

Global Indemnity plc
Form 10-Q
November 09, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

For the Quarterly Period Ended September 30, 2012

OR

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

For the Transition Period from _____ to _____

001-34809

Commission File Number

GLOBAL INDEMNITY PLC

(Exact name of registrant as specified in its charter)

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Ireland
(State or other jurisdiction of
incorporation or organization)

98-0664891
(I.R.S. Employer
Identification No.)

ARTHUR COX BUILDING
EARLSFORT TERRACE
DUBLIN 2
IRELAND

(Address of principal executive office, including zip code)

353 (0) 1 618 0517

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that registrant was required to submit and post such files.). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act.:

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

As of November 8, 2012, the registrant had outstanding 13,131,438 A Ordinary Shares and 12,061,370 B Ordinary Shares.

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(In thousands, except share amounts)

	(Unaudited) September 30, 2012	December 31, 2011
ASSETS		
Fixed maturities:		
Available for sale, at fair value (amortized cost: \$1,212,179 and \$1,258,533)	\$ 1,259,845	\$ 1,296,885
Equity securities:		
Available for sale, at fair value (cost: \$165,095 and \$155,390)	194,553	168,361
Other invested assets:		
Available for sale, at fair value (cost: \$3,049 and \$4,150)	2,937	6,617
Total investments	1,457,335	1,471,863
Cash and cash equivalents	108,490	175,860
Premiums receivable, net	42,439	47,844
Reinsurance receivables	273,993	287,986
Federal income taxes receivable	8,600	2,223
Deferred federal income taxes	5,352	14,642
Deferred acquisition costs	19,438	21,564
Intangible assets	18,431	18,704
Goodwill	4,820	4,820
Prepaid reinsurance premiums	6,390	6,555
Receivable for securities sold		1,484
Other assets	19,059	19,371
Total assets	\$ 1,964,347	\$ 2,072,916
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 923,778	\$ 971,377
Unearned premiums	99,087	114,041
Ceded balances payable	3,050	8,887
Contingent commissions	7,843	7,473
Payable for securities purchased	16,089	
Notes and debentures payable	84,929	103,000
Other liabilities	22,184	29,075
Total liabilities	1,156,960	1,233,853
Commitments and contingencies (Note 11)		
Shareholders equity:		
Ordinary shares, \$0.0001 par value, 900,000,000 ordinary shares authorized; A ordinary shares issued: 16,208,439 and 21,429,683, respectively; A ordinary shares outstanding: 13,151,919 and 16,810,678, respectively; B ordinary shares issued and outstanding: 12,061,370 and	3	3

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12,061,370, respectively		
Additional paid-in capital	514,124	621,917
Accumulated other comprehensive income, net of taxes	56,667	40,174
Retained earnings	337,792	307,413
A ordinary shares in treasury, at cost: 3,056,520 and 4,619,005 shares, respectively	(101,199)	(130,444)
Total shareholders' equity	807,387	839,063
Total liabilities and shareholders' equity	\$ 1,964,347	\$ 2,072,916

See accompanying notes to consolidated financial statements.

Table of Contents**GLOBAL INDEMNITY PLC****Consolidated Statements of Operations**

(In thousands, except shares and per share data)

	(Unaudited) Quarters Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenues:				
Gross premiums written	\$ 56,949	\$ 73,092	\$ 182,339	\$ 255,720
Net premiums written	\$ 51,455	\$ 64,934	\$ 162,871	\$ 234,449
Net premiums earned	\$ 55,329	\$ 77,090	\$ 177,658	\$ 231,114
Net investment income	14,777	12,880	37,265	41,224
Net realized investment gains:				
Other than temporary impairment losses on investments	(189)	(1,824)	(3,808)	(3,730)
Other than temporary impairment losses on investments recognized in other comprehensive income			541	
Other net realized investment gains	3,400	3,112	10,180	25,401
Total net realized investment gains	3,211	1,288	6,913	21,671
Other income (loss)	101	372	(291)	12,539
Total revenues	73,418	91,630	221,545	306,548
Losses and Expenses:				
Net losses and loss adjustment expenses	35,407	86,234	113,574	206,329
Acquisition costs and other underwriting expenses	23,223	33,327	70,150	92,810
Corporate and other operating expenses	2,039	3,067	6,863	10,869
Interest expense	1,265	1,525	4,213	5,020
Income (loss) before income taxes	11,484	(32,523)	26,745	(8,480)
Income tax expense (benefit)	1,571	899	(3,634)	6,401
Income (loss) before equity in net income of partnerships	9,913	(33,422)	30,379	(14,881)
Equity in net income of partnerships, net of taxes				53
Net income (loss)	\$ 9,913	\$ (33,422)	\$ 30,379	\$ (14,828)
Per share data:				
Net income (loss)				
Basic	\$ 0.39	\$ (1.10)	\$ 1.11	\$ (0.49)
Diluted	\$ 0.39	\$ (1.10)	\$ 1.11	\$ (0.49)
Weighted-average number of shares outstanding				
Basic	25,391,885	30,338,010	27,263,275	30,320,538
Diluted	25,412,586	30,352,850	27,280,612	30,341,713

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See accompanying notes to consolidated financial statements.

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(In thousands)

	(Unaudited) Quarters Ended September 30,		(Unaudited) Nine Months Ended September 30,	
	2012	2011	2012	2011
Net income (loss)	\$ 9,913	\$ (33,422)	\$ 30,379	\$ (14,828)
Other comprehensive income (loss), net of taxes:				
Unrealized holding gains (losses) arising during period	4,851	(28,475)	11,505	(18,072)
Portion of other than temporary impairment losses recognized in other comprehensive income (loss), net of taxes	1	(16)	(538)	(26)
Recognition of previously unrealized holding (gains) losses	2,177	(594)	5,408	(15,559)
Unrealized foreign currency translation gains (losses)	197	(54)	118	