

UNICO AMERICAN CORP
Form DEF 14A
April 16, 2018

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

SCHEDULE 14A

**Proxy Statement Pursuant to Section 14(a) of
the Securities Exchange Act of 1934 (Amendment No.)**

Filed by the Registrant

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))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material under §240.14a-12

UNICO AMERICAN CORPORATION

(Name of Registrant as Specified In Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than the Registrant)

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No fee required.

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(1) Amount Previously Paid:

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(3) Filing Party:

(4) Date Filed:

UNICO AMERICAN CORPORATION

26050 Mureau Road

Calabasas, CA 91302

NOTICE OF ANNUAL MEETING OF SHAREHOLDERS

To Be Held Thursday, May 24, 2018

Dear Shareholder:

You are cordially invited to attend the Annual Meeting of Shareholders of Unico American Corporation (the "Company") to be held at the Hilton Garden Inn, 24150 Park Sorrento, Calabasas, California 91302, at 2:00 p.m. local time, to consider and act upon the following matters:

1. The election of eight (8) directors to hold office until the next annual meeting of shareholders or until their successors are elected and qualified; and
2. The transaction of such other business as may properly be brought before the meeting.

The Board of Directors has fixed the close of business on April 9, 2018, as the record date for the determination of shareholders who will be entitled to notice of and to vote at the meeting. The voting rights of the shareholders are described in the Proxy Statement.

IT IS IMPORTANT THAT ALL SHAREHOLDERS BE REPRESENTED AT THE ANNUAL MEETING. SHAREHOLDERS WHO DO NOT PLAN TO ATTEND THE MEETING IN PERSON ARE REQUESTED TO

VOTE, DATE, AND RETURN THE ENCLOSED PROXY IN THE ACCOMPANYING POSTAGE-PAID AND ADDRESSED RETURN ENVELOPE. PROXIES ARE REVOCABLE AT ANY TIME, AND SHAREHOLDERS WHO ARE PRESENT AT THE MEETING MAY WITHDRAW THEIR PROXIES AND VOTE IN PERSON IF THEY SO DESIRE.

By Order of the Board of Directors,

Cary L. Cheldin

Chairman of the Board, President, and

Chief Executive Officer

Calabasas, California

April 16, 2018

UNICO AMERICAN CORPORATION

26050 Mureau Road

Calabasas, CA 91302

PROXY STATEMENT

ANNUAL MEETING OF SHAREHOLDERS

May 24, 2018

This Proxy Statement is furnished in connection with the solicitation of proxies by the Board of Directors of Unico American Corporation, a Nevada corporation (the "Company" or "Unico"), for use at the Annual Meeting of Shareholders of the Company to be held at the Hilton Garden Inn, 24150 Park Sorrento, Calabasas, California 91302, on May 24, 2018, at 2:00 p.m. local time. Accompanying this Proxy Statement is a proxy card, which you may use to indicate your vote as to each of the proposals described in this Proxy Statement. If you are planning to attend the Company's Annual Meeting and require directions to the meeting, please call 818-591-9800, extension 608.

All shares represented by proxies that are properly completed, signed, and returned to the Company prior to the Annual Meeting and, which have not been revoked, will be voted in accordance with instructions contained in the proxies. At the Annual Meeting, the scheduled matters to be acted upon by the shareholders are the election of eight (8) directors to hold office until the next annual meeting of shareholders or until their successors are elected and qualified. The Board of Directors recommends a vote FOR the nominees for directors listed in the proxy. In the absence of voting instructions to the contrary, shares represented by properly executed proxies will be voted in accordance with the foregoing recommendations. The Company does not know of any other matter that will be presented for action at the Annual Meeting, but if any other matter is properly presented, the persons that are named in the accompanying proxy will vote thereon in accordance with their best judgment. A shareholder may revoke his or her proxy at any time before it is voted either by filing with the Secretary of the Company at its principal executive offices a written notice of revocation or a duly executed proxy bearing a later date or by appearing in person at the Annual Meeting and expressing a desire to vote his or her shares in person.

The close of business on April 9, 2018, has been fixed as the record date for the determination of shareholders entitled to notice of and to vote at the Annual Meeting or any adjournment thereof. As of the record date, the Company had outstanding 5,307,133 shares of common stock, the only outstanding voting security of the Company. For each share held on the record date, a shareholder is entitled to one vote on all matters to be considered at the Annual Meeting.

Abstentions are included in the determination of shares present for quorum purposes. Because abstentions represent shares entitled to vote, the effect of an abstention will be the same as a vote against a proposal. Broker non-votes occur when nominees, such as brokers and banks holding shares on behalf of the beneficial owners, are prohibited from exercising discretionary voting authority for beneficial owners who have not provided voting instructions. Brokers and other nominees may vote without instruction only on "routine" proposals. On "non-routine" proposals, nominees cannot vote without instructions from the beneficial owner, resulting in so-called "broker non-votes." So long as the broker has discretion to vote on at least one proposal, broker non-votes are counted in determining a quorum but are not counted for purposes of determining the number of shares present in person or represented by proxy on a voting matter.

As to Proposal 1, the vote for directors, the Company's Articles of Incorporation do not provide for cumulative voting. Directors are elected by a plurality of the votes cast and abstentions and broker non-votes are counted for the purposes of determining the existence of a quorum at the meeting but not for purposes of determining the results of the vote. The eight (8) nominees receiving the most votes will be elected as directors of the Company.

The Company will bear the cost of the Annual Meeting and the cost of soliciting proxies, including the cost of preparing, assembling and mailing the proxy material. In addition to solicitation by mail, officers and other employees of the Company may solicit proxies by telephone, facsimile, or personal contact without additional compensation.

Securities and Exchange Commission (“SEC”) rules allow delivery of a single document to households at which two or more stockholders reside. This procedure, referred to as "householding," reduces the volume of duplicate information received by stockholders, as well as the Company’s expenses. If a stockholder of record is eligible for householding, but it and other stockholders of record with which it shares an address receive multiple copies of this proxy statement and the Company’s annual report, or if a stockholder of record holds stock in more than one account, and in either case the stockholder wishes to receive a single copy of this proxy statement and the Company’s annual report for its household, it should notify the Company’s Corporate Secretary. If a stockholder participates in householding and wishes to receive a separate copy of this proxy statement and the Company’s annual report, or does not wish to participate in householding and prefers to receive separate copies of this proxy statement and the Company’s annual report in the future, it should notify the Company’s Corporate Secretary. A stockholder may notify the Company’s Corporate Secretary in writing at Unico American Corporation, 26050 Mureau Road, Calabasas, CA 91302, Attention: Corporate Secretary, or by telephone at 818-591-9800, extension 608.

If a stockholder holds its shares through an intermediary that is utilizing householding and the stockholder wishes to receive separate copies of the Company’s annual report and proxy statement in the future, or if it is receiving multiple copies of the Company’s proxy materials and annual report and wishes to receive only one, it should contact its bank, broker, or other nominee record holder.

The Company's principal executive offices are located at 26050 Mureau Road, Calabasas, CA 91302. The approximate mailing date of this Proxy Statement and the Company's proxy card is April 16, 2018.

PROPOSAL 1 - ELECTION OF DIRECTORS

The Company's Bylaws provide for a range of three to eleven directors and allow the Board of Directors to set the exact number of authorized directors within that range. The current number of authorized directors is eight (8). Directors are elected at each Annual Meeting of Shareholders to serve thereafter until their successors have been duly elected and qualified. Mr. Lester A. Aaron, who served as a director since 1985, passed away on June 30, 2017, and, on July 14, 2017, the Board of Directors appointed Mr. Michael Budnitsky, the Company's Treasurer, Chief Financial Officer, and Secretary, to the Board of Directors of Unico to fill the vacancy created by the passing of Mr. Lester A. Aaron. Mr. Donald B. Urfrig, who served as a director and a member of Audit Committee of the Company since 2001, and Mr. Terry L. Kinigstein, who served as a director since 2008, have elected for personal reasons not to stand for re-election as directors of the Company at the Annual Meeting. The Board of Directors has nominated Messrs. Andrew L. Furgatch and Ernest A. Wish to stand for election as directors of the Company at the Annual Meeting in place of Messrs. Urfrig and Kinigstein. Except for Messrs. Furgatch and Wish, each nominee is currently a director having served in that capacity since the date indicated in the following table. All nominees have advised the Company that they are able and willing to serve as directors. If any nominee refuses or is unable to serve (an event which is not anticipated), the persons named in the accompanying proxy card will vote for another person nominated by the Board of Directors. Unless otherwise directed in the accompanying proxy card, the persons named therein will vote FOR the election of the eight (8) nominees listed in the following table.

The following table sets forth all of the Company's executive officers and directors and indicates the position with the Company, tenure as director and age as of April 9, 2018, for each person nominated for election as a director:

Name	Age	<u>Present Position with Company</u>	First Elected Director
Cary L. Cheldin	61	Chairman of the Board, President and Chief Executive Officer	1983
Michael Budnitsky (1)	43	Treasurer, Chief Financial Officer, Secretary, and Director	—
Erwin Cheldin	86	Director	1969
George C. Gilpatrick	73	Director	1985
Donald B. Urfrig (2)	76	Director	2001
Terry L. Kinigstein (2)	72	Director	2008
Samuel J. Sorich	72	Director	2012
David T. Russell	51	Director	2015
Andrew L. Furgatch	57	Director Nominee	—
Ernest A. Wish	66	Director Nominee	—

(1) Mr. Budnitsky was appointed to the Board of Directors of Unico in 2017.

(2) Messrs. Kinigstein and Urfrig are not standing for re-election as directors at the Annual Meeting.

Each nominee for election to the Board of Directors has extensive management and leadership experience gained through executive and professional service in insurance and other industries. In these roles, the directors have developed attributes and skills in management of capital, risk and operations. In addition, all of the current directors

have long standing relationships with the Company. This experience with the Company provides the current directors with a thorough understanding of the Company's policies and processes, rules and regulations, risks and mitigating solutions and controls environment.

Set forth below are the names of the nominees for election to the Board of Directors, along with their present and prior positions, principal occupations and the specific individual qualifications and skills of such directors that contribute to the overall effectiveness of the Board of Directors and its committees.

Cary L. Cheldin, Chairman of the Board of Directors, has served as Chairman, President and Chief Executive Officer since April 1, 2009. From 1991 to 2009, Mr. Cary L. Cheldin was Executive Vice President of the Company and prior thereto he served as Vice President from 1986 to 1991 and as Secretary from 1987 to 1991. Mr. Cary L. Cheldin has been a director of the Company since 1983 and has held management positions in the Company since 1986. The Company believes that Mr. Cary L. Cheldin's knowledge of and expertise in the insurance industry and his historical experience and understanding of the Company's underwriting, claims management and rate-making processes qualify him for service on the Board of Directors.

Michael Budnitsky has served as a Director since July 14, 2017, and as Treasurer, Chief Financial Officer, and Secretary of the Company since August 1, 2016. From September 2014 through July 2016, Mr. Budnitsky served as Vice President of Accounting of the Company and was responsible for various accounting and finance functions, including financial and tax reporting, Sarbanes Oxley compliance, and oversight of the accounting department. From May 2005 until joining the Company in 2014, Mr. Budnitsky worked at HCC Surety Group, eventually as its Vice President, Controller. Prior thereto, Mr. Budnitsky worked as a financial reporting manager at the Automobile Club of Southern California and as an audit manager at KPMG LLP. Mr. Budnitsky is an active Certified Public Accountant in California. The Company believes that Mr. Budnitsky's industry experience and background, as well as his familiarity with the Company's operations, qualifies him for service on the Board of Directors.

Erwin Cheldin is the Company's former President, Chief Executive Officer and Chairman of the Board. Mr. Erwin Cheldin retired from being an employee of the Company effective April 1, 2009. Mr. Erwin Cheldin became an officer and director of the Company in 1969. Mr. Erwin Cheldin has over 50 years of experience in all phases of the property and casualty insurance industry. The Company believes that Mr. Erwin Cheldin's historical knowledge of the Company and its operations and long standing service to the Company qualify him for service on the Board of Directors.

George C. Gilpatrick is the Company's former Vice President of Management Information Systems. Mr. Gilpatrick served the Company as Vice President from 1981 until his retirement in April 2008 and as a director since 1985. The Company believes that Mr. Gilpatrick's knowledge and expertise in the data processing field and his past experience directing the Company's information systems as well as his experience as a director of the Company, qualify him for service on the Board of Directors.

Samuel J. Sorich is a respected representative of the California insurance industry for more than 30 years. Mr. Sorich has been a consultant to the insurance industry regarding, among other things, regulatory and legislative matters since 2011. From 2002 to 2010 he served as president of the Association of California Insurance Companies (ACIC), California's longest established property/casualty insurance trade association. From 1985 to 2002, prior to joining the ACIC, he served as regional vice president of the National Association of Independent Insurers (NAII), a predecessor association of the Property Casualty Insurers Association of America (PCI). The Company believes that Mr. Sorich's experience as an attorney and his experience in the insurance industry qualify him for service on the Board of Directors.

David T. Russell has been a Professor of Insurance and Finance at California State University, Northridge, since 2002. He is a member of the Risk and Insurance Management Society, the American Risk and Insurance Association, and is former president of the Western Risk and Insurance Association. Mr. Russell serves on various professional and community boards, including his current position as Chairman of the Board for First Connect Insurance Services, LLC, where he served on the board since July 2013. Since 1997, Mr. Russell also served as an expert witness on life and property and casualty insurance cases. Mr. Russell also offers corporate training and insurance education for legislators through the Griffith Foundation. The Company believes that Mr. Russell's experience as a professor and his

experience in the insurance industry qualify him for service on the Board of Directors.

Andrew L. Furgatch served as Chairman of the Board and Chief Executive Officer of Magna Carta Companies, Inc. for 24 years, from 1993 to 2017. Prior to joining Magna Carta, Mr. Furgatch practiced law in Los Angeles for seven years, eventually as in-house counsel for PennCorp Financial and serving as that company's General Counsel and Secretary. Mr. Furgatch has also served as a member of the Board of Directors for the Alliance of American Insurers and as a member of the Board of Governors for the Property Casualty Insurers Association of America (PCI). The Company believes that Mr. Furgatch's knowledge and expertise in the insurance industry, as well as his experience as an attorney, qualify him for service on the Board of Directors.

Ernest A. Wish is an attorney licensed to practice law throughout the state of California, in both State Court and in Federal Court. Since December of 1976, for over 35 years, Mr. Wish's law practice focused on business and real estate in California, during which time he oversaw and structured thousands of transactions. Since June of 2012, Mr. Wish has served as President and General Counsel for Wish Properties, Inc. dba Wish Sotheby's International Realty, in the Southern California area. The Company believes that Mr. Wish's knowledge and expertise in business transactions, as well as his experience as an attorney, qualify him for service on the Board of Directors.

Except for Mr. Cary L. Cheldin, who is the son of Mr. Erwin Cheldin, none of the executive officers or directors of the Company are related to any other officer or director of the Company. The executive officers of the Company are elected by the Board of Directors. Mr. Cary L. Cheldin serves in his present office pursuant to an employment agreement with the Company. The employment agreement of Mr. Cary L. Cheldin was amended and restated on March 16, 2015, and further amended as of March 23, 2018 and March 27, 2017.

Messrs. Erwin Cheldin, Cary L. Cheldin, and George C. Gilpatrick who hold approximately 50.2% of the voting power of the Company have agreed to vote the shares of common stock held by each of them so as to elect each of them to the Board of Directors and to vote on all other matters as they may agree. As a result of this agreement, the Company is a “Controlled Company” as defined in the NASDAQ Stock Market (“NASDAQ”) Listing Rules. A Controlled Company is exempt from the requirements of the NASDAQ Listing Rules requiring that (i) the Company have a majority of independent directors on the Board of Directors, (ii) the Compensation Committee be composed solely of independent directors, (iii) the Compensation Committee have a written charter, (iv) the compensation of the executive officers be determined by a majority of the independent directors or a compensation committee comprised solely of independent directors, and (v) director nominees be elected or recommended either by a majority of the independent directors or a nominating committee comprised solely of independent directors. The Board of Directors has determined that each of Messrs. Russell and Sorich, and Messrs. Furgatch and Wish, if they should become elected as directors at the Annual Meeting, are independent directors as defined by the NASDAQ Listing Rules.

During the year ended December 31, 2017, the Company's Board of Directors held one regular meeting and seven special meetings. The independent directors met without any management directors or employees present four times during the year ended December 31, 2017. Non-employee directors receive \$2,000 each quarter plus \$1,000 for each regular Board meeting they attend; there is no compensation for attendance of special meetings. All directors, excluding Mr. Budnitsky, attended at least 75% of the combined total meetings of the Board of Directors and the committees on which they served. Mr. Budnitsky attended all meetings of the Board of Directors after his appointment to the Board on July 14, 2017.

Director Compensation

The compensation of the Company's non-employee directors paid by the Company for the last completed fiscal year is as follows:

<u>Name</u>	Director's Fee	Special Committee Fee	Total Fees
	\$	\$	\$
Erwin Cheldin	9,000	—	9,000
George C. Gilpatrick	9,000	—	9,000

Terry L. Kinigstein (1)	9,000	—	9,000
David T. Russell	9,000	70,000	79,000
Samuel J. Sorich	9,000	10,000	19,000
Donald B. Urfrig (1)	9,000	10,000	19,000

(1) Messrs. Kinigstein and Urfrig are not standing for re-election as directors at the Annual Meeting.

Board Leadership Structure

The Company's eight-member Board is led by Chairman Mr. Cary L. Cheldin. Mr. Cary L. Cheldin is also the Company's President and Chief Executive officer. The Company's Treasurer, Chief Financial Officer, and Secretary, Mr. Michael Budnitsky, is also a member of the Board. Other members include the retired Chairman, President and Chief Executive Officer, Mr. Erwin Cheldin, the retired Vice President of Management Information Systems, Mr. George Gilpatrick, and two independent directors. The Board has nominated for election at this meeting Messrs. Andrew L. Furgatch and Ernest A. Wish, both independent directors, to fill the vacancies on the Board created by the decision of Messrs. Kinigstein and Urfrig not to stand for re-election. The Board does not have a lead independent director.

Mr. Cary L. Cheldin is the son of a founder of the Company and has been an executive officer of the Company since 1986 and a board member since 1983. He was first elected Chairman of the Board, President and Chief Executive Officer effective April 1, 2009.

The Board of Directors has determined that combining the Chairman and Chief Executive Officer positions is the appropriate leadership structure for the Company at this time and provides effective oversight of management and strong leadership of the independent directors and shareholders. The Board believes that combining the Chairman and Chief Executive Officer roles fosters clear accountability, effective decision making, and alignment on corporate strategy. The Board believes this leadership structure is particularly appropriate for the Company at this time given Mr. Cary L. Cheldin's continuity of service with the Company since 1980. As the individual with primary responsibility for managing the Company's day-to-day operations, Mr. Cary L. Cheldin is best positioned to chair regular Board meetings and ensure that key business issues and risks are brought to the attention of the Board and the applicable committees.

The Board of Directors is primarily responsible for assessing risks associated with the Company's business. However, the Board delegates certain responsibilities to committees of the Board of Directors.

Committees of the Board of Directors

The Board of Directors has established an Audit Committee in accordance with Section 3(a)(58)(A) of the Securities Exchange Act of 1934. The members presently consist of Messrs. David T. Russell, Donald B. Urfrig, and Samuel J. Sorich. Mr. Urfrig is not standing for re-election as a director at the Annual Meeting, and the Board will appoint a new independent director, either Mr. Andrew L. Furgatch or Mr. Ernest A. Wish, if either or both of them are elected to the Board, to serve on the Audit Committee in place of Mr. Urfrig. The Audit Committee of the Board of Directors oversees the accounting and financial reporting processes of the Company and the audits of the Company's consolidated financial statements. The Audit Committee also reviews with management the Company's policies and procedures with respect to risk assessment and risk management, including reviewing certain risks associated with the Company's financial and accounting systems, accounting policies, investment strategies, regulatory compliance, insurance programs and other matters.

The Audit Committee has a written charter, a copy of which was attached to the proxy statement filed with respect to the annual meeting held on May 19, 2016. The Audit Committee met four times during the year ended December 31, 2017, and held one meeting subsequent to the year ended December 31, 2017, to discuss accounting and financial statement matters related to the fiscal year ended December 31, 2017. Messrs. Russell, Urfrig, and Sorich are independent and are in compliance with the independent standards applicable to audit committee members contained in the NASDAQ Listing Rules. The Board of Directors has determined that the Company does not have an "Audit Committee Financial Expert" as defined by the SEC serving on the Audit Committee. The Board of Directors believes that the members of the Audit Committee are able to read and understand consolidated financial statements of the Company, are familiar with the Company and its business, and are capable of fulfilling the duties and responsibilities

of an Audit Committee without the necessity of having an “Audit Committee Financial Expert” as a member.

The Board of Directors has also established a Compensation Committee presently consisting of Messrs. Cary L. Cheldin, Samuel J. Sorich, and David T. Russell. Mr. Lester A. Aaron served on the Compensation Committee in 2017 until he passed away on June 30, 2017, and, on July 14, 2017, the Board of Directors appointed Mr. Samuel J. Sorich to replace Mr. Lester A. Aaron on the Compensation Committee. Mr. Cary L. Cheldin is an executive officer of the Company. The Company’s compensation program is designed to provide executive officers with total compensation commensurate with responsibilities and competitive with compensation provided to executives in like positions, as determined by the Compensation Committee. The Compensation Committee considers and recommends to the Board of Directors compensation for executive officers. The Compensation Committee held one meeting during the year ended December 31, 2017. The Compensation Committee does not have a charter.

The Board of Directors had established a Special Committee consisting entirely of independent directors to oversee the review of strategic alternatives and potential opportunities aimed at enhancing shareholder value. The Board of Directors has disbanded the Special Committee on March 20, 2018. The Special Committee members consisted of Messrs. David T. Russell, Donald B. Urfrig, and Samuel J. Sorich.

The Company does not have a Nominating Committee of the Board of Directors. The Board of Directors consists of eight members. Since three directors, of which one is presently an executive officer, control approximately 50.2% of the voting power of the outstanding common stock of the Company, the Board of Directors believes that it is appropriate to not have a Nominating Committee. If there were a new nominee for Director to be considered, it is expected that all of the directors would participate in the process. The Company's executive officers recommended to the Board of Directors that Messrs. Andrew L. Furgatch and Ernest A. Wish be nominated to be elected directors to fill the vacancies to be created by Messrs. Kinigstein and Urfrig's departure effective with the Annual Meeting of Shareholders scheduled for May 24, 2018. All directors, except Mr. George C. Gilpatrick, participated in the process of reviewing and approving the nomination of Messrs. Andrew L. Furgatch and Ernest A. Wish.

The Board of Directors does not have a formal policy with regard to the consideration of any director candidates recommended by shareholders. The Board of Directors, however, would consider qualified nominees recommended by shareholders. Shareholders who wish to recommend a qualified nominee should submit complete information as to the identity and qualifications of the person recommended to the Secretary of the Company at 26050 Mureau Road, Calabasas, CA 91302. The Board of Directors generally requires that nominees be persons of sound ethical character, be able to represent all shareholders fairly, have no material conflicts of interest, have demonstrated professional achievement, have meaningful experience, and have a general appreciation of the major business issues facing the Company. The Board of Directors does not have a formal process for identifying and evaluating nominees for director. The Board of Directors does not have a formal policy regarding diversity, but as described above considers a broad range of attributes and characteristics in identifying and evaluating nominees for election to the Board of Directors. The Board of Directors views diversity broadly to include diversity of experience, skills and viewpoint in addition to more traditional diversity concepts. Absent special circumstances, the Board of Directors will continue to nominate qualified incumbent directors whom the Board of Directors believes will continue to make important contributions to the Board of Directors.

Compensation Committee Interlocks and Insider Participation

Other than Mr. Cary L. Cheldin, the Company's Chairman and CEO, no present member of the Compensation Committee is, or has been at any time, an officer or employee, nor has any member had any relationship with us requiring disclosure under Item 404 of Regulation S-K. None of the Company's executive officers currently serves, or in the past year has served, as a member of the board of directors or compensation committee of any nonaffiliated entity that has one or more executive officers serving on the Company's Board of Directors or Compensation Committee. Additionally, Mr. Lester A. Aaron served on the Compensation Committee until his passing on June 30, 2017, and he received compensation in his capacity as Executive Vice President of the Company.

Communications with the Board of Directors

The Company provides a process for shareholders to send communications to the Board of Directors or any of the directors. Shareholders may send written communications to the Board of Directors or any director, c/o Secretary, Unico American Corporation, 26050 Mureau Road, Calabasas, CA 91302. All communications will be compiled by the Secretary of the Company and will be submitted to the members of the Board of Directors or to the individual

director to whom it was addressed on a periodic basis. The Company does not have a policy with regard to directors' attendance at the Annual Meeting of Shareholders. Three of the directors attended the 2017 Annual Meeting of Shareholders.

Code of Ethics

The Company has adopted a Code of Ethics that applies to its principal executive officer, principal financial officer, principal accounting officer or controller, or persons performing similar functions. A copy of the Code of Ethics may be obtained without charge upon written request to the Secretary, Unico American Corporation, 26050 Mureau Road, Calabasas, CA 91302.

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SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The following table sets forth, as of April 9, 2018, the names and holdings of all persons who are known by the Company to own beneficially more than 5% of its outstanding common stock, its only class of outstanding voting securities, and the beneficial ownership of such securities held by each director, nominee for director, and all executive officers and nominees for director as a group. Unless otherwise indicated, the Company believes that each of the persons and entities set forth below has the sole power to vote and dispose of the shares listed opposite his or its name as beneficially owned by him or it.

<u>Name and Address of Beneficial Owner</u>	Amount Beneficially Owned	Percent Of Class
Certain Beneficial Owners		
Erwin Cheldin (1) 26050 Mureau Road, Calabasas, CA 91302	2,352,545	44.3 %
The Lion Fund, L.P., Sardar Biglari and Biglari Capital Corp. (2) 17802 IH 10 West, Suite 400, San Antonio TX 78257	527,100	9.9 %
Dimensional Fund Advisors LP (3) Building One 6300 Bee Cave, Austin TX 78746	423,959	8.0 %
Schwartz Investment Counsel, Inc., and Schwartz Investment Trust, on behalf of its series Funds, Schwartz Value Fund, and Ave Maria Value Fund (4) 801 W. Ann Arbor Trail, Suite 244, Plymouth, MI 48470	383,097	7.2 %

Executive Officers, Directors and Director Nominees	Amount Beneficially Owned	Percent Of Class
Erwin Cheldin (1)	2,352,545	44.3 %
Cary L. Cheldin (1)	204,860	3.9 %
George C. Gilpatrick (1)	104,717	2.0 %
David T. Russell	29,263	0.6 %
Donald B. Urfrig	25,000	0.5 %
Michael Budnitsky	0	0.0 %
Andrew L. Furgatch	0	0.0 %
Terry L. Kinigstein	0	0.0 %
Samuel J. Sorich	0	0.0 %
Ernest A. Wish	0	0.0 %
All executive officers, directors and director nominees as a group (10 persons)	2,716,385	51.3 %

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(1) Messrs. Cary L. Cheldin, Erwin Cheldin, and George C. Gilpatrick have agreed to vote all of the shares of common stock owned by them aggregating 2,662,122 shares or approximately 50.2% of the outstanding common stock so as to elect each of them to the Board of Directors and to vote on all other matters as they may agree. The agreement terminates upon the earlier of such time as the group owns less than 50.0% of the outstanding shares of the common stock of the Company or April 15, 2019. Because of his stock holdings, Mr. Erwin Cheldin may be deemed a “parent” (as defined in the Securities Exchange Act of 1934) of the Company.

- (2) Per Form 13F dated February 14, 2018.
- (3) Per Schedule 13G/A dated February 9, 2018.
- (4) Per Schedule 13G dated February 13, 2018.

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EXECUTIVE COMPENSATION AND OTHER INFORMATION

Summary of Executive Compensation

Summary Compensation Table

The following table sets forth information for years ended December 31, 2017 and 2016, as to executive compensation paid to the principal executive officer and the Company's other executive officers, other than the principal executive officer, who were serving as executive officers as of the end of the last completed fiscal year, whose compensation exceeded \$100,000.

Name and Principal Position	Year	Salary	Bonus	Stock Awards	Option Awards	Non-equity	Nonqualified	All Other	Total
						Incentive Plan Compensation	Deferred Compensation Earnings	Compensation (1)	
		\$	\$	\$	\$	\$	\$	\$	\$
Cary L. Cheldin (2) President and Chief Executive Officer	2017	331,000	—	—	—	—	—	48,425	379,425
	2016	315,000	—	—	—	—	—	45,430	360,430
Lester A. Aaron (3) (4) Executive Vice President	2017	128,407	—	—	—	—	—	42,899	171,306
	2016	236,999	15,000	—	—	—	—	38,972	290,971
Michael Budnitsky (3) (5) Treasurer, Chief Financial Officer	2017	228,577	—	—	—	—	—	29,089	257,666
	2016	183,900	12,500	—	—	—	—	9,823	206,223

(1) See "All Other Compensation" table below.

Mr. Cary L. Cheldin serves in his present office pursuant to an employment agreement with the Company. The employment agreement of Mr. Cary L. Cheldin was amended and restated on March 16, 2015. Amendments to the (2) amended and restatement employment agreement were made on March 23, 2018, and March 27, 2017. Pursuant to those amendments, Mr. Cary L. Cheldin waived his rights to a mandatory bonus, collectively, from January 1, 2016, until January 1, 2018.

Pursuant to a unanimous resolution of the Board of Directors of the Company dated July 25, 2016, and effective (3) August 1, 2016, the Board appointed Mr. Lester A. Aaron to Executive Vice President of the Company and appointed Mr. Michael Budnitsky to Treasurer, Chief Financial Officer, and Secretary of the Company.

Mr. Lester A. Aaron passed away on June 30, 2017, and on July 14, 2017, the Board of Directors eliminated the (4) position of Executive Vice President previously held by Mr. Lester A. Aaron. Compensation for the fiscal year ended December 31, 2017, represents actual amounts paid.

Pursuant to a job offer letter signed by the Company when Mr. Michael Budnitsky joined the Company in (5) September 2014, Mr. Michael Budnitsky is entitled to a severance payment equal to three years' salary in the event his employment is terminated due to a change in ownership of the Company. Mr. Michael Budnitsky serves in his present office without employment agreement.

All Other Compensation

The following table summarizes all other compensation paid or earned by the named executive officers noted above for the years ended December 31, 2017 and 2016.

Name	Year	Perquisites and Other Personal Benefits (1) \$	Contribution to Profit Sharing Plan (2) \$	Total \$
Cary L. Cheldin	2017	16,625	31,800	48,425
	2016	21,580	23,850	45,430
Lester A. Aaron	2017	12,292	30,607	42,899
	2016	15,122	23,850	38,972
Michael Budnitsky	2017	17,283	11,806	29,089
	2016	982	8,841	9,823

(1) Represents payments for medical, dental, life, and disability insurance.

(2) Represents amounts contributed or accrued to the person's account under the Unico American Corporation Profit Sharing Plan (the "Plan"), all of which are vested. The contributions for the plan years ended December 31, 2016 and 2015, are reflected in 2017 and 2016, respectively. Contributions to the plan year 2017 will be reflected in 2018. See more information about the Plan in "Profit Sharing Plan."

Pay Ratio Disclosure

The Company is currently considered a "smaller reporting company" for the purposes of the SEC's executive compensation disclosure rules. The Company has elected to comply with the scaled disclosure requirements applicable to smaller reporting companies and has therefore omitted the pay ratio disclosure required under Item 402(u) of Regulation S-K.

Employment Agreements

The Company has an employment agreement with Mr. Cary L. Cheldin.

Cary L. Cheldin – On and effective as of March 17, 2015, the Company entered into an amended and restated employment agreement (the "employment agreement") with Mr. Cary L. Cheldin (the "Executive"), the President and Chief Executive Officer of the Company. The employment agreement was approved by the Company's Board of Directors on March 16, 2015. The material terms of the employment agreement are as follows:

The employment agreement provides for an annual salary of no less than \$315,000. The annual salary is subject to increase from time to time at the discretion of the Board of Directors of the Company. The employment agreement also provides that the Company will promptly reimburse the Executive for certain “out-of-pocket” expenses.

The employment agreement provides for a mandatory annual bonus payable on or before December 31 of each year. The amount of each mandatory bonus is to be determined by the Board of Directors but will not to be less than \$54,000, less any amounts paid to the Executive as a discretionary bonus since the immediately preceding January 1. Pursuant to amendments to the employment agreement dated as of March 27, 2017 and March 23, 2018, the Executive waived his rights to his mandatory bonus for fiscal years 2016 and 2017.

The Executive’s employment under the employment agreement will continue until terminated by (a) the Executive’s death, (b) the Company without Cause (as Cause is defined in the employment agreement) on thirty days’ advance written notice, (c) the Executive other than for breach of the employment agreement on thirty days’ advance written notice, (d) the Executive for a material breach by the Company of the terms of the employment agreement, which is not cured within thirty (30) days after the Executive provides the Company written notice describing such breach with particularity, (e) the Company for Cause, or (f) the Company on account of the Executive’s permanent disability (as determined in accordance with the employment agreement).

If the employment agreement is terminated by the Company without Cause or by the Executive due to a breach of the employment agreement by the Company, the Company must pay or provide to the Executive (a) all unpaid salary and other compensation for periods or partial periods that occurred prior to the date of termination and any unreimbursed business expenses, such amount to be paid immediately upon termination, (b) the mandatory bonus for the calendar year in which his employment was terminated to the extent not previously paid, without giving effect to his termination, (c) an amount equal to three times his then-current base salary, such amount to be paid conditional upon his execution of a release, in one single lump sum within 45 days after termination, (d) the minimum mandatory bonus of \$54,000 for the three calendar years following his termination of employment, without giving effect to his termination of employment, such amounts to be paid as and when provided for under the employment agreement, and (e) the employee benefits set forth in the employment agreement for the three years following his termination of employment or, if the Company cannot provide such benefits, the cash equivalent to reimburse the Executive for the cost (including any tax cost) to purchase such employee benefits in the open market, such amounts to be reimbursed monthly. The employment agreement contains certain obligations, limitations and restrictions in the event that payments or distributions under the employment agreement would constitute an “excess parachute payment” subject to the excise tax under section 4999 of the Internal Revenue Code of 1986, as amended (the “Code”), or would result in adverse tax consequences under Section 409A of the Code.

The employment agreement also provides that the Company will pay the Executive at the rate of 10% per annum (or the highest permissible rate under applicable law, if less) on all amounts due under the employment agreement that are not timely paid. Because of the Executive's waiver of his mandatory bonus for 2016 and 2017, no bonus was due for those periods and no interest for failure to timely pay the bonus will accrue.

Option/SAR Grants and Stock Awards in Last Fiscal Year

No stock options, stock appreciation rights or stock awards were granted to any named executive officer during the year ended December 31, 2017.

Options/SAR Exercises and Stock Awards Vesting in Last Fiscal Year and Unexercised Options/SAR and Stock Awards at Fiscal Year End

No stock options or stock appreciation rights were exercised by, nor any stock award vested in favor of, any named executive officer during the year ended December 31, 2017. No options, stock appreciation rights, or stock awards were held by any named executive officer at December 31, 2017.

Stock Option Plans

The Company's 1999 Omnibus Stock Plan (the "1999 Plan") that covered 500,000 shares of the Company's common stock (subject to adjustment in the case of stock splits, reverse stock splits, stock dividends, etc.) was adopted by the Board of Directors in March 1999 and approved by shareholders on June 4, 1999. None of the options were granted to a named executive officer. The 1999 Plan was terminated by its terms on March 15, 2009. As of December 31, 2012, all grants had been exercised or expired.

The Company's 2011 Incentive Stock Option Plan (the "2011 Plan") covers 200,000 shares of the Company's common stock (subject to adjustment in the case of stock splits, reverse stock splits, stock dividends, etc.) and was adopted by the Board of Directors in March 2011 and approved by shareholders on May 26, 2011. The 2011 Plan is administered by the Board of Directors or a committee authorized by the Board of Directors, consisting of at least two directors each of whom is not an officer or employee of the Company and meeting the qualifications set forth in Rule 16b-3 promulgated under the Securities Exchange Act of 1934, as amended. The administrator has complete discretion to select the optionees and to establish the terms and conditions of each option, subject to the provisions of the 2011 Plan.

Options granted under the 2011 Plan are intended to be "incentive stock options" as defined in Section 422 of the Code and may be granted only to employees of the Company or its subsidiaries. The exercise price of options granted under the 2011 Plan may not be less than the fair market value of the Company's Common Stock on the date of grant.

The exercise price of an incentive stock option must be 110% of the fair market value of the stock if such option is granted to an employee who holds more than 10% of the total combined voting power of the Company's voting securities.

In accordance with the rules under the Code for incentive stock options, the 2011 Plan provides that incentive stock options granted to any particular employee under the 2011 Plan may not "vest" for more than \$100,000 in fair market value of the stock (measured on the grant date) in any calendar year. If incentive stock options granted to an optionee would vest for more than \$100,000 in any calendar year, then such incentive stock options will, to such extent, be treated as non-statutory stock options.

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In general, upon termination of employment of an optionee, all options granted to such person which were not exercisable on the date of such termination will immediately terminate, and any options that are exercisable on such termination date will be exercisable for a period of thirty (30) days (one year or such shorter period as determined by the administrator in the case of termination by reason of death or disability) following termination of employment.

Options granted under the 2011 Plan may not be exercised more than 10 years after the date of grant (5 years after the date of grant if the grant is to an employee who owns more than 10% of the total combined voting power of all classes of capital stock of the Company). The exercise price under any option may be paid in cash, recourse notes or shares of Common Stock already owned or, in the case of a "net exercise," covered by the option, as may be determined by the administrator. Under the 2011 Plan, shares subject to canceled or terminated options are available for subsequently granted options.

Under the 2011 Plan, in the event of a Change of Control Event, the vesting of each option shall (contingent upon the consummation of the Change of Control Event) be accelerated to a date prior to the effective time of the Change of Control Event as the Board of Directors shall determine (or if the Board of Directors shall not determine such a date, to the date that is five (5) business days prior to the effective time of the Change of Control Event) and all options will terminate if not exercised at or prior to the effective time of the Change of Control Event. Alternatively, in the event of a Change of Control Event, the Board of Directors may provide that an option holder may not exercise his or her option but will receive a payment, in such form as determined by the Board of Directors, equal in value to the excess, if any of (i) the value of the property that the option holder would have received upon the exercise of the option following the acceleration of the vesting of the option over (ii) the exercise price which would have been payable by the option holder in connection with such exercise. A "Change of Control Event" will be deemed to have occurred upon the consummation of (i) a sale of all or substantially all of the Company's assets (other than to a wholly-owned subsidiary or subsidiaries of the Company) in one transaction or a series of related transactions, or (ii) any merger, consolidation or other business combination transaction of the Company with or into another corporation, entity or person, other than a transaction in which the holders of at least a majority of the shares of voting capital stock of the Company outstanding immediately prior to such transaction continue to hold (either by such shares remaining outstanding or by their being converted into shares of voting capital stock of the surviving entity) a majority of the total voting power represented by the shares of voting capital stock of the Company (or the surviving entity) outstanding immediately after such transaction, or (iii) the direct or indirect acquisition by way of a tender or exchange offer by any person, or persons acting as a group, of beneficial ownership or a right to acquire beneficial ownership of shares representing a majority of the voting power of the then outstanding shares of capital stock of the Company, or (iv) the complete liquidation or dissolution of the Company.

Equity Compensation Plan Information

Options to purchase 8,760 and 91,240 shares of common stock were granted under the 2011 Plan to one non-executive employee during the years ended December 31, 2012 and 2011, respectively. Due to termination of the employee during 2017, all options granted under the 2011 Plan became null and void. As of December 31, 2017, there are no

outstanding options under the 2011 Plan and the number of securities remaining available for future issuance under equity compensation plans, excluding the options which became null and void during the year ended December 31, 2017, was 100,000.

Profit Sharing Plan

The Unico American Corporation Profit Sharing Plan (“Plan”) covers Company’s employees who are at least 21 years of age and have met certain service and eligibility requirements. Unico American Corporation is the Plan sponsor and the Plan administrator. Fidelity Management Trust Company is the Plan trustee. The Plan is intended to be a qualified retirement plan under the Code. As required by the Plan, on an annual basis, the Company must contribute 3% of participants’ eligible compensation to the account of each participant. In addition, pursuant to the terms of the Plan, the Company may contribute to participants an amount determined by the Board of Directors. Under the Plan, participants have the option to make 401(k) and/or Roth 401(k) deferral contributions which are not matched by the Company. Participants must be employed by the Company on the last day of the Plan year and must have met certain service and eligibility requirements to be eligible for a contribution. Participants are eligible to request a distribution of their vested account balance upon death, retirement, minimum required distributions and termination of employment.

Report of the Audit Committee

Neither the following report of the Audit Committee nor any other information included in this Proxy Statement pursuant to Item 407(d)1-3 of Regulation S-K constitutes “soliciting material” and none of such information should be deemed to be “filed” with the Securities and Exchange Commission or incorporated by reference into any other filing of the Company under the Securities Act of 1933 or the Securities Exchange Act of 1934, except to the extent that the Company specifically incorporates such information by reference in any of those filings.

Management is responsible for the Company’s financial reporting process including its system of internal control and for the preparation of consolidated financial statements in accordance with U.S. generally accepted accounting principles (GAAP). The Company’s independent auditors are responsible for auditing those consolidated financial statements. Our responsibility is to monitor and oversee these processes. It is not our duty or our responsibility to conduct auditing or accounting reviews or auditing or accounting procedures. We are not employees of the Company; and we may not be, and we may not represent ourselves to be or to serve as, accountants or auditors by profession or experts in the fields of accounting or auditing. Therefore, we have relied on management’s representation that the consolidated financial statements have been prepared with integrity and objectivity and in conformity with GAAP and on the representations of the independent auditors included in their report on the Company’s consolidated financial statements. Our oversight does not provide us with an independent basis to determine that management has maintained appropriate accounting and financial reporting principles or policies, or appropriate internal controls and procedures designed to assure compliance with accounting standards and applicable laws and regulations. Furthermore, our considerations and discussions with management and the independent auditors do not assure that the Company’s consolidated financial statements are presented in accordance with GAAP, that the audit of the Company’s consolidated financial statements has been carried out in accordance with auditing standards generally accepted in the United States of America, or that the Company’s independent accountants are in fact “independent.”

The Audit Committee has reviewed and discussed the audited consolidated financial statements of the Company for the fiscal year ended December 31, 2017, with the Company’s management.

The Audit Committee has discussed with JLK Rosenberger LLP the matters required to be discussed pursuant to Statement of Auditing Standards No. 61, “Communication with Audit Committees,” as amended and as adopted by the PCAOB in Rule 3200T. Additionally, the Audit Committee has received the written disclosures and the letter from JLK Rosenberger LLP, the Company’s independent registered public accounting firm, required by applicable requirements of the Public Company Accounting Oversight Board regarding JLK Rosenberger LLP’s communications with the Audit Committee concerning independence, and has discussed with JLK Rosenberger LLP its independence.

Based on the review and discussions described above, the Audit Committee recommended to the Board of Directors of the Company that the audited consolidated financial statements of the Company be included in its Annual Report on Form 10-K for the fiscal year ended December 31, 2017.

Members of the Audit Committee:

David T. Russell

Samuel J. Sorich

Donald B. Urfrig

RELATED PARTY TRANSACTIONS

The Company entered into an indemnification agreement with each of its directors and its current executive officers. These agreements require the Company to indemnify these individuals to the fullest extent permitted under Nevada law against liabilities that may arise by reason of their service to the Company, and to advance expenses incurred as a result of any proceeding against them as to which they could be indemnified.

Wish Properties Inc., an office of Wish Sotheby' International Realty, owned by Mr. Wish, currently leases 4,189 square feet at the building owned by Crusader Insurance Company, a wholly owned subsidiary of the Company. The lease commenced on July 13, 2017 and had a six month term. Effective January 8, 2018, the lease was amended to extend its termination date until January 11, 2019, and to allow an option to extend the term of the lease for three additional twelve month terms commencing on January 11, 2019. The monthly lease payment is \$8,378 through January 11, 2019, subject to increase for the three additional twelve month terms. The Company believes the terms of the lease are at least as favorable to the Company as could have been obtained from other third parties.

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On an annual basis, the Company distributes a directors and officers questionnaire to all executive officers and directors of the Company. The Company reviews responses provided on the questionnaires to ensure any transactions with executive officers or directors are disclosed in compliance under Item 404(a) of Regulation S-K.

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Securities Exchange Act of 1934 requires the Company's directors and executive officers, and persons who own more than 10% of a registered class of the Company's equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities of the Company. To the Company's knowledge, based solely on review of copies of reports furnished to the Company and written representations that no other reports were required during the year ended December 31, 2017, all Section 16(a) filing requirements applicable to its executive officers, directors, and greater than 10% beneficial owners were complied with.

APPOINTMENT OF AUDITORS

JLK Rosenberger LLP has served as the Company's independent auditors since 2015. The Audit Committee has selected it to continue as the Company's auditors and to audit the books and other records of the Company for the year ended December 31, 2018. A representative of JLK Rosenberger LLP is expected to attend the Annual Meeting of Shareholders. Such representative will have the opportunity to make a statement and will be available to respond to appropriate questions.

AUDIT AND NON-AUDIT FEES

Audit Fees

The aggregate fees billed by JLK Rosenberger LLP for professional services rendered for the audit of the Company's consolidated financial statements for the fiscal years ended December 31, 2017 and 2016, and for the reviews of the consolidated financial statements included in the Company's quarterly reports on Form 10-Q for the fiscal years ended December 31, 2017 and 2016, were approximately \$206,000 and \$199,000, respectively.

Audit Related Fees

There were no audit related services by JLK Rosenberger LLP for each year ended December 31, 2017 and 2016.

Tax Fees

There were no services rendered or fees billed for tax compliance, consulting, or planning services by JLK Rosenberger LLP for either of the fiscal years ended December 31, 2017 and 2016.

All Other Fees

There were no services rendered or fees billed related to compliance and planning during the fiscal years ended December 31, 2017 and 2016.

The policy of the Audit Committee is to pre-approve all audit and non-audit services provided by the Company's independent auditors.

OTHER MATTERS

The Board of Directors is not aware of any business to be presented at the Annual Meeting except for the matters set forth in the Notice of Annual Meeting of Shareholders and described in this Proxy Statement. Unless otherwise directed, all shares represented by proxy holders will be voted in favor of the proposals described in this Proxy Statement. If any other matters come before the Annual Meeting, the proxy holders will vote on those matters using their best judgment.

SHAREHOLDERS' PROPOSALS

Shareholders desiring to exercise their right under the proxy rules of the Securities and Exchange Commission to submit proposals for consideration by the shareholders or to nominate an individual for election to the Company's Board of Directors at the 2019 Annual Meeting are advised that their proposals must be received by the Company at Unico American Corporation, 26050 Mureau Road, Calabasas, California 91302, Attention: Corporate Secretary, no later than December 17, 2018, for inclusion in the Company's Proxy Statement and form of proxy relating to that meeting.

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ANNUAL REPORT TO SHAREHOLDERS

The Company's 2017 Annual Report on Form 10-K includes the Company's consolidated balance sheets as of December 31, 2017 and 2016, and the related consolidated statements of operations, comprehensive loss, changes in stockholders' equity and cash flows for each of the years in the two year period ended December 31, 2017, and is included in the Annual Report of the Company being mailed to the shareholders along with this Proxy Statement. The Annual Report including Form 10-K is not to be considered a part of the soliciting material.

By Order of the Board of Directors,

Cary L. Cheldin

Chairman of the Board, President and

Chief Executive Officer

Calabasas, California

April 16, 2018

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on May 24, 2018. The Proxy Statement and the Annual Report to Shareholders are available at <http://materials.proxyvote.com/904607>.

**PROXY SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS
OF UNICO AMERICAN CORPORATION**

The undersigned hereby constitutes and appoints MICHAEL BUDNITSKY and CARY L. CHELDIN, and each of them, with full power of substitution, the proxies of the undersigned to represent the undersigned and vote all shares of common stock of UNICO AMERICAN CORPORATION (the "Company"), which the undersigned would be entitled to vote if personally present at the Annual Meeting of Shareholders to be held at the Hilton Garden Inn at 24150 Park Sorrento, Calabasas, California 91302, on May 24, 2018, at 2:00 p.m. local time and at any adjournments thereof, with respect to the matters described in the accompanying Notice of Annual Meeting of Shareholders and Proxy Statement, receipt of which is hereby acknowledged, in the following manner:

1. ELECTION OF DIRECTORS FOR all nominees listed WITHHOLD AUTHORITY to all nominees listed below

MICHAEL BUDNITSKY, CARY L. CHELDIN, ERWIN CHELDIN, ANDREW L. FURGATCH,
GEORGE C. GILPATRICK, DAVID T. RUSSELL, SAMUEL J. SORICH, ERNEST A. WISH

**INSTRUCTIONS: TO WITHHOLD AUTHORITY TO VOTE FOR ANY INDIVIDUAL NOMINEE,
STRIKE A LINE THROUGH THE NOMINEE'S NAME ON THE LIST ABOVE.**

2. IN ACCORDANCE WITH THEIR BEST JUDGMENT, with respect to any other matters which may properly come before the meeting and any adjournment or adjournments thereof.

Please sign and date on reverse side.

THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS AND WILL BE VOTED AS DIRECTED HEREIN. When this proxy is properly executed and returned, the shares it represents will be voted at the Annual Meeting in accordance with the choices specified herein. **IF NO CHOICES ARE SPECIFIED, THIS PROXY WILL BE VOTED FOR ALL NOMINEES.**

DATED: _____, 2018

(Signature)

(Signature if jointly held)

Please date and sign exactly as your name or names appear herein. If more than one owner, all should sign. When signing as attorney, executor, administrator, trustee, or guardian, give your full title as such. If the signatory is a corporation or partnership, sign the full corporate or partnership name by its duly authorized officer or partner.

PLEASE COMPLETE, SIGN, AND RETURN THIS PROXY PROMPTLY USING THE ENCLOSED ENVELOPE.