2021, respectively, compared with 80.9% and 69.9% for the same periods of 2020.

The expense ratio (defined as the amortization of deferred policy acquisition costs and underwriting and administrative expenses divided by net premiums earned) was 39.6% and 38.4% for the second quarter and six months ended June 30, 2021, respectively, compared to 37.4% and 37.0% for the same periods of 2020.

The Company's GAAP combined ratio (defined as the sum of the losses and settlement expense ratio and the expense ratio) was 107.7% and 104.8% for the second quarter and six months ended June 30, 2021, respectively, compared to 118.3% and 106.9% for the same periods of 2020, respectively.

MANAGEMENT COMMENTARY

"The Company's results for the first half of 2021 have set the stage for continued success. The first quarter's positive outlook carried through to the second quarter primarily due to a return to pre-COVID policy renewal activity and a continuation of lower loss experience.

"As expected, we experienced favorable premium growth in nearly every state over the first six months of the year, which has contributed to the Company's \$0.57 earnings per share and our ability to maintain nearly 10% growth in book value per share over the same period last year.

"A.M. Best Company's recent upgrade of the Company's financial strength and Long-Term Issuer Credit Ratings, reflects the Company's strong capitalization coupled with unique expertise in our niche. Our quest for operational efficiencies and advantageous investments supports the strategic positioning necessary to weather market fluctuations. We aim to carry the momentum of 2021's first half into the remainder of the year," stated Arron Sutherland, President and Chief Executive Officer.

ABOUT ICC HOLDINGS, INC.

ICC Holdings, Inc. is a vertically integrated company created to facilitate the growth, expansion, and diversification of its subsidiaries in order to maximize value to its stakeholders. The group of companies consolidated under ICC Holdings, Inc. engages in diverse, yet complementary business activities, including property and casualty insurance, real estate, and information technology.

The Company's common shares trade on the NASDAQ Capital Market under the ticker symbol "ICCH". For more information about ICC Holdings, visit <http://ir.iccholdingsinc.com>.

FORWARD-LOOKING STATEMENTS

This press release, and oral statements made regarding the subjects of this release, contains forward-looking statements, within the meaning of the Private Securities Litigation Reform Act of 1995, or the Reform Act, which may include, but are not limited to, statements regarding the Company's, plans, objectives, expectations, and intentions and other statements contained in this press release that are not historical facts, including statements identified by words such as "believe," "plan," "seek," "expect," "intend," "estimate," "anticipate," "will," and similar expressions. All statements addressing operating performance, events, or developments that the Company expects or anticipates will occur in the future, including statements relating to revenue and profit growth; future responses to and effects of the COVID-19 pandemic, as well the distribution and effectiveness of COVID-19 vaccines, including their effects on our business operations and claims activity; new theories of liability; judicial, legislative, regulatory and other governmental developments, including, but not limited to, liability related to business interruption claims related to COVID-19; litigation tactics and developments; product and segment expansion; regulatory approval in connection with expansion; and market share, as well as statements expressing optimism or pessimism about future operating results, are forward-looking statements within the meaning of the Reform Act. The forward-looking statements are based on management's current views and assumptions regarding future events and operating performance, and are inherently subject to significant business, economic, and competitive uncertainties and contingencies and changes in circumstances, many of which are beyond the Company's control. The statements in this press release are made as of the date of this press release, even if subsequently made available by the Company on its website or otherwise. The Company does not undertake any obligation to update or revise these statements to reflect events or circumstances occurring after the date of this press release.

Although the Company does not make forward-looking statements unless it believes it has a reasonable basis for doing so, the Company cannot guarantee their accuracy. The foregoing factors, among others, could cause actual results to differ materially from those described in these forward-looking statements. For a list of other factors which could affect the Company's results, see the Company's filings with the Securities and Exchange Commission, "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations," including "Forward-Looking Information," set forth in the Company's Annual Report on Form 10-K for the year ended December 31, 2020. No undue reliance should be placed on any forward-looking statements.

ICC Holdings, Inc. and Subsidiaries Condensed Consolidated Balance Sheets

| | As of | |
|--|------------------|----------------------|
| | June 30, 2021 | December 31, 2020 |
| | (Unaudited) | |
| Assets | | |
| Investments and cash: | | |
| Fixed maturity securities (amortized cost - \$105,311,993 at 6/30/2021 and \$98,753,027 at 12/31/2020) | \$ 110,849,488 | \$ 105,740,566 |

| | | |
|---|-----------------------|-----------------------|
| Common stocks at fair value | 20,013,057 | 14,724,814 |
| Preferred stocks at fair value | 1,685,275 | 1,683,892 |
| Other invested assets | 1,580,837 | 1,772,867 |
| Property held for investment, at cost, net of accumulated depreciation of \$408,351 at 6/30/2021 and \$465,364 at 12/31/2020 | 5,003,116 | 5,399,826 |
| Cash and cash equivalents | <u>3,998,488</u> | <u>6,598,842</u> |
| Total investments and cash | <u>143,130,261</u> | <u>135,920,807</u> |
| Accrued investment income | 656,211 | 660,793 |
| Premiums and reinsurance balances receivable, net of allowances for uncollectible amounts of \$150,000 at 6/30/2021 and 12/31/2020 | 24,859,066 | 23,506,171 |
| Ceded unearned premiums | 943,245 | 860,905 |
| Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of \$0 at 6/30/2021 and 12/31/2020 | 15,917,703 | 13,019,865 |
| Federal income taxes | 193,911 | 372,986 |
| Deferred policy acquisition costs, net | 6,081,798 | 5,429,620 |
| Property and equipment, at cost, net of accumulated depreciation of \$6,038,689 at 6/30/2021 and \$6,079,728 at 12/31/2020 | 3,080,594 | 2,860,331 |
| Other assets | <u>1,246,916</u> | <u>1,307,794</u> |
| Total assets | <u>\$ 196,109,705</u> | <u>\$ 183,939,272</u> |
| Liabilities and Equity | | |
| Liabilities: | | |
| Unpaid losses and settlement expenses | \$ 63,858,229 | \$ 61,575,666 |
| Unearned premiums | 33,400,351 | 29,788,834 |
| Reinsurance balances payable | 841,328 | 371,195 |
| Corporate debt | 18,460,329 | 13,465,574 |
| Accrued expenses | 3,863,743 | 3,472,511 |
| Income taxes - deferred | 1,194,709 | 1,231,271 |
| Other liabilities | <u>998,843</u> | <u>1,290,532</u> |
| Total liabilities | <u>122,617,532</u> | <u>111,195,583</u> |
| Equity: | | |
| Common stock ¹ | 35,000 | 35,000 |
| Treasury stock, at cost ² | (3,108,653) | (3,153,838) |
| Additional paid-in capital | 32,788,441 | 32,780,436 |
| Accumulated other comprehensive earnings, net of tax | 4,374,556 | 5,520,091 |
| Retained earnings | 41,864,722 | 40,140,115 |
| Less: Unearned Employee Stock Ownership Plan shares at cost ³ | <u>(2,461,893)</u> | <u>(2,578,115)</u> |
| Total equity | <u>73,492,173</u> | <u>72,743,689</u> |
| Total liabilities and equity | <u>\$ 196,109,705</u> | <u>\$ 183,939,272</u> |

¹ Par value \$0.01; authorized: 2021 – 10,000,000 shares and 2020 – 10,000,000 shares; issued: 2021 – 3,500,000 shares and 2020 – 3,500,000 shares; outstanding: 2021 – 3,294,623 and 2020 – 3,291,125 shares

² 2021 – 205,377 shares and 2020 – 208,875 shares

³ 2021 – 246,189 shares and 2020 – 257,811 shares

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

| | For the Three-Months Ended June 30, | |
|---|--|-------------------|
| | 2021 | 2020 |
| Net premiums earned | \$ 12,732,807 | \$ 11,374,746 |
| Net investment income | 783,718 | 908,550 |
| Net realized investment gains (losses) | 349,906 | (438,619) |
| Net unrealized gains on equity securities | 728,819 | 2,709,763 |
| Other income | <u>91,318</u> | <u>69,069</u> |
| Consolidated revenues | <u>14,686,568</u> | <u>14,623,509</u> |
| Losses and settlement expenses | 8,664,280 | 9,208,484 |
| Policy acquisition costs and other operating expenses | 5,047,023 | 4,254,266 |
| Interest expense on debt | 58,014 | 56,721 |
| General corporate expenses | <u>196,133</u> | <u>125,335</u> |
| Total expenses | <u>13,965,450</u> | <u>13,644,806</u> |
| Earnings before income taxes | <u>721,118</u> | <u>978,703</u> |
| Total income tax expense | <u>158,450</u> | <u>196,738</u> |
| Net earnings | <u>\$ 562,668</u> | <u>\$ 781,965</u> |
| Other comprehensive earnings, net of tax | <u>1,080,987</u> | <u>3,524,729</u> |

| | | |
|---|---------------------|---------------------|
| Comprehensive earnings | <u>\$ 1,643,655</u> | <u>\$ 4,306,694</u> |
| Earnings per share: | | |
| Basic: | | |
| Basic net earnings per share | \$ 0.18 | \$ 0.26 |
| Diluted: | | |
| Diluted net earnings per share | \$ 0.18 | \$ 0.26 |
| Weighted average number of common shares outstanding: | | |
| Basic | 3,051,010 | 3,029,693 |
| Diluted | 3,064,455 | 3,036,116 |

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

| | For the Six-Months Ended June 30, | |
|---|--------------------------------------|-----------------------|
| | 2021 | 2020 |
| Net premiums earned | \$ 24,781,520 | \$ 24,388,735 |
| Net investment income | 1,585,124 | 1,743,950 |
| Net realized investment gains (losses) | 536,615 | (342,987) |
| Net unrealized gains (losses) on equity securities | 1,605,135 | (979,584) |
| Other income | 138,034 | 119,267 |
| Consolidated revenues | <u>28,646,428</u> | <u>24,929,381</u> |
| Losses and settlement expenses | 16,466,986 | 17,050,566 |
| Policy acquisition costs and other operating expenses | 9,514,601 | 9,019,240 |
| Interest expense on debt | 111,716 | 92,049 |
| General corporate expenses | 360,117 | 299,756 |
| Total expenses | <u>26,453,420</u> | <u>26,461,611</u> |
| Earnings (loss) before income taxes | <u>2,193,008</u> | <u>(1,532,230)</u> |
| Total income tax expense (benefit) | 468,401 | (340,899) |
| Net earnings (loss) | <u>\$ 1,724,607</u> | <u>\$ (1,191,331)</u> |
| Other comprehensive (loss) earnings, net of tax | (1,145,535) | 1,813,883 |
| Comprehensive earnings | <u>\$ 579,072</u> | <u>\$ 622,552</u> |
| Earnings per share: | | |
| Basic: | | |
| Basic net earnings (loss) per share | \$ 0.57 | \$ (0.39) |
| Diluted: | | |
| Diluted net earnings (loss) per share | \$ 0.57 | \$ (0.39) |
| Weighted average number of common shares outstanding: | | |
| Basic | 3,037,738 | 3,019,788 |
| Diluted | 3,051,183 | 3,026,210 |

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SOURCE ICC Holdings, Inc.