

Global Indemnity plc
Form 10-Q
November 07, 2014
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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, 2014

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)

Ireland
(State or other jurisdiction

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

of incorporation or organization)
25/28 NORTH WALL QUAY

DUBLIN 1

IRELAND

(Address of principal executive office, including zip code)

353 (0) 1 649 2000

(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 3, 2014, the registrant had outstanding 13,257,830 A Ordinary Shares and 12,061,370 B Ordinary Shares.

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(In thousands, except share amounts)

	(Unaudited) September 30, 2014	December 31, 2013
ASSETS		
Fixed maturities:		
Available for sale, at fair value (amortized cost: \$1,296,990 and \$1,187,685)	\$ 1,308,771	\$ 1,204,364
Equity securities:		
Available for sale, at fair value (cost: \$96,084 and \$191,425)	120,736	254,070
Other invested assets:		
Available for sale, at fair value (cost: \$21,528 and \$3,065)	21,118	3,489
Total investments	1,450,625	1,461,923
Cash and cash equivalents	66,616	105,492
Premiums receivable, net	62,211	49,888
Reinsurance receivables, net	178,193	197,887
Funds held by ceding insurers	23,762	18,662
Deferred federal income taxes	16,817	4,206
Deferred acquisition costs	26,090	22,177
Intangible assets	17,725	17,990
Goodwill	4,820	4,820
Prepaid reinsurance premiums	5,464	5,199
Receivable for securities sold		723
Other assets	27,492	22,812
Total assets	\$ 1,879,815	\$ 1,911,779
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 739,931	\$ 779,466
Unearned premiums	127,798	116,629
Federal income taxes payable	1,567	1,595
Ceded balances payable	4,150	5,177
Contingent commissions	12,511	12,677
Payable for Securities	2,865	
Margin borrowing facility	62,274	100,000
Other liabilities	30,624	22,955

Total liabilities	981,720	1,038,499
Commitments and contingencies (Note 10)		
Shareholders equity:		
Ordinary shares, \$0.0001 par value, 900,000,000 ordinary shares authorized; A ordinary shares issued: 16,322,645 and 16,200,406, respectively; A ordinary shares outstanding: 13,257,830 and 13,141,035, respectively; B ordinary shares issued and outstanding: 12,061,370 and 12,061,370, respectively	3	3
Additional paid-in capital	518,889	516,653
Accumulated other comprehensive income, net of taxes	24,954	54,028
Retained earnings	455,653	403,861
A ordinary shares in treasury, at cost: 3,064,815 and 3,059,371 shares, respectively	(101,404)	(101,265)
Total shareholders equity	898,095	873,280
Total liabilities and shareholders equity	\$ 1,879,815	\$ 1,911,779

See accompanying notes to consolidated financial statements.

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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,	
	2014	2013	2014	2013
Revenues:				
Gross premiums written	\$ 67,098	\$ 68,785	\$ 227,200	\$ 227,969
Net premiums written	\$ 63,262	\$ 64,030	\$ 212,495	\$ 213,854
Net premiums earned	\$ 68,028	\$ 64,469	\$ 201,589	\$ 179,136
Net investment income	6,527	8,486	22,488	28,285
Net realized investment gains:				
Other than temporary impairment losses on investments	(6)	(177)	(68)	(1,230)
Other net realized investment gains	1,164	1,818	40,294	11,434
Total net realized investment gains	1,158	1,641	40,226	10,204
Other income	126	183	449	484
Total revenues	75,839	74,779	264,752	218,109
Losses and Expenses:				
Net losses and loss adjustment expenses	36,654	35,483	113,496	102,195
Acquisition costs and other underwriting expenses	27,458	28,028	81,114	76,977
Corporate and other operating expenses	3,481	2,627	9,614	7,444
Interest expense	118	3,585	628	5,939
Income before income taxes	8,128	5,056	59,900	25,554
Income tax expense (benefit)	(1,633)	(1,892)	8,108	(2,423)
Net income	\$ 9,761	\$ 6,948	\$ 51,792	\$ 27,977
Per share data:				
Net income				
Basic	\$ 0.39	\$ 0.28	\$ 2.06	\$ 1.12
Diluted	\$ 0.39	\$ 0.28	\$ 2.05	\$ 1.11

Weighted-average number of shares
outstanding

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Basic	25,137,531	25,082,237	25,126,684	25,065,725
Diluted	25,334,716	25,189,072	25,323,187	25,150,920

See accompanying notes to consolidated financial statements.

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(In thousands)

	(Unaudited)		(Unaudited)	
	Quarters Ended September 30, 2014	2013	30 Months Ended September 30, 2014	2013
Net income	\$ 9,761	\$ 6,948	\$ 51,792	\$ 27,977
Other comprehensive income, net of taxes:				
Unrealized holding gains (losses)	(7,293)	7,732	6,476	7,578
Portion of other-than-temporary impairment losses recognized in other comprehensive income (loss)	(1)	12	(4)	8
Reclassification adjustment for gains included in net income	(1,524)	(1,004)	(35,312)	(6,656)
Unrealized foreign currency translation gains (losses)	(229)	142	(234)	176
Other comprehensive income (loss), net of taxes	(9,047)	6,882	(29,074)	1,106
Comprehensive income, net of taxes	\$ 714	\$ 13,830	\$ 22,718	\$ 29,083

See accompanying notes to consolidated financial statements.

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GLOBAL INDEMNITY PLC

Consolidated Statements of Changes in Shareholders' Equity

(In thousands, except share amounts)

	(Unaudited) Nine Months Ended September 30, 2014	Year Ended December 31, 2013
Number of A ordinary shares issued:		
Number at beginning of period	16,200,406	16,087,939
Ordinary shares issued under share incentive plans	94,563	74,400
Ordinary shares issued to directors	27,676	38,067
Number at end of period	16,322,645	16,200,406
Number of B ordinary shares issued:		
Number at beginning and end of period	12,061,370	12,061,370
Par value of A ordinary shares:		
Balance at beginning and end of period	\$ 2	\$ 2
Par value of B ordinary shares:		
Balance at beginning and end of period	\$ 1	\$ 1
Additional paid-in capital:		
Balance at beginning of period	\$ 516,653	\$ 512,304
Share compensation plans	2,236	4,349
Balance at end of period	\$ 518,889	\$ 516,653
Accumulated other comprehensive income, net of deferred income tax:		
Balance at beginning of period	\$ 54,028	\$ 53,350
Other comprehensive income (loss):		
Change in unrealized holding gains (losses)	(28,836)	514
Change in other than temporary impairment losses recognized in		
other comprehensive income	(4)	1
Unrealized foreign currency translation gains (losses)	(234)	163
Other comprehensive income (loss)	(29,074)	678
Balance at end of period	\$ 24,954	\$ 54,028

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Retained earnings:

Balance at beginning of period	\$	403,861	\$	342,171
Net income		51,792		61,690
Balance at end of period	\$	455,653	\$	403,861