Vice President, The Equity Group, Karin Daly
Good morning, everyone, and thank you for joining us.

Atlas Financial will make details of this broadcast available on its website at www.atlas-fin.com. Additionally, you can find copies of Atlas' earnings release and supplemental investor presentation in the investor relations section of the Company's website.

Speaking today will be President and Chief Executive Officer, Scott D. Wollney, Vice President and Chief Financial Officer, Paul A. Romano and Vice President and Chief Operating Officer, Joseph R. Shugrue.

On this call, Atlas may make forward-looking statements regarding the Company, its subsidiaries, and businesses. Such statements are based on the current expectations of the management of each entity. The words "anticipate", "expect", "believe", "may", "should", "estimate", "project", "outlook", "forecast" or similar words are used to identify such forward looking information. The forward-looking events and circumstances discussed on this call may not occur and could differ materially as a result of known and unknown risk factors and uncertainties affecting the companies. These factors can be found in their filings with the Securities and Exchange Commission, in the "Risk Factors" section of its most recent Form 10K or subsequent quarterly filings on Form 10-Q. As such, no forward-looking statement can be guaranteed.

Except as required by applicable securities laws, forward-looking statements speak only as of the date on which they are made and the Company and its subsidiaries undertake no obligation to publicly update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

With that, it's my pleasure to turn the call over to Mr. Scott Wollney, Scott?

President and Chief Executive Officer, Scott D. Wollney
Thank you very much Karin, and good morning everyone. I will start the call with a brief introduction and then turn it over to Joe to provide an update regarding our business activities and key strategic milestones starting on slide 6 of our presentation. Paul will then provide an overview of financial results. I will conclude with further information about our outlook. Our discussion today will generally follow the investor presentation. We appreciate the investor questions submitted during the quarter and will incorporate responses in our prepared remarks.

Our vision is to always be a preferred specialty transportation related insurance business that delivers benefit to all stakeholders by leveraging technology, analytics, expertise, partnerships and capital resources. In pursuit of this vision, our mission is to develop and deliver superior specialty insurance products and services to meet our customers' needs with a focus on innovation to deliver consistent operating profit for the insurance businesses we own. Our current target markets include full-time operators in the taxi, livery, limousine, and transportation network (or "TNC") niche markets. We are uniquely positioned to be a market leader in these segments, re-capturing and building on the approximately $285 million of business we wrote just a few years ago.

As a managing general agency, or "MGA", we represent unrelated insurance carriers, enabling them to access our specialty market efficiently. In this capacity, our team is able to leverage Atlas' heritage to generate value for our risk-taking insurance company partners, distribution channel, and ultimate policyholder customers.

As initially seen in the beginning of the year, our second quarter 2022 results reflect continuing recovery in our target markets, coupled with ongoing cost control initiatives undertaken due to the impact of the COVID-19 pandemic on our business. Increased demand for rides and a related improvement in driver supply resulted in more vehicles being deployed in our target markets during the quarter. While these increases may have been tempered by continued high gas prices and limited availability of vehicles, we remain encouraged by a record number of monthly application counts since the COVID-19 pandemic impact. Commissions related to go-forward lines of business increased by more than 100% as compared to the same quarter last year.

I will now turn the call over to Joe Shugrue, our Chief Operating Officer, to provide more information regarding the industry, our progress, and to highlight longer-term operating priorities.

Vice President and Chief Operating Officer, Joseph R. Shugrue
Thanks Scott. We've transitioned from a long-standing history as a group of traditional insurance carriers to a technology and analytics-focused managing general agency with the goal of EBITDA growth through strategic relationships with risk taking partners who have larger balance sheets and a lower cost of capital. Technology and analytics developed over time with decades of unique data is central to our business model. Expanding the scope of our product offerings is another important next step in terms of our ability to succeed in executing on our Vision and Mission. The overriding objective of this strategic shift was, and is, to deploy the valuable assets that Atlas developed over more than a decade in a way that can provide an asymmetric risk adjusted return.

We continue to leverage our heritage in the specialty markets on which we focus. The business we write is highly transactional and our competitors are generally fragmented. Our distribution channel includes more than 400 independent producers across the country. We've developed systems that are specifically designed to provide ease of use for our producers which gives us a competitive advantage. In addition, by integrating predictive analytics and other tools into our proprietary technology platform, we are able to maintain important underwriting controls and operating efficiency at the same time.

Our key success drivers include:

- Decades of data in our niche market
- More than $10 million in technology and analytics development invested prior to challenges in recent years
- Expert staff that embraces innovation
- Systems and workflows designed around highly transactional business
- Ability to capitalize on hard commercial auto market
- Unique insights based on industry and affiliate insurance company results

As noted on slide 7, the Chicago taxi market (which has generally been a good proxy for most of the country in terms of the impact of the COVID-19 pandemic on our customers activity) continued to recover in the most recent quarter. However, transportation network company rides (which initially led the recovery) have flattened out. While there are a number of factors creating this situation, we believe that growing passenger demand for rides is resulting in more and more full-time taxi and livery vehicles being put into service. During the next twelve to twenty-four months, we will focus on re-capturing market share of this business as it comes on-line in order to achieve substantial premium and commission growth.

While there are some markets, like Las Vegas, Nevada, that have seen higher levels of recovery, generally speaking our customers are still operating less than half the vehicles they had on the street prior to the pandemic. As a result of the supply and demand imbalance that currently exists, the average cost per mile for TNC rides is much higher than it historically was, leading to many consumers seeking out the type of predictable metered fares taxis provide. This trend, coupled with taxis being added to TNC platforms, are two reasons we believe it is reasonable to expect our addressable market to ultimately be larger in the future than it was immediately prior to the pandemic.

There are certain geographies, like New York and San Francisco, where a downturn in taxi trips was observed in the last couple months. While we are not currently writing business in New York, San Francisco is an active market for us. Our producers in California indicate that while it may be slowing the addition of new vehicles into service, the lower number of trips is likely a result of seasonality and has not resulted in vehicles being taken out of service as an increase in passenger demand is expected.

Our hit ratios in the 40% - 50% range, which we've previously indicated is a reasonable expectation in the current hard market environment, remain strong. We are able to quote the vast majority of applications submitted to us and the percentage of policies written confirms the competitiveness of our product.

As detailed on slide 12, in the first half of 2022, applications for insurance submitted to AGMI were up +167% as compared to the same period prior year and policies issued were up +279%. Paul will provide more detail in terms of our second quarter revenue, which included an approximate 101.6% increase in commission related to go-forward business segments and included the renewal of two large account in the quarter. To note, second quarter submissions, while much higher than last year, were relatively flat month over month within the quarter which may have been a result of higher gas prices. Recently, gas surcharges have been approved in major metro areas which should help in this regard. In Q3 thus far, applications for July were higher than any other month this year; and during the first ten days of August, application counts are already almost as high as the full monthly average year to date.

Our longer-term goal is to continue to evolve our products and service to capture a proportionate share of all full-time users of light commercial vehicles in the public auto, gig-economy and delivery space. To reach this goal, we expect to leverage our expertise, technology and analytics to be a disrupter in this larger and growing addressable market.

With that I'll turn it over to Paul Romano, our Chief Financial Officer, for a review of our financial results. Paul?

Vice President and Chief Financial Officer, Paul A. Romano
Thanks, Joe. As always, I encourage everyone to review our filings and supplemental slide presentation.

Slides 14, 15 and 16 summarize the financial results as detailed in our Form 10-Q for the quarter ended June 30, 2022 which was filed this morning.

In the quarter, Atlas had a net loss from continuing operations of $5.0 million, or a negative $0.29 per common share diluted, in second quarter 2022 compared to net income from continuing operations of $660,000, or $0.06 earnings per common share diluted, in the same period last year.

Book value per common share was negative ($1.75) as of June 30, 2022 as compared to a negative $(1.72) as of December 31, 2021.

On a year over year basis, there are a number of differences related to non-recurring events and other activities necessary to re-foot our business. Slide 16 highlights the key underlying results both in terms of revenue as well as expenses which help to break out improvements in operations from non-recurring and non-operating activities. On this basis, the progress we are making towards profitability can be better understood. I encourage you to refer to our Form 10Q as filed with the SEC for more details.

AGMI, which is our managing general agency operation, generates commission and fee income, primarily derived from premiums produced on behalf of our risk bearing insurance carrier partners. We earn commission from the sale of first year and renewal policies from these partners. We also generate other revenue, mainly from professional fees in connection with service arrangements with our strategic partners.

Commission income for the three months ended June 30, 2022 totaled $639,000 compared to $1.8 million for the three months ended June 30, 2021. The decrease in commission income from the prior year period was largely due to the liquidation of Global Liberty and the fact that the Company is no longer generating commission income on the paratransit business following the sale of renewal rights in November 2021. These decreases were partially offset by the increased premium production in our ongoing programs. Most importantly, in terms of our target market, commissions from our core taxi, livery/limo and full-time TNC segments grew 101.6% year over year. Our expectation is that growth related to our go-forward business will exceed the reductions related to non-strategic historic revenue reductions.

Atlas recorded other income of $360,000 and $925,000 for the three months ended June 30, 2022 and 2021, respectively, and $1.1 million and $1.6 million for the six months ended June 30, 2022 and 2021, respectively. The decrease is related primarily to a decrease in professional services revenue.

Acquisition costs for the three months ended June 30, 2022 were $335,000 compared to $955,000 for the three months ended June 30, 2021, respectively, and represent commissions paid to retail agents who sell our insurance policies.

Other underwriting expenses for the three months ended June 30, 2022 and 2021 were $4.9 million and $3.6 million, respectively. Offsets related to COVID-19 related federal benefits reduced expenses by approximately $590,000 during second quarter 2021. Atypical legal and other expenses, primarily related to our previously announced senior note exchange and related activities represented approximately $1.1 million of the increased expenses in 2022. Salary and benefits and other normal course operating expenses, excluding costs related to financing and the Company's headquarters building which is held for sale, were 25% lower year-over-year.

Interest expense related to the Company’s publicly traded senior notes for the three and six months ended June 30, 2022 was $552,000 and $1.0 million, respectively compared to $470,000 and $940,000 during the three and six months ended June 30, 2021, respectively. On November 10, 2016, American Acquisition entered into a ten-year 5.0% fixed rate mortgage agreement with the Company’s former insurance company subsidiaries totaling $10.7 million with principal and interest payments due monthly. Interest expense for the three and six months ended June 30, 2022 was $106,000 and $198,000, respectively, compared to $82,000 and $167,000 during the three and six months ended June 30, 2021, respectively. Prior to October 1, 2021, the interest expense payments to Global Liberty had been eliminated in consolidation. We anticipate a sale of the Company’s headquarters building via auction later in 2022.

While our continuing operations are currently generating a loss, we believe the scalable infrastructure we have in place is well positioned to generate positive EBIDTA in the future as our target customer segments continue to re-deploy their vehicles following the material reduction in their business activity during the COVID-19 pandemic.

As an MGA, we take no balance sheet risk in connection with indemnity losses related to the insurance policies we produce on behalf of our insurance carrier partners. Therefore, we expect strong risk adjusted returns as we migrate toward efficient scale. Going forward, with the many non-recurring items being fully addressed, our financial results are expected to be less complicated and primarily representative of our MGA operations.

With that, let me turn the call back to Scott for his concluding remarks.

President and Chief Executive Officer, Scott D. Wollney
Thanks Paul. With demand for rides increasing significantly in most areas of the county, we expect a meaningful pick up in full time drivers re-entering the market. As Joe pointed out, we have already seen increasing applications and policy volumes this year, especially as we entered the third quarter, which should result in greater demand for commercial auto insurance in the taxi and livery segments in particular as the year progresses.

We expect our operating loss to return to profitability as we continue to work towards positive cash flow from our managing agency operations. We’ve doubled the amount of go-forward business written through our MGA operation (“AGMI”) while reducing operating expenses year over year. As our customers’ business recovers, and potentially expands further, we have a lot of room to grow both vertically and horizontally.

Our prior experience and the technology platforms developed in connection with our Lyft/Flexdrive program, as well as our optOn insurtech initiative, will play important roles in this expansion. Our longer-term plans are to ultimately build a larger and more diversified organization than we had in 2018 prior to the challenges we faced and our subsequent evolution in strategic focus.

Our team is excited about the opportunity that lies ahead and we appreciate your time today as well as the ongoing support received from our stakeholders. We look forward to speaking to you again in November after the issuance of our third quarter 2022 financial results.