

ICC Holdings, Inc.
Annual Shareholders Meeting Transcript
Held June 14, 2024, 09:00 AM CDT

0:00

The broadcast is now starting. All attendees are in listen-only mode.

0:05

Hello everyone and welcome to the 2024 Annual Meeting of Shareholders for ICC Holdings, Inc.

0:14

Before we get started, I would like to go over a few items so you know how to participate in today's meeting.

0:20

You have joined the Annual Meeting using your computer's speaker system by default.

0:24

If you would prefer to join over the telephone, just select phone call in the audio pane and the dial-in information will be displayed.

0:33

You will have the opportunity to submit text questions to today's presenters by typing your questions into the questions pane of the control panel.

0:42

You may send in your questions at any time during the meeting and we will collect these and address them during the Q &A session at the end of today's meeting.

0:50

Today's meeting is being recorded. And with that, I would now like to introduce Jerry Pepping. Go ahead.

1:05

Good morning, everyone, and welcome to the annual meeting of ICC Holdings, Inc. We are pleased that you are participating virtually.

1:12

I am Jerry Pepping, your Chairperson of the Board of Directors.

1:16

This year's annual meeting is being conducted via live audio webcasts only, and can be accessed virtually via the internet by following the instructions included in your proxy statement.

1:27

Michael J. Barbera from First Coast Results, Inc.

1:31

will act as Inspector of Elections today.

1:34

Also present virtually is Tim Nowak from Johnson Lambert LLP, the company's independent registered public accounting firm for the year ended December 31, 2023.

1:46

We also have present virtually John Fritz from Plant Moran PLLC, the company's independent registered public accounting firm for the year ending December 31, 2024.

1:58

The agenda for today's annual meeting is to conduct the business set forth in the notice of the annual meeting dated May 1, 2024.

2:07

Following the adjournment of the annual meeting, there will be a report from our Chief Executive Officer Arron Sutherland.

2:13

If you have a question regarding the matters to be considered at the annual meeting, that you would like us to consider, please send it through the chat function on the website.

2:24

We will answer as many questions as possible before adjourning.

2:28

If we are unable to respond to any questions submitted during the meeting, we will endeavor to respond to you offline at a later time.

2:36

Please note that in light of the withdrawal of Mr.

2:39

Stillwell as a nominee, we will not be answering any questions regarding his nomination or the proxy contest.

2:46

I now call the annual meeting of shareholders of ICC Holdings, Inc. to order.

2:52

We will now proceed with the items to be voted upon by our shareholders.

2:57

Shareholders of record who are voting by proxy do not need to vote today unless they wish to change the vote on their proxies.

3:04

If there is anyone who wishes to vote virtually during the meeting, please do so now following the instructions on this website.

3:13

Only validated shareholders can vote during today's meeting by following the instructions on the website.

3:19

We will be closing the polls after the matters for today's annual meeting have been introduced.

3:26

The secretary for this annual meeting, Julia Suiter, has confirmed to me that copies of the notice of the annual meeting were mailed on or about May 1st, 2024, to each holder of record of common stock at the close of business on April 16, 2024, which was the record date.

3:44

As of the record date, the company had outstanding 3,142,143 shares of common stock outstanding and entitled to vote.

3:56

I have been advised that there are a sufficient number of shares of common stock present virtually in attendance or by proxy, therefore a quorum is present.

4:06

This meeting has been called to consider and act upon three matters each of which is described in the notice of the annual meeting that you all have received.

4:16

The first order of business to come before the meeting is the election of the class one directors to hold office until the annual meeting of shareholders to be held in 2027 and until the respective successors have been elected and qualified.

4:30

The three nominees of the directors are James R. Dingman, John R. Klockau, and Gerald J. Pepping.

4:40

On March 7, 2024, a group of shareholders affiliated with Joseph Stillwell had previously submitted a notice of nomination for the nomination of a director for election at the annual meeting.

4:52

On June 10, 2024, this group notified the company of its irrevocable withdrawal of such director nomination.

4:59

Accordingly, there are no other nominees for consideration at the meeting as we have not received timely notice of any other nominees.

5:09

Information concerning the qualifications of the nominees and to the board directors is in the proxy statement accompanying the company's notice to shareholders.

5:17

Therefore I declare the nominations closed.

5:22

The second order of business to come before the meeting is the approval of an advisory non-binding resolution with respect to the company's compensation.

5:32

The third order of business to come before the meeting is the ratification of the appointment of Plante Moran PLLC as the company's independent registered public accounting firm for the year ending December 31, 2024.

5:49

The company's bylaws provide that any new business to be taken up at an annual meeting must be stated in writing and filed with the secretary of the company prior to the year's annual meeting.

5:59

This year no notice of any other proposal was timely received by the secretary of the company.

6:06

I would now like to request that the secretary of the meeting read out any questions raised by shareholders regarding the matters to be considered at this annual meeting. Again, please note that in light of the withdrawal, Mr.

6:17

Stilwell is a nominee as a director.

6:20

We will not be answering any questions concerning his nomination or the proxy contest.

6:31

We appear to have no questions.

6:34

As there are no relevant questions to be presented, I now hereby declare the polls closed.

6:42

Mrs. Souter will now report on the tabulated votes.

6:46

Mr.

6:46

Chairperson, we have tabulated the votes and report the following.

6:50

One, each of Messers, Dingman, Klockau, and Pepping have been elected as directors, having received a plurality of the votes for the shares entitled to vote.

7:00

Two, shareholders have approved the non-binding advisory vote on the company's executive compensation by receiving more than a majority of the votes cast.

7:11

Three, the appointment of Plant Moran PLLC as the company's independent registered public accounting firm for the fiscal year ending December 31, 2024 has been approved by receiving more than a majority of the votes cast.

7:30

We will provide the specific voting results in a Form 8K to be filed with the SEC shortly after this meeting.

7:40

On the basis of the vote of the shareholders of the company, Mr. Dingman, Mr.

7:44

Klockhau, and Mr. Pepping are hereby declared elected as Class 1 directors.

7:50

Secondly, the shareholders have approved the non-binding advisory vote on the company's compensation.

7:57

And lastly, Plante Moran PLLC is appointed as the company's independent registered public accounting firm for the fiscal year ending December 31, 2024.

8:08

As there is no other business, this concludes the annual meeting of shareholders of ICC Holdings Inc. which is now adjourned.

8:15

I would like again to express my sincere appreciation to the shareholders who the meeting, as well as those who submitted their proxies but were unable to attend virtually.

8:27

At this point, I will turn the meeting over to Arron Sutherland, our CEO.

8:31

He will present a report on the state of the company's business.

8:36

Thank you, Mr. Chairperson, and let me add my welcome to all of you present today.

8:40

It is my privilege to provide you with an update on our company.

8:44

Advanced slide, please. Advanced slide, please.

8:51

So this is the basic agenda we're going to cover today of a high level of strategic update.

8:57

I'll bring a little bit about the merger agreement that has been announced, our results, and a geographic footprint update. Advanced slide please.

9:07

So the strategic update, I want to talk both about operational matters and investment returns and a little bit of information about what we'll be doing going forward. Advanced slide please.

9:21

First, the merger agreement that the press release has gone out detailing, just from a real high level, the company will be receiving \$23.50 per share of common stock for a transaction of approximately \$73.8 million. This will be an all cash transaction.

9:38

The company will be owned 100% by Mutual Capital Holdings.

9:42

We do intend independently and we I would want to make everyone aware that we do still require the customary regulatory approvals before the deal was closed.

9:56

Advanced slide please.

10:00

So you have in front of you our income statements for the full years of 22, 23 and then the first quarter of 24.

10:08

I would like to highlight that first foremost that the most recent information 2024 you can see we've had a strong first quarter with net earnings of 2.2 million and that continued a trend of improved earnings that we saw in 2023.

10:24

Investment income was up 28% in 2023 and it continues to increase in 2024 where we take advantage of the current interest rate environment and keep positioning our fixed income portfolio to take advantage of those rates.

10:41

Advanced slide please.

10:43

Here you have some information on our byline experience.

10:47

A couple of highlights that I will give is, one, I'd like to highlight the continued improvement in the property line, even though we do not have that line of business yet to profitability on a net basis.

10:58

It has been profitable this year on a gross basis, and over time we think the corrective measures we've taken with both rate and coverage changes will lead to long-term profitability on the property line.

11:12

I will acknowledge that in 23 we had a slight blip in our liquor liability line of its combined being over 100 for the first time and I will talk a little bit about what drove that later in the presentation.

11:25

But overall as you can see for the last five years we've had the statutory combined ratio under 100.

11:31

Advanced slide please.

11:35

When you look at the bi-state results for the most part this is consistent there are not that many items to highlight but it will highlight the, we recognize the unfavorable trend in the state of Arizona.

11:48

And we've taken measures to take significant rate increase in that state in the excess of 25% on most lines and also reducing the available limits to limit the loss exposure.

12:01

And then I will highlight that Missouri continues to be a challenge with its difficult legal environment.

12:05

So we have taken even more drastic steps to turn around Missouri with limited limits, rate increases, as well as exiting certain classes of business in the state. Advanced slide please.

12:21

This slide highlights for you the the increasing average policy premium despite a decrease in average building and BP limit per policy.

12:31

So we have the very favorable position of increasing rate with a decreasing exposure.

12:37

And on the liability side, you will see an increase in exposure, but I'll highlight that that is primarily because we are always endeavoring to get more accurate sales information from our risk so that we can have a better matching of the premium and the risk on the liability side.

12:52

So I consider both of those very good news.

12:55

Advanced slide, please.

12:58

From a balance sheet perspective, our balance sheet continues to be very strong and we continue to be very well capitalized.

13:05

Equity is already up two and a half percent in the first quarter of 2024, and that is on top of a 13.6% increase since 2022.

13:16

So we have equity growing, and the other part I would like to highlight is invested assets are up over 13% since 2022, and that's due to strong operating cashflow combined with the improved interest rates that I mentioned earlier that the company takes advantage of in its investment portfolio.

13:35

Advanced slide, please.

13:38

This is just to highlight loss in DCC reserve development.

13:43

It matches up with schedule P part two in the statutory statement.

13:46

We do endeavor to have that first accident year be our most conservative action year pick.

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And you can see seven out of the 10 years that is the case.

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We recognize that 2021 does have a blip that we did miss reserves and that corresponds with that liquor liability loss increase that I was talking about earlier.

14:06

We've definitely saw some increase in loss activity following COVID as establishments opened back up.

14:15

There was just more activity, more chance for a loss to happen, and we've unfortunately seen the results of that.

14:23

I think you'll see 2022 and 2023 we've taken a conservative reserve pick, and on top of that, we expect to see those liquor liability results return to norms.

14:33

Advanced slide, please.

14:35

This is just simply a highlight of the historical book value per share, even though we do not have the book value back to an all-time high.

14:46

We are very happy to see that there's been an improving trend in the last two years, and we hope to see that continue going forward, and I'd highlight that that book value per share is below the price received in the transaction.

15:01

Advanced slide please.

15:04

This is just a highlight of our current geographic footprint and what we have to come.

15:09

We continue to expand through geographic expansion.

15:12

We intend to stay focused on the bar and restaurant, the hospitality niche.

15:18

We just entered in 2024 Tennessee and Kentucky and we've started great business in both states.

15:25

It's a slow, deliberate expansion so we do not expect a lot of premium in one year.

15:30

We want to make sure the rates are sufficient and take our time understanding the states.

15:35

And then we've highlighted North Dakota, South Dakota, and Nebraska as future entry planned and we expect to be writing business at towards the end of 2025 in those states. Advanced slide please.

15:49

At this point I would encourage you to enter questions into the chat and we will be happy to answer any of those.

15:55

And as you're doing that, advanced slide please.

16:00

I will say thank you for your time.

16:04

I would now like to request that the secretary of the meeting read out any general questions raised by shareholders regarding the company.

16:12

Again, there appear to be no questions.

16:15

As there are no further questions, I would like to conclude the Q &A portion of the general report.

16:20

And thank you for your continued investment in ICC Holdings.

16:23

Thank you.

16:26

This concludes the annual meeting.

16:28

Thank you to all shareholders for attending today's meeting.

16:32

Enjoy the rest of your day.