

**Section 1: 8-K (8-K)**

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

**FORM 8-K**

**CURRENT REPORT**

**PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

**Date of Report (Date of earliest event Reported): May 13, 2020**

**Conifer Holdings Inc.**

(Exact Name of Registrant as Specified in Charter)

**Michigan**  
(State or Other Jurisdiction of Incorporation)

**001-37536**  
(Commission File Number)

**27-1298795**  
(I.R.S. Employer Identification Number)

**550 West Merrill Street, Suite 200**  
**Birmingham, MI 48009**  
(Address of Principal Executive Offices) (Zip Code)

Registrant's telephone number, including area code: **(248) 559-0840**

(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

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

<b>Title of each class</b>	<b>Trading Symbol(s)</b>	<b>Name of each exchange on which registered</b>
Common Stock, no par value	CNFR	The Nasdaq Stock Market LLC

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter)

Emerging growth company

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

**Item 2.02. Results of Operations and Financial Condition.**

On May 13, 2020, Conifer Holdings, Inc. (the "Company") publicly announced results for the first quarter of 2020. A copy of the Company's news release is attached hereto as Exhibit 99.1 and is incorporated herein by reference. The information in this Item 2.02 and the attached exhibit shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor shall they be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act except as shall be expressly stated by specific reference in such filing.

**Item 9.01. Financial Statements and Exhibits.**

Exhibit 99.1 [Press release dated May 13, 2020](#)

## SIGNATURE

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

Conifer Holdings Inc.

Date: May 14, 2020

By: /s/ BRIAN J. RONEY  
Brian J. Roney  
President

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## Section 2: EX-99.1 (EX-99.1)

Ex 99.1



Conifer  
Holdings  
Inc.

**News Release**  
For Further Information:  
Jessica Gulis, 248.559.0840  
[ir@cnfrh.com](mailto:ir@cnfrh.com)

### Conifer Holdings Reports 2020 First Quarter Financial Results Company to Host Conference Call at 8:30 AM ET on Thursday, May 14, 2020

Birmingham, MI, May 13, 2020 - Conifer Holdings, Inc. (Nasdaq: CNFR) ("Conifer" or the "Company") today announced results for the first quarter ended March 31, 2020.

#### First Quarter 2020 Financial Highlights (compared to the prior year period)

- Gross written premium increased 3.6% to \$25.1 million due to growth in commercial specialty lines
- Commercial Lines combined ratio was 112.8% (accident year combined ratio was 94.9%)
- Personal Lines combined ratio was 96.9% (accident year combined ratio was 92.9%)
- The Company's overall combined ratio was 111.6% (accident year combined ratio was 94.7%)
- Net loss of \$4.7 million, or \$0.49 per share based on 9.6 million average shares outstanding; largely due to a decline in the value of equity securities resulting from disruption in financial markets related to the COVID-19 pandemic

#### Management Comments

James Petcoff, Chairman and CEO, commented, "For the quarter, we achieved steady growth in both our commercial and personal lines segments, despite the unique and disruptive challenges created by the COVID-19 pandemic. While the tumult in the capital markets resulted in a net loss during the quarter, we were pleased with the improvement in premium growth."

Mr. Petcoff continued, "We are continuing to evaluate the overall impact of COVID-19 on our business, with our primary focus on the safety and well-being of our insureds, agent partners and employees. While the economic challenges presented by COVID-19 create uncertainty, we are encouraged by strong retention across our core books of business, and believe our continuing underwriting discipline will serve us well in the long-term."

Financial Results for the Three Months Ended 2020 and 2019

	<b>As of and for the</b>		
	<b>Three Months Ended March 31,</b>		
	<b>2020</b>	<b>2019</b>	<b>% Change</b>
	(dollars in thousands, except share and per share amounts)		
Gross written premiums	\$ 25,084	\$ 24,216	3.6%
Net written premiums	21,051	20,322	3.6%
Net earned premiums	22,017	21,687	1.5%
Net investment income	954	910	4.8%
Net realized investment gains (losses)	928	19	**
Change in fair value of equity investments	(3,086)	1,265	
Other gains	115	-	**
Net income (loss)	(4,725)	(680)	**
Net income (loss) per share, diluted	\$ (0.49)	\$ (0.08)	
Adjusted operating income (loss)*	(2,682)	(4,247)	
Adjusted operating income (loss) per share, diluted*	\$ (0.28)	\$ (0.50)	
Book value per common share outstanding	\$ 3.81	\$ 5.14	
Weighted average shares outstanding, basic and diluted	9,592,774	8,453,570	
Underwriting ratios:			
Loss ratio (1)	64.5%	66.5%	
Expense ratio (2)	47.1%	41.6%	
Combined ratio (3)	<u>111.6%</u>	<u>108.1%</u>	

\* The "Definitions of Non-GAAP Measures" section of this release defines and reconciles data that are not based on generally accepted accounting principles.

\*\* Percentage is not meaningful

(1) The loss ratio is the ratio, expressed as a percentage, of net losses and loss adjustment expenses to net earned premiums and other income from underwriting operations.

(2) The expense ratio is the ratio, expressed as a percentage, of policy acquisition costs and other underwriting expenses to net earned premiums and other income from underwriting operations.

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

2020 First Quarter Premiums

*Gross Written Premiums*

Gross written premiums increased 3.6% in the first quarter of 2020 to \$25.1 million, compared to \$24.2 million in the prior year period. The increase was largely due to growth in commercial specialty lines, with an increase in both rate and new business opportunities, along with moderate growth in the Company's personal lines driven by stable growth in its low-value dwelling line of business.

### *Net Earned Premiums*

Net earned premiums increased 1.5% to \$22.0 million for the first quarter of 2020, compared to \$21.6 million for the prior year period. The increase was largely in personal lines and was substantially due to lower reinsurance costs.

### Commercial Lines Financial and Operational Review

#### Commercial Lines Financial Review

	<u>Three Months Ended March 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>% Change</u>
	(dollars in thousands)		
Gross written premiums	\$ 23,444	\$ 22,584	3.8%
Net written premiums	19,687	19,306	2.0%
Net earned premiums	20,431	20,698	-1.3%
Underwriting ratios:			
Loss ratio	65.6%	60.5%	
Expense ratio	<u>47.2%</u>	<u>40.4%</u>	
Combined ratio	<u>112.8%</u>	<u>100.9%</u>	
Contribution to combined ratio from net (favorable) adverse prior year development	17.9%	4.4%	
Accident year combined ratio (1)	<u>94.9%</u>	<u>96.5%</u>	

(1) The accident year combined ratio is the sum of the loss ratio and the expense ratio, less changes in net ultimate loss estimates from prior accident year loss reserves. The accident year combined ratio provides management with an assessment of the specific policy year's profitability and assists management in their evaluation of product pricing levels and quality of business written.

The Company's commercial lines of business, representing 93.5% of total gross written premium in the first quarter of 2020, primarily consists of property and liability coverage offered to owner-operated small- to mid-sized businesses. Commercial lines gross written premium increased 3.8% in the first quarter of 2020 as the Company continues to shift its mix towards more profitable specialty lines.

Commercial lines combined ratio was 112.8% for the three months ended March 31, 2020, compared to 100.9% in the prior year period, largely due to a 17.9% contribution from adverse development on 2017 and prior accident years.

Commercial lines current accident year combined ratio was 94.9% for the quarter.

## Personal Lines Financial and Operational Review

### Personal Lines Financial Review

	<u>Three Months Ended March 31,</u>		
	<u>2020</u>	<u>2019</u>	<u>% Change</u>
	(dollars in thousands)		
Gross written premiums	\$ 1,640	\$ 1,632	0.5%
Net written premiums	1,364	1,016	34.3%
Net earned premiums	1,586	989	60.4%
Underwriting ratios:			
Loss ratio	49.8%	187.5%	
Expense ratio	47.1%	66.1%	
Combined ratio	<u>96.9%</u>	<u>253.6%</u>	
Contribution to combined ratio from net (favorable) adverse prior year development	4.0%	105.1%	
Accident year combined ratio	<u>92.9%</u>	<u>148.5%</u>	

Personal lines, representing 6.5% of total gross written premium for the first quarter of 2020, consists largely of low-value dwelling homeowner's insurance. Personal lines gross written premium increased 0.5% to \$1.6 million in the first quarter of 2020 compared to the prior year period, largely due to renewed growth in the Company's low-value dwelling line of business.

Personal lines combined ratio was 96.9% for the three months ended March 31, 2020, compared to 253.6% in the prior year period. Personal lines loss ratio for the three months ended March 31, 2020 improved considerably to 49.8%, compared to 187.5% in the prior year period, largely driven by lower losses from wind-exposed homeowners lines (specifically Florida homeowners). The Company's wind-exposed lines of business continue to represent a smaller portion of the Company's overall gross premiums written.

The personal lines accident year combined ratio was 92.9% for the quarter.

## Combined Ratio Analysis

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
	(dollars in thousands)	
Underwriting ratios:		
Loss ratio	64.5%	66.5%
Expense ratio	47.1%	41.6%
Combined ratio	<u>111.6%</u>	<u>108.1%</u>
Impact to combined ratio from net (favorable)		
adverse prior year development	16.9%	9.1%
Accident year combined ratio	<u>94.7%</u>	<u>99.0%</u>

### *Combined Ratio*

The Company's combined ratio was 111.6% for the quarter ended March 31, 2020, compared to 108.1% for the same period in 2019. The Company's accident year combined ratio for the quarter ended March 31, 2020 was 94.7%, compared to 99.0% in the prior year period.

### *Loss Ratio:*

The Company's losses and loss adjustment expenses were \$14.3 million for the three months ended March 31, 2020, compared to \$14.5 million in the prior year period. This resulted in a lower loss ratio of 64.5%, compared to 66.5% in the prior year period.

### *Expense Ratio:*

The expense ratio was 47.1% for the first quarter of 2020, compared to 41.6% in the prior year period. The expense ratio was higher due to a combination of factors. First, in the second quarter of 2019, the Company began allocating more commission expense to the Underwriting Segment which it paid to the Agency segment. This did not increase acquisition costs on a consolidated basis but did increase the acquisition cost ratio (a major component of the expense ratio). There were several operating expense timing differences of incurred costs resulting in a slightly lower-than-normal 2019 first quarter expense ratio while the 2020 first quarter expense ratio is slightly higher than average.

### *Net Investment Income*

Net investment income was \$954,000 during the fourth quarter ended March 31, 2020, compared to \$910,000 in the prior year period. Net realized gains during the first quarter ended March 31, 2020 were \$928,000, compared to net realized gains of \$19,000 in the prior year period.

### Change in Fair Value of Equity Securities

During the quarter, the Company reported an unrealized loss from change in fair value of equity investments of \$3.1 million, compared to a gain of \$1.3 million in the prior year period. This decline was largely related to disruption in financial markets related to the COVID-19 pandemic.

### Net Income (Loss)

In the first quarter of 2020, the Company reported a net loss of \$4.7 million, or \$0.49 per share, compared to a net loss of \$680,000, or \$0.08 per share in the prior year period.

### Adjusted Operating Income (Loss)

In the first quarter of 2020, the Company reported adjusted operating loss of \$2.7 million, or \$0.28 per share, compared to adjusted operating loss of \$4.2 million, or \$0.50 per share, for the same period in 2019. See Definitions of Non-GAAP Measures.

### Earnings Conference Call with Accompanying Slide Presentation

The Company will hold a conference call/webcast on Thursday, May 14, 2020 at 8:30 a.m. ET to discuss results for the first quarter ended March 31, 2020.

Investors, analysts, employees and the general public are invited to listen to the conference call via:

Webcast: On the Event Calendar at [IR.CNFRH.com](http://IR.CNFRH.com)  
Conference Call: 844-868-8843 (domestic) or 412-317-6589 (international)

The webcast will be archived on the Conifer Holdings website and available for replay for at least one year.

### About the Company

Conifer Holdings, Inc. is a Michigan-based insurance holding company. Through its subsidiaries, Conifer offers customized insurance coverage solutions in both specialty commercial and specialty personal product lines marketing mainly through independent agents in all 50 states. The Company is traded on the Nasdaq Global Market (Nasdaq: CNFR). Additional information is available on the Company's website at [www.CNFRH.com](http://www.CNFRH.com).

### Definitions of Non-GAAP Measures

Conifer prepares its public financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Statutory data is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual, and therefore is not reconciled to GAAP data.

We believe that investors' understanding of Conifer's performance is enhanced by our disclosure of adjusted operating income. Our method for calculating this measure may differ from that used by other companies and therefore comparability may be limited. We define adjusted operating income (loss), a non-GAAP measure, as net income (loss) excluding net realized investment gains and losses, after-tax, excluding the tax impact of changes in unrealized gains and losses, and including the net change in deferred gain on losses ceded to the Adverse Development Cover (ADC). We use adjusted operating income as an internal performance measure in the management of our operations because we believe it gives our management and other users of our financial information useful insight into our results of operations and our underlying business performance.

*Reconciliations of adjusted operating income and adjusted operating income per share:*

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<b>2020</b>	<b>2019</b>
	(dollars in thousands, except share and per share amounts)	
Net income (loss)	\$ (4,725)	\$ (680)
Less:		
Net realized investment gains (losses) and other gains, net of tax	1,043	19
Change in fair value of equity securities, net of tax	(3,086)	1,265
Net decrease (increase) in deferred gain on losses ceded to ADC, net of tax	-	2,283
Adjusted operating income (loss)	<u>\$ (2,682)</u>	<u>\$ (4,247)</u>
Weighted average common shares, diluted	9,592,774	8,453,570
Diluted income (loss) per common share:		
Net income (loss)	\$ (0.49)	\$ (0.08)
Less:		
Net realized investment gains (losses) and other gains, net of tax	0.11	-
Change in fair value of equity securities, net of tax	(0.32)	0.15
Net decrease (increase) in deferred gain on losses ceded to ADC, net of tax	-	0.27
Adjusted operating income (loss) per share	<u>\$ (0.28)</u>	<u>\$ (0.50)</u>

### Forward-Looking Statement

This press release contains forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Forward-looking statements give current expectations or forecasts of future events or our future financial or operating performance, and include Conifer's expectations regarding premiums, earnings, its capital position, expansion, and growth strategies. The forward-looking statements contained in this press release are based on management's good-faith belief and reasonable judgment based on current information. The forward-looking statements are qualified by important factors, risks and uncertainties, many of which are beyond our control, that could cause our actual results to differ materially from those in the forward-looking statements, including those described in our form 10-K ("Item 1A Risk Factors") filed with the SEC on March 12, 2020 and subsequent reports filed with or furnished to the SEC. Any forward-looking statement made by us in this report speaks only as of the date hereof or as of the date specified herein. We undertake no obligation to publicly update any forward-looking statement, whether as a result of new information, future developments or otherwise, except as may be required by any applicable laws or regulations.

**Conifer Holdings, Inc. and Subsidiaries**  
**Consolidated Balance Sheets**  
(dollars in thousands, except share data)

	<b>March 31, 2020</b>	<b>December 31, 2019</b>
<b>Assets</b>	<b>(Unaudited)</b>	
<b>Investment securities:</b>		
Debt securities, at fair value (amortized cost of \$135,281 and \$129,313, respectively)	\$ 135,269	\$ 131,000
Equity securities, at fair value (cost of \$14,125 and \$6,554, respectively)	11,790	7,306
Short-term investments, at fair value	27,178	31,426
<b>Total investments</b>	174,237	169,732
Cash and cash equivalents	8,100	7,464
Premiums and agents' balances receivable, net	18,804	20,168
Receivable from Affiliate	-	313
Reinsurance recoverables on unpaid losses	22,022	22,579
Reinsurance recoverables on paid losses	3,746	5,155
Prepaid reinsurance premiums	997	1,250
Deferred policy acquisition costs	11,508	11,906
Other assets	9,598	8,698
<b>Total assets</b>	\$ 249,012	\$ 247,265
<b>Liabilities and Shareholders' Equity</b>		
<b>Liabilities:</b>		
Unpaid losses and loss adjustment expenses	\$ 109,657	\$ 107,246
Unearned premiums	50,534	51,503
Reinsurance premiums payable	833	-
Debt	36,669	35,824
Accounts payable and accrued expenses	14,781	9,967
<b>Total liabilities</b>	212,474	204,540
<b>Commitments and contingencies</b>	-	-
<b>Shareholders' equity:</b>		
Common stock, no par value (100,000,000 shares authorized; 9,592,161 and 9,592,861 issued and outstanding, respectively)	92,053	91,816
Accumulated deficit	(54,305)	(49,580)
Accumulated other comprehensive income (loss)	(1,210)	489
<b>Total shareholders' equity</b>	36,538	42,725
<b>Total liabilities and shareholders' equity</b>	\$ 249,012	\$ 247,265

**Conifer Holdings, Inc. and Subsidiaries**  
**Consolidated Statements of Operations (Unaudited)**  
(dollars in thousands, except share and per share data)

	<b>Three Months Ended</b>	
	<b>March 31,</b>	
	<u>2020</u>	<u>2019</u>
<b>Revenue</b>		
Premiums		
Gross earned premiums	\$ 26,053	\$ 25,550
Ceded earned premiums	<u>(4,036)</u>	<u>(3,863)</u>
Net earned premiums	22,017	21,687
Net investment income	954	910
Net realized investment gains	928	19
Change in fair value of equity securities	(3,086)	1,265
Other gains	115	-
Other income	<u>658</u>	<u>422</u>
Total revenue	21,586	24,303
<b>Expenses</b>		
Losses and loss adjustment expenses, net	14,269	14,456
Policy acquisition costs	6,303	5,589
Operating expenses	5,045	4,323
Interest expense	<u>731</u>	<u>710</u>
Total expenses	<u>26,348</u>	<u>25,078</u>
Income (loss) before equity earnings and income taxes	(4,762)	(775)
Equity earnings of Affiliate, net of tax	50	106
Income tax (benefit) expense	13	11
<b>Net income (loss)</b>	<u>(4,725)</u>	<u>(680)</u>
<b>Earnings (loss) per common share,</b> <b>basic and diluted</b>	\$ (0.49)	\$ (0.08)
<b>Weighted average common shares outstanding,</b> <b>basic and diluted</b>	9,592,774	8,453,570

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