

Primerica, Inc.  
Form 10-Q  
May 08, 2013

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

FORM 10-Q

(Mark One)

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

For the quarterly period ended March 31, 2013

OR

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

For the transition period from \_\_\_\_\_ to \_\_\_\_\_

Commission File Number: 001-34680

Primerica, Inc.  
(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of incorporation or organization)

27-1204330  
(I.R.S. Employer Identification No.)

1 Primerica Parkway  
Duluth, Georgia  
(Address of principal executive offices)

30099  
(ZIP Code)

(770) 381-1000  
(Registrant's telephone number, including area code)

Not applicable.

(Former name, former address and former fiscal year, if changed since last report)

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 the 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 the 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  (Do not check if a smaller reporting company) 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

Edgar Filing: Primerica, Inc. - Form 10-Q

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	As of April 30, 2013
Common Stock, \$.01 Par Value	56,987,377 shares

---

TABLE OF CONTENTS

	Page
<u>PART I – FINANCIAL INFORMATION</u>	<u>1</u>
<u>Item 1. Financial Statements (unaudited).</u>	<u>1</u>
<u>Condensed Consolidated Balance Sheets as of March 31, 2013 and December 31, 2012</u>	<u>1</u>
<u>Condensed Consolidated Statements of Income for the three months ended March 31, 2013 and 2012</u>	<u>2</u>
<u>Condensed Consolidated Statements of Comprehensive Income for the three months ended March 31, 2013 and 2012</u>	<u>3</u>
<u>Condensed Consolidated Statements of Stockholders’ Equity for the three months ended March 31, 2013 and 2012</u>	<u>4</u>
<u>Condensed Consolidated Statements of Cash Flows for the three months ended March 31, 2013 and 2012</u>	<u>5</u>
<u>Notes to Condensed Consolidated Financial Statements</u>	<u>6</u>
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>	<u>22</u>
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	<u>37</u>
<u>Item 4. Controls and Procedures.</u>	<u>37</u>
 <u>PART II – OTHER INFORMATION</u>	 <u>38</u>
<u>Item 1. Legal Proceedings.</u>	<u>38</u>
<u>Item 1A. Risk Factors.</u>	<u>38</u>
<u>Item 6. Exhibits.</u>	<u>38</u>
 <u>Signatures</u>	 <u>40</u>

Table of Contents

## PART I – FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS.

## PRIMERICA, INC. AND SUBSIDIARIES

## Condensed Consolidated Balance Sheets

	March 31, 2013 (unaudited) (In thousands)	December 31, 2012
Assets		
Investments:		
Fixed-maturity securities available for sale, at fair value (amortized cost: \$1,671,700 in 2013 and \$1,711,582 in 2012)	\$1,837,929	\$1,887,014
Equity securities available for sale, at fair value (cost: \$31,066 in 2013 and \$29,955 in 2012)	40,277	37,147
Trading securities, at fair value (cost: \$9,394 in 2013 and \$7,740 in 2012)	9,417	7,762
Policy loans	25,009	24,613
Total investments	1,912,632	1,956,536
Cash and cash equivalents	202,512	112,216
Accrued investment income	21,391	19,540
Due from reinsurers	4,005,539	4,005,194
Deferred policy acquisition costs, net	1,098,124	1,066,422
Premiums and other receivables	180,347	170,656
Intangible assets, net (accumulated amortization: \$62,472 in 2013 and \$61,621 in 2012)	69,502	69,816
Income taxes	21,359	17,256
Other assets	307,241	302,126
Separate account assets	2,614,669	2,618,115
Total assets	\$10,433,316	\$10,337,877
Liabilities and Stockholders' Equity		
Liabilities:		
Future policy benefits	\$4,898,538	\$4,850,488
Unearned premiums	10,214	6,056
Policy claims and other benefits payable	254,333	254,533
Other policyholders' funds	350,345	345,721
Notes payable	374,445	374,433
Income taxes	122,925	114,611
Other liabilities	366,669	358,577
Payable under securities lending	133,325	139,927
Separate account liabilities	2,614,669	2,618,115
Commitments and contingent liabilities (see Commitments and Contingent Liabilities note)		
Total liabilities	9,125,463	9,062,461
Stockholders' equity:		
Common stock (\$.01 par value; authorized 500,000 in 2013 and 2012; and issued 56,682 shares in 2013 and 56,374 shares in 2012)	567	564
Paid-in capital	609,100	602,269
Retained earnings	535,609	503,173

Edgar Filing: Primerica, Inc. - Form 10-Q

Accumulated other comprehensive income (loss), net of income tax:		
Unrealized foreign currency translation gains (losses)	51,358	55,487
Net unrealized investment gains (losses):		
Net unrealized investment gains not other-than-temporarily impaired	112,264	114,958
Net unrealized investment losses other-than-temporarily impaired	(1,045 )	(1,035 )
Total stockholders' equity	1,307,853	1,275,416
Total liabilities and stockholders' equity	\$10,433,316	\$10,337,877
See accompanying notes to condensed consolidated financial statements.		

Table of Contents

## PRIMERICA, INC. AND SUBSIDIARIES

## Condensed Consolidated Statements of Income - Unaudited

	Three months ended March 31,	
	2013	2012
	(In thousands, except per-share amounts)	
Revenues:		
Direct premiums	\$570,899	\$561,037
Ceded premiums	(410,604	) (418,163
Net premiums	160,295	142,874
Commissions and fees	111,988	103,905
Net investment income	23,216	26,097
Realized investment gains (losses), including other-than-temporary impairment losses	2,286	2,131
Other, net	10,660	11,594
Total revenues	308,445	286,601
Benefits and expenses:		
Benefits and claims	74,246	67,933
Amortization of deferred policy acquisition costs	31,252	26,531
Sales commissions	55,048	49,717
Insurance expenses	27,052	22,444
Insurance commissions	6,066	8,496
Interest expense	8,795	6,910
Other operating expenses	45,754	41,105
Total benefits and expenses	248,213	223,136
Income before income taxes	60,232	63,465
Income taxes	21,387	21,709
Net income	\$38,845	\$41,756
Earnings per share:		
Basic	\$0.67	\$0.62
Diluted	\$0.65	\$0.61