

KINGSTONE COMPANIES, INC.
Form DEF 14A
July 01, 2011

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

SCHEDULE 14A
(Rule 14a-101)
INFORMATION REQUIRED IN PROXY STATEMENT
SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of the Securities Exchange Act of 1934

Filed by the Registrant [X]
Filed by a Party other than the Registrant []

Check the appropriate box:

- [] Preliminary Proxy Statement
- [] Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))
- [X] Definitive Proxy Statement
- [] Definitive Additional Materials
- [] Soliciting Material Pursuant to Section 240.14a-12

KINGSTONE COMPANIES, INC.
(Name of Registrant as Specified in its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

Payment of Filing Fee (Check the appropriate box):

[X] No fee required
 [] Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11

1) Title of each class of securities to which transaction applies:

not applicable

2) Aggregate number of securities to which transaction applies:

not applicable

- 3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (Set forth the amount on which the filing fee is calculated and state how it was determined):

not applicable

- 4) Proposed maximum aggregate value of transaction:

not applicable

- 5) Total fee paid:

not applicable

- Fee paid previously with preliminary materials:

- Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

- 1) Amount previously paid:

- 2) Form, Schedule or Registration Statement No.:

- 3) Filing Party:

- 4) Date Filed:
-

KINGSTONE COMPANIES, INC.
1154 Broadway
Hewlett, New York 11557

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD ON AUGUST 11, 2011

To the Stockholders of Kingstone Companies, Inc.:

NOTICE IS HEREBY GIVEN that the Annual Meeting of Stockholders of Kingstone Companies, Inc., a Delaware corporation (the "Company"), will be held on August 11, 2011 at 90 Merrick Avenue, 9th Floor, East Meadow, New York 11554, at 9:00 a.m., for the following purposes:

1. To elect five directors for the coming year.
2. To transact such other business as may properly come before the meeting.

Only stockholders of record at the close of business on June 17, 2011 are entitled to notice of and to vote at the meeting or at any adjournment thereof.

Important notice regarding the availability of Proxy Materials: The proxy statement and the Company's Annual Report on Form 10-K for the year ended December 31, 2010 are available electronically to the Company's stockholders of record as of the close of business on June 17, 2011 at www.proxyvote.com.

Victor Brodsky
Secretary

Hewlett, New York
June 27, 2011

WHETHER OR NOT YOU PLAN TO ATTEND THE MEETING, PLEASE SUBMIT YOUR PROXY OR VOTING INSTRUCTIONS AS SOON AS POSSIBLE. FOR SPECIFIC INSTRUCTIONS ON HOW TO VOTE YOUR SHARES, PLEASE REFER TO THE INSTRUCTIONS ON THE NOTICE REGARDING THE AVAILABILITY OF PROXY MATERIALS YOU RECEIVED IN THE MAIL OR, IF YOU REQUESTED TO RECEIVE PRINTED PROXY MATERIALS, YOUR ENCLOSED PROXY CARD. ANY STOCKHOLDER MAY REVOKE A SUBMITTED PROXY AT ANY TIME BEFORE THE MEETING BY WRITTEN NOTICE TO SUCH EFFECT, BY SUBMITTING A SUBSEQUENTLY DATED PROXY OR BY ATTENDING THE MEETING AND VOTING IN PERSON. THOSE VOTING BY INTERNET OR BY TELEPHONE MAY ALSO REVOKE THEIR PROXY BY VOTING IN PERSON AT THE MEETING OR BY VOTING AND SUBMITTING THEIR PROXY AT A LATER TIME BY INTERNET OR BY TELEPHONE.

KINGSTONE COMPANIES, INC.
1154 Broadway
Hewlett, New York 11557

PROXY STATEMENT

SOLICITING, VOTING AND REVOCABILITY OF PROXY

This proxy statement is being made available to all stockholders of record at the close of business on June 17, 2011, in connection with the solicitation by the Board of Directors of proxies to be voted at the Annual Meeting of Stockholders to be held on August 11, 2011 at 9:00 a.m., local time, or any adjournment thereof. Proxy materials for the Annual Meeting of Stockholders were made available to stockholders on July 1, 2011.

All shares represented by proxies duly executed and received will be voted on the matters presented at the meeting in accordance with the instructions specified in such proxies. Proxies so received without specified instructions will be voted FOR the nominees named in the proxy to our Board of Directors (and the proxy holder will have discretionary authority to cumulate votes among nominees as described below).

Our Board does not know of any other matters that may be brought before the meeting nor does it foresee or have reason to believe that the proxy holder will have to vote for substitute or alternate nominees to the Board. In the event that any other matter should come before the meeting or any nominee is not available for election, the person named in the enclosed proxy will have discretionary authority to vote all proxies not marked to the contrary with respect to such matters in accordance with his best judgment.

The total number of common shares outstanding and entitled to vote as of the close of business on June 17, 2011 was 3,838,386. The common shares are the only class of securities entitled to vote on matters presented to our stockholders, each share being entitled to one vote.

Our Restated Certificate of Incorporation provides for cumulative voting of shares for the election of directors. This means that each stockholder has the right to cumulate his votes and give to one or more nominees as many votes as equals the number of directors to be elected (five) multiplied by the number of shares he is entitled to vote. A stockholder may therefore cast his votes for one nominee or distribute them among two or more of the nominees. A majority of the common shares outstanding and entitled to vote as of the close of business on June 17, 2011, or 1,919,194 common shares, must be present at the meeting in person or by proxy in order to constitute a quorum for the transaction of business. Only stockholders of record as of the close of business on June 17, 2011 will be entitled to vote. With regard to the election of directors, votes may be cast in favor or withheld. The directors shall be elected by a plurality of the votes cast in favor. Accordingly, based upon there being five nominees, each person who receives one or more votes will be elected as a director. Votes withheld in connection with the election of one or more of the nominees for director will not be counted as votes cast for such individuals and may be voted for the other nominees.

Any person giving a proxy in the form accompanying this proxy statement has the power to revoke it at any time before its exercise. The proxy may be revoked by filing with us written notice of revocation or a fully executed proxy bearing a later date. The proxy may also be revoked by affirmatively electing to vote in person while in attendance at the meeting. However, a stockholder who attends the meeting need not revoke a proxy given and vote in person unless the stockholder wishes to do so. Written revocations or amended proxies should be sent to us at 1154 Broadway, Hewlett, New York 11557, Attention: Corporate Secretary. Those voting by Internet or by telephone may also revoke their proxy by voting in person at the meeting or by voting and submitting their proxy at a later time by Internet or by telephone.

The proxy is being solicited by our Board of Directors. We will bear the cost of the solicitation of proxies, including the charges and expenses of brokerage firms and other custodians, nominees and fiduciaries for forwarding proxy materials to beneficial owners of our shares. Solicitations will be made primarily by Internet availability of proxy materials and by mail, but certain of our directors, officers or employees may solicit proxies in person or by telephone, telecopier or email without special compensation.

A list of stockholders entitled to vote at the meeting will be available for examination by any stockholder for any purpose germane to the meeting, during ordinary business hours, for ten days prior to the meeting, at our offices located at 1154 Broadway, Hewlett, New York 11557, and also during the whole time of the meeting for inspection by any stockholder who is present. To contact us, stockholders should call (516) 374-7600.

EXECUTIVE COMPENSATION

SUMMARY COMPENSATION TABLE

The following table sets forth certain information concerning the compensation for the fiscal years ended December 31, 2010 and 2009 for certain executive officers, including our Chief Executive Officer:

| Name and Principal Position | Year | Salary | Stock Awards | Option Awards(2) | Non-Equity Incentive Plan Compensation | All Other Compensation | Total |
|---|------|---------------|--------------|------------------|--|------------------------|-------------|
| Barry B. Goldstein Chief Executive Officer | 2010 | \$375,000 | \$93,325 | \$384,340 | \$ 163,203 (3) | \$ 25,415 | \$1,041,283 |
| | 2009 | \$275,000 | - | - | \$ 8,658 (4)(6) | \$ 15,854 | \$299,512 |
| Victor J. Brodsky Chief Financial Officer | 2010 | \$205,615 | - | - | \$ 4,670 (5) | \$ 5,738 | \$216,023 |
| | 2009 | \$208,533 | - | \$37,865 | - | - | \$246,398 |
| John D. Reiersen President, Kingstone Insurance Company | 2010 | \$294,664 | - | - | \$ 38,723 (5) | \$ 33,800 | \$367,187 |
| | 2009 | \$171,000 (1) | - | \$40,230 | \$ 19,612 (4)(6) | \$ 5,130 | \$235,972 |

(1) Represents salary paid by Kingstone Insurance Company (“KICO”) (formerly Commercial Mutual Insurance Company) from July 1, 2009 to December 31, 2009. Effective July 1, 2009, we acquired 100% of the stock of KICO.

(2) The amounts reported in this column represent the grant date fair value of the option awards granted during the years ended December 31, 2009 and 2010, calculated in accordance with FASB ASC Topic 718. For a more detailed discussion of the assumptions used in estimating fair value, see Note 16 (Stockholders’ Equity) of the Notes to Consolidated Financial Statements in our Annual Report on Form 10-K for the year ended December 31, 2010 that accompanies this proxy statement.

(3) Represents bonus compensation of \$142,000 accrued pursuant to Mr. Goldstein’s employment agreement payable in 2011, and \$21,203 accrued pursuant to the KICO employee profit sharing plan payable in 2011.

(4) Represents amount accrued pursuant to the KICO employee profit sharing plan paid in 2010.

(5) Represents amount accrued pursuant to the KICO employee profit sharing plan payable in 2011.

(6) Represents portion of employee profit sharing plan paid by KICO that is allocable to the period from July 1, 2009 to December 31, 2009.

Employment Contracts

Mr. Goldstein is employed as our President, Chairman of the Board and Chief Executive Officer pursuant to an employment agreement, dated October 16, 2007, as amended (the "Goldstein Employment Agreement"), that expires on December 31, 2014. Pursuant to the Goldstein Employment Agreement, effective January 1, 2010, Mr. Goldstein is entitled to receive an annual base salary of \$375,000 ("Base Salary") and annual bonuses based on our net income (which bonus, commencing for 2010, may not be less than \$10,000 per annum). Mr. Goldstein's annual base salary had been \$350,000 from January 1, 2004 through December 31, 2009. Pursuant to an amendment entered into with Mr. Goldstein as of March 24, 2010 (the "2010 Amendment"), in addition to the increase in his Base Salary to \$375,000 and minimum \$10,000 annual bonus, as noted above, the expiration date of the agreement was extended from June 30, 2010 to December 31, 2014, we issued to Mr. Goldstein 50,000 shares of common stock and we granted to him a five year option for the purchase of 188,865 shares of common stock at an exercise price of \$2.50 per share, exercisable to the extent of 25% on the date of grant and each of the initial three anniversary dates of the grant. In connection with the stock option grant, we increased the number of shares authorized to be issued pursuant to our 2005 Equity Participation Plan from 300,000 to 550,000, subject to shareholder approval, which was obtained in June 2010. Pursuant to the 2010 Amendment, we also agreed that, under certain circumstances following a change of control of Kingstone Companies, Inc. and the termination of his employment, all of Mr. Goldstein's outstanding options would become exercisable and would remain exercisable until the first anniversary of the termination date. A portion of the Base Salary amount payable to Mr. Goldstein is contractually shared with KICO.

Mr. Reiersen is employed as President and Chief Executive Officer of KICO pursuant to an employment agreement, dated September 13, 2006, as amended (the "Reiersen Employment Agreement"). Pursuant to the Reiersen Employment Agreement, Mr. Reiersen is currently entitled to receive an annual base salary of approximately \$269,000. Effective February 28, 2011, pursuant to an amendment to the Reiersen Employment Agreement, the term was extended from December 31, 2011 to December 31, 2014 and, effective January 1, 2012, Mr. Reiersen shall serve as Executive Vice President of KICO. Pursuant to the amendment, in the capacity of Executive Vice President, Mr. Reiersen shall report to the President and Chief Executive Officer of KICO and shall provide advice and assistance to the President and Chief Executive Officer of KICO, as well as other officers and management personnel of KICO, with regard to the management and operation of KICO. Pursuant to the amendment, effective January 1, 2012, it is anticipated that Mr. Reiersen will provide approximately 500 hours of services per year on behalf of KICO and his minimum annual salary will be \$100,000.

OUTSTANDING EQUITY AWARDS AT FISCAL YEAR-END

The following table sets forth certain information concerning unexercised options held by the above named executive officers as of December 31, 2010:

| Name | Option Awards | | Option Exercise Price | Option Expiration Date |
|--------------------|---|---|-----------------------|------------------------|
| | Number of Securities Underlying Unexercised Options Exercisable | Number of Securities Underlying Unexercised Options Unexercisable | | |
| Barry B. Goldstein | 130,000 | - | \$2.06 | 10/16/12 |
| | 47,216 | 141,649(1) | \$2.50 | 03/24/15 |
| Victor J. Brodsky | 10,000 | 10,000(2) | \$2.35 | 07/30/14 |
| John D. Reiersen | 5,000 | 15,000(3) | \$2.35 | 07/30/14 |

(1) Such options are exercisable to the extent of 47,216 shares effective as of March 24, 2011 and March 24, 2012 and 47,217 shares effective as of March 24, 2013.

(2) Such options are exercisable to the extent of 5,000 shares effective as of July 30, 2011 and July 30, 2012.

(3) Such options are exercisable to the extent of 5,000 shares effective as of July 30, 2011, July 30, 2012 and July 30, 2013.

Termination of Employment and Change-in-Control Arrangements

Pursuant to the Goldstein Employment Agreement and as provided for in his prior employment agreement which expired on April 1, 2007, Mr. Goldstein would be entitled, under certain circumstances, to a payment equal to one and one-half times his then annual salary in the event of the termination of his employment following a change of control of Kingstone Companies, Inc. Under such circumstances, Mr. Goldstein's outstanding options would become exercisable and would remain exercisable until the first anniversary of the termination date. In addition, in the event Mr. Goldstein's employment is terminated by Kingstone Companies, Inc. without cause or he resigns with good reason (each as defined in the Goldstein Employment Agreement), Mr. Goldstein would be entitled to receive his base salary and bonuses from Kingstone Companies, Inc. for the remainder of the term, and his outstanding options would become exercisable and would remain exercisable until the first anniversary of the termination date. In addition, in the event Mr. Goldstein's employment with KICO is terminated by KICO with or without cause, he would be entitled to receive a lump sum payment from KICO equal to six months base salary.

Pursuant to the Reiersen Employment Agreement, in the event of the termination of Mr. Reiersen's employment with KICO prior to January 1, 2012, he would be entitled to a severance payment from KICO equal to one-half of his then annual salary. In the event of the termination of Mr. Reiersen's employment with KICO on or after January 1, 2012, he would be entitled to severance in an amount equal to the lesser of \$50,000 or the remaining salary payable to him through the term of his agreement.

DIRECTOR COMPENSATION

The following table sets forth certain information concerning the compensation of our directors for the fiscal year ended December 31, 2010:

| Name | Fees Earned or Paid in Cash | Stock Awards | Option Awards | Total |
|--------------------|--------------------------------------|-----------------|------------------|----------|
| Michael R. Feinsod | \$19,000 | \$7,502 | - | \$26,502 |
| Jay M. Haft | \$18,150 | \$6,877 | - | \$25,027 |
| David A. Lyons | \$22,050 | \$7,502 | - | \$29,552 |
