

Global Indemnity plc
Form 10-Q
August 04, 2015
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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 June 30, 2015

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 of incorporation or organization)	98-0664891 (I.R.S. Employer Identification No.)
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

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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 July 28, 2015, the registrant had outstanding 13,665,096 A Ordinary Shares and 12,061,370 B Ordinary Shares.

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Table of Contents**PART I FINANCIAL INFORMATION****Item 1. Financial Statements****GLOBAL INDEMNITY PLC****Consolidated Balance Sheets**

(In thousands, except share amounts)

	(Unaudited) June 30, 2015	December 31, 2014
ASSETS		
Fixed maturities:		
Available for sale, at fair value (amortized cost: \$1,541,284 and \$1,272,948)	\$ 1,550,622	\$ 1,283,475
Equity securities:		
Available for sale, at fair value (cost: \$103,019 and \$99,297)	121,238	122,048
Other invested assets:		
Available for sale, at fair value (cost: \$28,887 and \$33,174)	31,176	33,663
Total investments	1,703,036	1,439,186
Cash and cash equivalents	66,286	58,823
Restricted cash		113,696
Premiums receivable, net	113,218	56,586
Reinsurance receivables, net	142,828	125,718
Funds held by ceding insurers	28,047	25,176
Federal income taxes receivable	4,669	3,139
Deferred federal income taxes	26,884	20,250
Deferred acquisition costs	52,378	25,238
Intangible assets	30,630	17,636
Goodwill	7,134	4,820
Prepaid reinsurance premiums	34,619	4,725
Receivable for securities sold	997	60
Other assets	49,732	34,980
Total assets	\$ 2,260,458	\$ 1,930,033
LIABILITIES AND SHAREHOLDERS EQUITY		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 769,299	\$ 675,472
Unearned premiums	295,334	120,815
Ceded balances payable	18,938	2,800
Contingent commissions	13,923	12,985
Margin borrowing facilities	187,407	174,673
Other liabilities	44,302	34,998

Total liabilities	1,329,203	1,021,743
Commitments and contingencies (Note 11)		
Shareholders' equity:		
Ordinary shares, \$0.0001 par value, 900,000,000 ordinary shares authorized; A ordinary shares issued: 16,741,806 and 16,331,577, respectively; A ordinary shares outstanding: 13,665,096 and 13,266,762, respectively; B ordinary shares issued and outstanding: 12,061,370 and 12,061,370, respectively	3	3
Additional paid-in capital	528,259	519,590
Accumulated other comprehensive income, net of taxes	20,102	23,384
Retained earnings	484,628	466,717
A ordinary shares in treasury, at cost: 3,076,710 and 3,064,815 shares, respectively	(101,737)	(101,404)
Total shareholders' equity	931,255	908,290
Total liabilities and shareholders' equity	\$ 2,260,458	\$ 1,930,033

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 June 30,		(Unaudited) Six Months Ended June 30,	
	2015	2014	2015	2014
Revenues:				
Gross premiums written	\$ 166,515	\$ 82,905	\$ 309,384	\$ 160,102
Net premiums written	\$ 146,005	\$ 76,372	\$ 272,109	\$ 149,233
Net premiums earned	\$ 128,877	\$ 66,017	\$ 256,214	\$ 133,561
Net investment income	9,141	7,677	17,382	15,961
Net realized investment gains:				
Other than temporary impairment losses on investments	(1,898)	(37)	(2,238)	(62)
Other net realized investment gains	8,430	39,918	5,800	39,130
Total net realized investment gains	6,532	39,881	3,562	39,068
Other income	577	155	1,129	323
Total revenues	145,127	113,730	278,287	188,913
Losses and Expenses:				
Net losses and loss adjustment expenses	79,560	38,270	149,179	76,842
Acquisition costs and other underwriting expenses	50,926	27,171	99,184	53,656
Corporate and other operating expenses	4,334	3,172	15,874	6,133
Interest expense	535	319	1,040	510
Income before income taxes	9,772	44,798	13,010	51,772
Income tax expense (benefit)	(1,345)	11,590	(4,901)	9,741
Net income	\$ 11,117	\$ 33,208	\$ 17,911	\$ 42,031
Per share data:				
Net income				
Basic	\$ 0.44	\$ 1.32	\$ 0.70	\$ 1.67
Diluted	\$ 0.43	\$ 1.31	\$ 0.70	\$ 1.66
Weighted-average number of shares outstanding				
Basic	25,454,579	25,128,280	25,447,398	25,121,171

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Diluted	25,680,997	25,312,938	25,659,869	25,301,783
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See accompanying notes to consolidated financial statements.

Table of Contents**GLOBAL INDEMNITY PLC****Consolidated Statements of Comprehensive Income**

(In thousands)

	(Unaudited)		(Unaudited)	
	Quarters Ended June 30,		Six Months Ended June 30,	
	2015	2014	2015	2014
Net income	\$ 11,117	\$ 33,208	\$ 17,911	\$ 42,031
Other comprehensive income (loss), net of taxes:				
Unrealized holding gains (losses)	(7,087)	11,728	(730)	13,769
Portion of other-than-temporary impairment losses recognized in other comprehensive income (loss)	(1)	(2)		(3)
Reclassification adjustment for gains included in net income	(917)	(29,756)	(2,716)	(33,788)
Unrealized foreign currency translation gains (losses)	402	(21)	164	(5)
Other comprehensive income (loss), net of taxes	(7,603)	(18,051)	(3,282)	(20,027)
Comprehensive income (loss), net of taxes	\$ 3,514	\$ 15,157	\$ 14,629	\$ 22,004

See accompanying notes to consolidated financial statements.

Table of Contents**GLOBAL INDEMNITY PLC****Consolidated Statements of Changes in Shareholders' Equity**

(In thousands, except share amounts)

	(Unaudited) Six Months Ended June 30, 2015	Year Ended December 31, 2014
Number of A ordinary shares issued:		
Number at beginning of period	16,331,577	16,200,406
Ordinary shares issued under share incentive plans	124,482	94,563
Ordinary shares issued to directors	18,045	36,608
Ordinary shares issued in connection with American Reliable Acquisition	267,702	
Number at end of period	16,741,806	16,331,577
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	\$ 519,590	\$ 516,653
Share compensation plans	8,611	2,900
Tax benefit on share-based compensation expense	58	37
Balance at end of period	\$ 528,259	\$ 519,590
Accumulated other comprehensive income, net of deferred income tax:		
Balance at beginning of period	\$ 23,384	\$ 54,028
Other comprehensive income (loss):		
Change in unrealized holding gains (losses)	(3,441)	(30,299)
Change in other than temporary impairment losses recognized in other comprehensive income	(5)	(4)
Unrealized foreign currency translation gains (losses)	164	(341)
Other comprehensive income (loss)	(3,282)	(30,644)
Balance at end of period	\$ 20,102	\$ 23,384

Retained earnings:

Balance at beginning of period	\$	466,717	\$	403,861
Net income		17,911		62,856
Balance at end of period	\$	484,628	\$	466,717

Number of Treasury Shares:

Number at beginning of period		3,064,815		3,059,371
A ordinary shares purchased		11,895		5,444
Number at end of period		3,076,710		3,064,815

Treasury Shares, at cost:

Balance at beginning of period	\$	(101,404)	\$	(101,265)
A ordinary shares purchased, at cost		(333)		(139)
Balance at end of period	\$	(101,737)	\$	(101,404)
Total shareholders' equity	\$	931,255	\$	908,290

See accompanying notes to consolidated financial statements.

