

1347 Property Insurance Holdings, Inc.

Form SC 13D/A

May 27, 2016

OMB APPROVAL

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 20549

SCHEDULE 13D

THE SECURITIES EXCHANGE ACT OF 1934

(Amendment No. 1)*

1347 Property Insurance Holdings, Inc.

(Name of Issuer)

Common Stock, par value \$0.001 per share

(Title of Class of Securities)

68244P107

(CUSIP Number)

Kevin A. McGovern

c/o Harbert Discovery Fund, LP

2100 Third Avenue North

Suite 600

Birmingham, AL 35203

Telephone Number 205-987-5505

(Name, Address and Telephone Number of Person Authorized to Receive
Notices and Communications)

May 26, 2016

(Date of Event Which Requires Filing of this Statement)

If the filing
person has
previously filed
a statement on
Schedule 13G to
report the
acquisition that

is the subject of
this Schedule
13D, and is
filing this
schedule
because of
ss.240.13d-1(e),
240.13d 1(f) or
240.13d-1(g),
check the
following box
[].

* The
remainder of
this cover page
shall be filled
out for a
reporting
person's initial
filing on this
form with
respect to the
subject class of
securities, and
for any
subsequent
amendment
containing
information
which would
alter disclosures
provided in a
prior cover page.

CUSIP No. 68244P107

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Harbert Discovery Fund, LP

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

WC

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

341,563

SOLE

9. DISPOSITIVE
POWER

0

10. SHARED DISPOSITIVE POWER

341,563

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

341,563

12.

CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.6%

14. TYPE OF REPORTING PERSON

PN

CUSIP No. 68244P107

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Harbert Discovery Fund GP, LLC

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d) OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Delaware

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

341,563

SOLE

9. DISPOSITIVE
POWER

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10. SHARED DISPOSITIVE POWER

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CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.6%

14. TYPE OF REPORTING PERSON

OO

CUSIP No. 68244P107

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Harbert Fund Advisors, Inc.

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Alabama

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

341,563

SOLE

9. DISPOSITIVE
POWER

0

10. SHARED DISPOSITIVE POWER

341,563

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

341,563

12. CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.6%

14. TYPE OF REPORTING PERSON

IA, CO

CUSIP No. 68244P107

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Harbert Management Corporation

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

Alabama

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

341,563

SOLE

9. DISPOSITIVE
POWER

0

10. SHARED DISPOSITIVE POWER

341,563

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.6%

14. TYPE OF REPORTING PERSON

CO

CUSIP No. 68244P107

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Jack Bryant

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

341,563

SOLE

9. DISPOSITIVE
POWER

0

10. SHARED DISPOSITIVE POWER

341,563

11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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CHECK BOX IF THE AGGREGATE
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CERTAIN SHARES

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5.6%

14. TYPE OF REPORTING PERSON

IN

CUSIP No. 68244P107

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Kenan Lucas

2. CHECK THE APPROPRIATE BOX IF A MEMBER OF A GROUP (a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

7. SOLE VOTING POWER

0

8. SHARED VOTING POWER

341,563

SOLE

9. DISPOSITIVE
POWER

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10. SHARED DISPOSITIVE POWER

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11. AGGREGATE AMOUNT BENEFICIALLY OWNED BY EACH REPORTING PERSON

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CHECK BOX IF THE AGGREGATE
AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

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5.6%

14. TYPE OF REPORTING PERSON

IN

CUSIP No. 68244P107

1. NAME OF REPORTING PERSONS

I.R.S. IDENTIFICATION NOS. OF ABOVE PERSONS (ENTITIES ONLY)

Raymond Harbert

CHECK THE
APPROPRIATE

2. BOX IF A MEMBER OF A
GROUP (a)

(b)

3. SEC USE ONLY

4. SOURCE OF FUNDS

AF

5. CHECK BOX IF DISCLOSURE OF LEGAL PROCEEDINGS IS REQUIRED PURSUANT TO ITEMS 2(d)
OR 2(e)

6. CITIZENSHIP OR PLACE OF ORGANIZATION

United States of America

NUMBER OF SHARES BENEFICIALLY OWNED BY EACH REPORTING PERSON

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9. DISPOSITIVE
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AMOUNT IN ROW (11) EXCLUDES
CERTAIN SHARES

13. PERCENT OF CLASS REPRESENTED BY AMOUNT IN ROW (11)

5.6%

14. TYPE OF REPORTING PERSON

IN

CUSIP No. 68244P107

Item 1. Security and Issuer.

The name of the issuer is 1347 Property Insurance Holdings, Inc., a Delaware corporation (the "Issuer"). The address of the Issuer's principal executive offices is 1511 N. Westshore Blvd., Suite 870, Tampa, Florida, 33607, United States of America. This Schedule 13D relates to the Issuer's common stock, par value \$0.001 per share (the "Shares").

Item 2. Identity and Background.

- (a), (f) This Schedule 13D is being filed jointly by (i) Harbert Discovery Fund, LP, a Delaware limited partnership (the "Fund"), (ii) Harbert Discovery Fund GP, LLC, a Delaware limited liability company (the "Fund GP"), (iii) Harbert Fund Advisors, Inc., an Alabama corporation ("HFA"), (iv) Harbert Management Corporation, an Alabama corporation ("HMC"), (v) Jack Bryant, a United States citizen, (vi) Kenan Lucas, a United States citizen, and (vii) Raymond Harbert, a United States citizen (collectively, the "Reporting Persons"). The Fund was previously named Harbert MicroCap Partners Fund, LP, and the Fund GP was previously named Harbert MicroCap Partners Fund GP, LLC.
- (b) The principal business address for each of the Reporting Persons is 2100 Third Avenue North, Suite 600, Birmingham, Alabama 35203.
- (c) Jack Bryant and Kenan Lucas, are directors and co-portfolio managers of the Fund GP, which serves as general partner of the Fund. Raymond Harbert is the controlling shareholder, Chairman and Chief Executive Officer of HMC, an alternative asset investment management firm that is the managing member of the Fund GP. Mr. Harbert also serves as the Chairman, Chief Executive Officer and Director of HFA,

an indirect, wholly owned subsidiary of HMC, which provides the Fund with certain operational and administrative services. The principal business of the Fund is purchasing, holding and selling securities for investment purposes.

- (d) None of the Reporting Persons have, during the last five years, been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).
- (e) Prior to March 2009, HMC was affiliated with the Harbinger Capital Partners Funds ("Harbinger") managed by Philip Falcone. On June 27, 2012, the Securities and Exchange Commission (the "SEC") filed civil fraud charges against Mr. Falcone and Harbinger related to, among other things, their trading in the bonds of a small company known as MAAX Holdings in 2006-2008 that the SEC alleges to have been "manipulative" in violation of Section 10(b) of the Securities Exchange Act of 1934 (the "Exchange Act"). The SEC also sought to hold HMC derivatively liable as a "control person" under Section 20(A) of the Exchange Act. Section 20(A) is a derivative liability provision that does not prohibit any specified conduct and cannot be independently violated by one's own conduct, but imposes joint and several liability on certain persons who control another to the extent that such "controlled person" is independently liable for its own violations of the securities laws. Except as set forth in this Item 2(e) none of the Reporting Persons have, during the last five years, been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding were or are subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities

laws or finding any violation with
respect to such laws.

Item
3. Source and Amount of Funds or Other Consideration.

The funds for the purchase of the Shares by the Fund came from the working capital of the Fund, over which HFA, HMC, the Fund GP, Jack Bryant, Kenan Lucas and Raymond Harbert, through their roles described above in Item 2(c), exercise investment discretion. No borrowed funds were used to purchase the Shares, other than borrowed funds used for working capital purposes in the ordinary course of business. The total costs (including commissions, if any) of the Shares directly owned by Harbert Discovery Fund, LP is approximately \$2,595,482.62.

Item
4. Purpose of Transaction.

The Reporting Persons purchased the securities of the Issuer reported herein based on their belief that the securities were undervalued and represented an attractive investment opportunity.

The Reporting Persons have had conversations with the Issuer's management and board of directors regarding possible ways to enhance shareholder value. The Reporting Persons intend to have further conversations with the Issuer's management and board of directors on a range of issues, including those relating to the business of the Issuer, management, board composition, operations, capital allocation, asset allocation, capitalization, dividend policy, financial condition, mergers and acquisitions strategy, overall business strategy, executive compensation, and corporate governance. The Reporting Persons may also have similar conversations with other stockholders of the Issuer and other interested parties, such as industry analysts, existing or potential strategic partners or competitors, investment professionals, and other investors. The Reporting Persons may at any time reconsider and change their intentions relating to the foregoing.

The Issuer went public in 2014 and completed a follow-on offering in the same year. The capital was raised with the intention of rapidly deploying the capital into additional coastal states beyond Louisiana. For a variety of reasons, the Issuer has failed to expand at the initially anticipated pace. Despite this, the Reporting Persons believe there is still substantial value in the Issuer's shares. The Issuer trades at 0.9x book while its peers have an average price-to-book multiple of 1.5x. With profitability expected for 2016, even despite the abnormal weather, book value should grow and the upside to a peer multiple should compound. If the Issuer were to close the gap and trade up to a peer multiple, shareholders would realize gains of 63%.

However, while the Issuer's growth in policies-in-force over the past two years and its 2015 expansion into Texas have been welcome developments, these growth initiatives have been insufficient relative to the Issuer's current capitalization. Residual from its underfollowed Initial Public Offering and Follow-on Offerings, the Issuer had \$27 million of excess capital at the holding company as of December 31, 2015. This surplus has contributed to a below industry ROE, a key reason the Issuer is undervalued relative to its peers.

The Reporting Persons believe the Issuer is a growing company with attractive future prospects, but in order to achieve its fullest potential the Reporting Persons believe the Issuer should address its excess capital through strategic measures beyond its current growth plan. The board's consideration of strategic actions should include but should be not limited to prudent M&A transactions, aggressive use of the existing share repurchase plan, an outright sale of the business, and other strategic alternatives. The Reporting Persons have communicated to the Issuer that the Issuer should explore these various alternatives genuinely and immediately. Concurrent with a focus on strategic opportunities, the Issuer should address corporate governance issues, including a classified board, lack of diversity on the board, and lack of director independence (both from management and from other directors).

By evaluating and executing on the potential strategic actions in conjunction with executing on the existing organic growth plan, the Reporting Persons expect the Issuer to grow revenue, earnings, and market value, generating attractive returns for all stakeholders in the process. Furthermore, addressing the corporate governance issues will give new and existing shareholders comfort that the board is focused on creating long-term value for all stakeholders.

No Reporting Person has any present plan or proposal which would relate to or would result in any of the matters set forth in subparagraphs (a)- (j) of Item 4 of Schedule 13D except as set forth herein or such as would occur upon completion of any of the actions discussed herein. The Reporting Persons may in the future take one or more of the actions described in subsections (a) through (j) of Item 4 of Schedule 13D and may discuss such actions with the Issuer's management and the board of directors, other stockholders of the Issuer, and other interested parties, such as those set out above.

The Reporting Persons intend to review their investments in the Issuer on a continuing basis. Depending on various factors, including, without limitation, the Issuer's financial position and strategic direction, the outcome of the discussions and actions referenced above, actions taken by the Issuer's board of directors, price levels of the Common Stock, other investment opportunities available to the Reporting Persons, conditions in the securities market and general economic and industry conditions, the Reporting Persons may in the future take actions with respect to its investment position in the Issuer as it deems appropriate, including, without limitation, purchasing additional Common Stock or selling some of all of its Common Stock, and/or engaging in hedging or similar transactions with respect to the Common Stock.

Item 5. Interest in Securities of the Issuer.

- (a) - As of the date hereof, (i) HFA, HMC, the Fund GP, the Fund, Jack Bryant, Kenan Lucas and Raymond
- (e) Harbert may be deemed to be the beneficial owners of 341,563 Shares, constituting 5.6% of the Shares, based upon 6,108,125* Shares outstanding as of the date hereof.

HFA has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 341,563 Shares; has the sole power to dispose or direct the disposition of 0 Shares; and has the shared power to dispose or direct the disposition of 341,563 Shares.

HMC has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 341,563 Shares; has the sole power to dispose or direct the disposition of 0 Shares; and has the shared power to dispose or direct the disposition of 341,563 Shares.

The Fund GP has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 341,563 Shares; has the sole power to dispose or direct the disposition of 0 Shares; and has the shared power to dispose or direct the disposition of 341,563 Shares.

The Fund has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 341,563 Shares; has the sole power to dispose or direct the disposition of 0 Shares; and has the shared power to dispose or direct the disposition of 341,563 Shares.

Jack Bryant has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 341,563 Shares; has the sole power to dispose or direct the disposition of 0 Shares; and has the shared power to dispose or direct the disposition of 341,563 Shares.

Kenan Lucas has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 341,563 Shares; has the sole power to dispose or direct the disposition of 0 Shares; and has the shared power to dispose or direct the disposition of 341,563 Shares.

Raymond Harbert has the sole power to vote or direct the vote of 0 Shares; has the shared power to vote or direct the vote of 341,563 Shares; has the sole power to dispose or direct the disposition of 0 Shares; and has the shared power to dispose or direct the disposition of 341,563 Shares.

There have been no transactions by the Reporting Persons in the securities of the Issuer during the past sixty days.

*This outstanding Shares figure reflects the number of outstanding Shares at May 5, 2016, as reported in the Issuer's Form 10-Q, filed on March 31, 2016.

Item 6. Contracts, Arrangements, Understandings or Relationships with Respect to Securities of the Issuer.

Not Applicable.

Item 7. Material to be Filed as Exhibits.

Exhibit A:
Joint Filing
Agreement

* This reporting person disclaims beneficial ownership of these reported securities except to the extent of its pecuniary interest therein, and this report shall not be deemed an admission that any such person is the beneficial owner of these securities for purposes of Section 16 of the U.S. Securities Exchange Act of 1934, as amended, or for any other purpose.

Attention: Intentional misstatements or omissions of fact constitute Federal criminal violations (see 18 U.S.C. 1001).

Exhibit A
AGREEMENT

The undersigned agree that this Schedule 13D, Amendment 1, dated May 26, 2016, relating to the Common Stock, par value \$0.001 per share of 1347 Property Insurance Holdings, Inc. shall be filed on behalf of the undersigned.

May 26, 2016
(Date)

Harbert Discovery Fund, LP

By: Harbert Discovery Fund GP, LLC,
its General Partner

By: Harbert Management Corporation,
its Managing Member

By: /s/ John McCullough
Senior Vice President and
General Counsel

Harbert Discovery Fund GP, LLC

By: Harbert Management Corporation,
its Managing Member

By: /s/ John McCullough
Senior Vice President and
General Counsel

Harbert Fund Advisors, Inc.

By: s/ John McCullough
Senior Vice President and
General Counsel

Harbert Management Corporation

By: /s/ John McCullough
Senior Vice President and
General Counsel

/s/ Jack Bryant
Jack Bryant

/s/ Kenan Lucas
Kenan Lucas

/s/ Raymond Harbert*
Raymond Harbert