

AMERICAN SAFETY INSURANCE HOLDINGS LTD

Form 10-Q

November 09, 2011

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON D.C. 20549**

FORM 10 Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
FOR THE QUARTERLY PERIOD ENDED SEPTEMBER 30, 2011
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 1-14795
AMERICAN SAFETY INSURANCE HOLDINGS, LTD.
(Exact name of Registrant as specified in its charter)**

Bermuda
(State or other jurisdiction
of incorporation)

30-0666089
(I.R.S. Employer
Identification No.)

The Boyle Building, 2nd Floor
31 Queen Street
Hamilton, HM 11, Bermuda
(Address, zip code of principal executive offices)
(441) 296-8560
(Registrant's telephone number, including area code)

Indicate by check mark whether 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 such shorter period that 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 (§229.405 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 or a non-accelerated filer. See definition of "accelerated filer" and "large accelerated filer" in Rule 12b-2 of the Exchange Act. (check one)

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

The aggregate number of shares outstanding of Registrant's common stock, \$0.01 par value, on November 3, 2011, was 10,381,424.

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American Safety Insurance Holdings, Ltd. and Subsidiaries
Consolidated Balance Sheets
(dollars in thousands except share data)

	September 30, 2011 (Unaudited)	December 31, 2010
Assets		
Investments available-for-sale:		
Fixed maturity securities at fair value (including \$5,971 and \$5,419 from VIE)	\$ 832,643	\$ 750,250
Common stock, at fair value	6,926	5,082
Preferred stock, at fair value	2,913	2,911
Short-term investments, at fair value (including \$2,323 and \$3,083 from VIE)	38,606	60,207
 Total investments	 881,088	 818,450
 Cash and cash equivalents (including \$1,260 and \$759 from VIE)	 38,199	 38,307
Accrued investment income (including \$52 and \$54 from VIE)	6,668	7,174
Premiums receivable (including \$881 and \$1,116 from VIE)	35,566	32,470
Ceded unearned premiums (including \$201 and \$286 from VIE)	22,337	24,380
Reinsurance recoverables (including \$478 and \$4,291 from VIE)	185,097	198,014
Deferred income taxes	3,159	5,922
Deferred acquisition costs (including \$(496) and \$(38) from VIE)	25,556	22,142
Property, plant and equipment, net	13,886	13,013
Goodwill	9,317	9,317
Other assets (including \$331 and \$0 from VIE)	56,526	52,064
 Total assets	 \$ 1,277,399	 \$ 1,221,253
 Liabilities and Shareholders' Equity		
Liabilities:		
Unpaid losses and loss adjustment expenses (including \$5,992 and \$9,710 from VIE)	\$ 666,392	\$ 649,641
Unearned premiums (including \$747 and \$945 from VIE)	141,083	128,981
Ceded premiums payable (including \$327 and \$434 from VIE)	12,689	11,496
Funds held (including \$167 and \$248 from VIE)	63,101	55,917
Other liabilities (including \$0 and \$427 from VIE)	15,002	17,501
Loans payable	39,183	39,183
 Total liabilities	 937,450	 902,719

Shareholders' equity:

Preferred stock, \$0.01 par value; authorized 5,000,000 shares; no shares issued and outstanding

Common stock, \$0.01 par value; authorized 30,000,000 shares; issued and outstanding at September 30, 2011, 10,375,259 and December 31, 2010, 10,386,519

	104	104
Additional paid-in capital	102,153	102,768
Retained earnings	192,095	174,328
Accumulated other comprehensive income, net	41,829	38,128
Total American Safety Insurance Holdings, Ltd. shareholders' equity	336,181	315,328
Equity in non-controlling interest	3,768	3,206
Total equity	339,949	318,534

Total liabilities and equity	\$	1,277,399	\$	1,221,253
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See accompanying notes to consolidated interim financial statements (unaudited).

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American Safety Insurance Holdings, Ltd. and Subsidiaries
Consolidated Statements of Operations
(Unaudited)

(dollars in thousands except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
INCOME STATEMENT DATA:				
Revenues:				
Direct earned premiums	\$ 62,498	\$ 55,941	\$ 180,955	\$ 172,659
Assumed earned premiums	12,287	10,861	37,422	29,151
Ceded earned premiums	(15,793)	(13,582)	(45,866)	(58,382)
Net earned premiums	58,992	53,220	172,511	143,428
Net investment income	8,196	8,265	23,682	24,099
Net realized gains	10	560	11,311	2,080
Fee income	843	1,474	2,494	3,722
Other income	12	(260)	35	(230)
Total revenues	68,053	63,259	210,033	173,099
Expenses:				
Losses and loss adjustment expenses	35,867	31,378	117,997	86,030
Acquisition expenses	13,800	12,393	39,008	31,218
Other underwriting expenses	10,941	9,996	31,309	29,672
Interest expense	375	586	1,116	2,030
Corporate and other expenses	173	965	1,811	2,431
Total expenses	61,156	55,318	191,241	151,381
Earnings before income taxes	6,897	7,941	18,792	21,718
Income tax expense	1,169	635	588	1,486
Net earnings	5,728	7,306	18,204	20,232
Less: Net (loss) earnings attributable to the non-controlling interest	(69)	104	454	360
Net earnings attributable to American Safety Insurance Holdings, Ltd.	\$ 5,797	\$ 7,202	\$ 17,750	\$ 19,872

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Net earnings per share:

Basic	\$	0.56	\$	0.70	\$	1.70	\$	1.93
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Diluted	\$	0.54	\$	0.68	\$	1.65	\$	1.87
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Weighted average number of shares outstanding:

Basic	10,377,890	10,271,184	10,416,979	10,282,976
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Diluted	10,701,959	10,612,281	10,751,312	10,615,548
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See accompanying notes to consolidated interim financial statements (unaudited).

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American Safety Insurance Holdings, Ltd. and Subsidiaries
Consolidated Statements of Cash Flow
(Unaudited)
(dollars in thousands)

	Nine Months Ended September 30,	
	2011	2010
Cash flow from operating activities:		
Net earnings	\$ 18,204	\$ 20,232
Adjustments to reconcile net earnings to net cash provided by operating activities:		
Realized gains on sale of investments	(11,311)	(2,080)
Depreciation and amortization expense	2,033	2,073
Stock based compensation expense	1,712	1,778
Amortization of deferred acquisition costs, net	(3,414)	(5,728)
Amortization of premiums on investments	3,054	1,007
Deferred income taxes	(916)	(431)
Change in operating assets and liabilities:		
Accrued investment income	506	(468)
Premiums receivable	(3,096)	(8,350)
Reinsurance recoverable	12,917	(11,786)
Ceded unearned premiums	2,043	17,838
Funds held	7,184	4,147
Unpaid loss and loss adjustment expenses	16,751	32,508
Unearned premiums	12,102	1,885
Ceded premiums payable	1,193	4,073
Other liabilities	(2,500)	(491)
Other assets, net	(4,653)	(3,941)
Net cash provided by operating activities	51,809	52,266
Cash flow from investing activities:		
Purchases of fixed maturities	(309,591)	(222,594)
Purchase of common stock	(2,500)	
Proceeds from sales and maturities of fixed maturities	242,959	148,168
Proceeds from sale of equity securities	656	
Decrease in short-term investments	21,601	34,069
Purchase of fixed assets, net	(2,714)	(3,577)
Net cash used in investing activities	(49,589)	(43,934)
Cash flow from financing activities:		
Stock repurchase payments	(2,793)	(2,883)
Proceeds from exercised stock options	465	442
Proceeds from termination of interest rate swaps		2,055
Net cash used in financing activities	(2,328)	(386)

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Net (decrease) increase in cash and cash equivalents	(108)	7,946
Cash and cash equivalents at beginning of period	38,307	34,756
Cash and cash equivalents at end of period	\$ 38,199	\$ 42,702
Supplemental disclosure of cash flow information:		
Income taxes paid	\$ 95	\$ 30
Interest paid	\$ 1,102	\$ 1,820

See accompanying notes to consolidated interim financial statements (unaudited).

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American Safety Insurance Holdings, Ltd. and Subsidiaries
 Consolidated Statements of Comprehensive Earnings
 (Unaudited) (dollars in thousands)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net earnings	\$ 5,728	\$ 7,306	\$ 18,204	\$ 20,232
Other comprehensive income before income taxes:				
Unrealized gains, net, on securities available-for-sale	12,725	12,518	18,801	34,982
Amortization of gain and unrealized losses on hedging transactions	(20)	(19)	(59)	(722)
Reclassification adjustment for realized gains included in net earnings	(9)	(560)	(11,311)	(2,080)
Total other comprehensive income before taxes	12,696	11,939	7,431	32,180
Income tax expense related to items of other comprehensive income	2,776	1,989	3,622	4,851
Other comprehensive income net of income taxes	9,920	9,950	3,809	27,329
Comprehensive income	\$ 15,648	\$ 17,256	\$ 22,013	\$ 47,561
Less: Comprehensive income attributable to the non-controlling interest	159	162	696	549
Comprehensive income attributable to American Safety Insurance Holdings, Ltd.	\$ 15,489	\$ 17,094	\$ 21,317	\$ 47,012

See accompanying notes to consolidated interim financial statements (unaudited).

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American Safety Insurance Holdings, Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
September 30, 2011
(Unaudited)

Note 1 Basis of Presentation

The accompanying consolidated financial statements of American Safety Insurance Holdings, Ltd. (American Safety Insurance) and its subsidiaries and American Safety Risk Retention Group, Inc. (American Safety RRG), a non-subsiary risk retention group affiliate (collectively, the Company), are prepared in accordance with accounting principles generally accepted in the United States of America (GAAP) as established by the FASB Accounting Standards Codification[®] (Codification or ASC). The preparation of financial statements in conformity with GAAP requires management to make estimates, based on the best information available, in recording transactions resulting from business operations. Certain balance sheet amounts involve accounting estimates and/or actuarial determinations and are therefore subject to change and include, but are not limited to, invested assets, deferred income taxes, reinsurance recoverables, goodwill and the liabilities for unpaid losses and loss adjustment expenses. As additional information becomes available (or actual amounts are determinable), the estimates may be revised and reflected in operating results. While management believes that these estimates are adequate, such estimates may change in the future.

The results of operations for the three and nine months ended September 30, 2011, may not be indicative of the results for the fiscal year ending December 31, 2011. These unaudited interim consolidated financial statements and notes should be read in conjunction with the financial statements and notes included in the audited consolidated financial statements on Form 10-K of the Company for the fiscal year ended December 31, 2010.

The unaudited interim consolidated financial statements include the accounts of American Safety Insurance, each of its subsidiaries and American Safety RRG. All significant intercompany balances as well as normal recurring adjustments have been eliminated. Unless otherwise noted, all balances are presented in thousands.

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The amortized cost and estimated fair values of the Company's investments at September 30, 2011 and December 31, 2010, are as follows (dollars in thousands):

	Amortized Cost	Gross unrealized Gains	Gross Unrealized Losses	Estimated fair value
September 30, 2011				
Securities available for sale:				
Fixed maturities:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 61,854	\$ 4,346	\$	\$ 66,200
States of the U.S. and political subdivisions of the states	27,685	4,379		32,064
Corporate securities	316,921	27,184	(1,372)	342,733
Mortgage-backed securities	287,348	13,511	(91)	300,768
Commercial mortgage-backed securities	60,688	3,762	(916)	63,534
Asset-backed securities	26,805	551	(12)	27,344
Total fixed maturities	\$ 781,301	\$ 53,733	\$ (2,391)	\$ 832,643
Common stock	\$ 6,926	\$	\$	\$ 6,926
Preferred stock	\$ 2,790	\$ 214	\$ (91)	\$ 2,913
	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Estimated fair value
December 31, 2010				
Securities available for sale:				
Fixed maturities:				
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 70,796	\$ 3,014	\$ (36)	\$ 73,774
States of the U.S. and political subdivisions of the states	23,463	816	(253)	24,026
Corporate securities	314,995	25,023	(459)	339,559
Mortgage-backed securities	234,137	8,990	(408)	242,719
Commercial mortgage-backed securities	29,123	6,438		35,561
Asset-backed securities	33,884	796	(69)	34,611
Total fixed maturities	\$ 706,398	\$ 45,077	\$ (1,225)	\$ 750,250

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Common stock	\$	5,082	\$		\$	5,082		
Preferred stock	\$	2,789	\$	198	\$	(76)	\$	2,911

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The amortized cost and estimated fair value at September 30, 2011 are shown below by contractual maturity.

	Amortized cost	Estimated fair value
Due in one year or less	\$ 16,392	\$ 16,594
Due after one year through five years	130,297	136,414
Due after five years through ten years	184,203	197,690
Due after ten years	75,569	90,299
Mortgage and asset-backed securities	374,840	391,646
 Total	 \$ 781,301	 \$ 832,643

The following tables summarize the gross unrealized losses of the Company's investment portfolio as of September 30, 2011 and December 31, 2010, by category and length of time that the securities have been in an unrealized loss position.

	Less than 12 Months Unrealized		12 months or longer Unrealized		Total Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
September 30, 2011						
Fixed Maturities:						
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$	\$	\$	\$	\$	\$
States of the U.S. & other political subdivisions of the states						
Corporate securities	61,139	(1,372)			61,139	(1,372)
Mortgage- backed securities	14,456	(91)			14,456	(91)
Commercial mortgage- backed securities	35,475	(916)			35,475	(916)
Asset- backed securities	960	(12)			960	(12)
Total fixed maturities	112,030	(2,391)			112,030	(2,391)
Common stock						
Preferred stock	1,424	(63)	499	(28)	1,923	(91)
Total temporarily impaired	\$ 113,454	\$ (2,454)	\$ 499	\$ (28)	\$ 113,953	\$ (2,482)

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December 31, 2010	Less than 12 Months Unrealized		12 months or longer Unrealized		Total Unrealized	
	Fair Value	Losses	Fair Value	Losses	Fair Value	Losses
Fixed Maturities:						
U.S. Treasury securities and obligations of U.S. government corporations and agencies	\$ 8,615	\$ (36)	\$	\$	\$ 8,615	\$ (36)
States of the U.S. & other political subdivisions of the states	7,071	(194)	1,060	(59)	8,131	(253)
Corporate securities	21,321	(459)			21,321	(459)
Mortgage- backed securities	29,274	(408)			29,274	(408)
Commercial mortgage- backed securities						
Asset- backed securities	6,903	(69)			6,903	(69)
Total fixed maturities	73,184	(1,166)	1,060	(59)	74,244	(1,225)
Common stock						
Preferred stock	966	(29)	972	(47)	1,938	(76)
Total temporarily impaired	\$ 74,150	\$ (1,195)	\$ 2,032	\$ (106)	\$ 76,182	\$ (1,301)

We routinely review our investments that have experienced declines in fair value to determine if the decline is other than temporary. These reviews are performed with consideration of the facts and circumstances of an issuer in accordance with the Securities and Exchange Commission (SEC), Accounting for Non-Current Marketable Equity Securities; ASC-320-10-05, Accounting for Certain Investments in Debt and Equity Securities, and related guidance. The identification of distressed investments and the assessment of whether a decline is other-than-temporary involve significant management judgment and require evaluation of factors including but not limited to:

percentage decline in value and the length of time during which the decline has occurred;

recoverability of principal and interest;

market conditions;

ability and intent to hold the investment to recovery;

continuing operating losses of the issuer;

rating agency actions that affect the issuer's credit status;

adverse changes in the issuer's availability of production resources, revenue sources, technological conditions; and

adverse changes in the issuer's economic, regulatory, or political environment.

Additionally, credit analysis and/or credit rating issues related to specific investments may trigger more intensive monitoring to determine if a decline in market value is other than temporary (OTTI). For investments with a market value below cost, the process includes evaluating the length of time and the extent to which cost exceeds market value, the prospects and financial condition of the issuer, and evaluation for a potential recovery in market value, among other factors. This process is not exact and further requires consideration of risks such as credit risk and interest rate risk. Therefore, if an investment's cost exceeds its market value solely due to changes in interest rates, recognizing impairment may not be appropriate. For the nine months ended September 30, 2011 and 2010, the Company did not incur any OTTI losses.

During the nine months ended September 30, 2011 and 2010, available-for-sale fixed maturity securities were sold for total proceeds of \$213.4 million and \$126.9 million, respectively, resulting in net realized gains to the Company totaling \$11.3 million and \$2.1 million in 2011 and 2010, respectively. For the purpose of determining net realized gains, the cost of securities sold is based on specific identification.

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Note 3 Segment Information

We segregate our business into two segments: insurance operations and other. The insurance operations are further classified into three divisions: excess and surplus lines (E&S), alternative risk transfer (ART) and assumed reinsurance (Assumed Re). E&S consists of seven product lines: environmental, primary casualty, excess, property, surety, healthcare, and professional liability. ART consists of two product lines: specialty programs and fully funded. Assumed Re consists of property and casualty business assumed from unaffiliated specialty insurers and reinsurers. Other includes lines of business that we no longer underwrite (run-off) and other ancillary product lines. Prior year amounts have been reclassified to conform to the current year presentation.

Within E&S, our environmental insurance products provide general contractor pollution and/or professional liability coverage for contractors and consultants in the environmental remediation industry and property owners. Primary casualty provides general liability insurance for residential and commercial contractors as well as general liability and product liability for smaller manufacturers, distributors, non-habitational real estate and certain real property owner, landlord and tenant risks. Excess provides excess and umbrella liability coverages over our own and other carriers primary casualty policies. Our property product encompasses surplus lines commercial property business and commercial multi-peril (CMP) policies. Surety provides payment and performance bonds primarily to the environmental remediation and construction industries. Healthcare provides customized liability insurance solutions primarily for long-term care facilities. Professional Liability provides miscellaneous liability and professional liability coverage on both a primary and excess basis. Professional liability coverage is provided to lawyers, insurance agents, and other businesses, while miscellaneous liability coverage is provided to private and not for profit entities and, to a lesser extent, public companies.

In our ART division, specialty programs provide insurance to homogeneous niche groups through third party program managers. Our specialty programs consist primarily of property and casualty insurance coverages for certain classes of specialty risks including, but not limited to, construction contractors, pest control operators, auto dealers, real estate brokers, consultants, and restaurant and tavern owners. Fully funded policies provide our insureds the ability to fund their liability exposure via a self-insurance vehicle for which we generate fee income. We write fully funded general and professional liability for businesses operating primarily in the healthcare and construction industries.

Our Assumed Reinsurance division offers property and casualty reinsurance products in the form of treaty and facultative contracts targeting specialty insurers, risk retention groups and captives. We provide this coverage on an excess of loss and, to a lesser extent, a quota share basis. We reinsure casualty business, which includes medical malpractice, general liability, commercial auto, professional liability and workers compensation. The assumed reinsurance division also participates in one property catastrophe treaty that provides a maximum of \$15 million of coverage over the treaty period. The treaty covers world-wide property catastrophe losses including hurricanes and earthquakes.

Our Other segment includes lines of business that we have placed in run-off, such as workers compensation, excess liability insurance for municipalities, other commercial lines, real estate and other ancillary product lines.

The Company measures segments using net income, total assets and total equity. The reportable insurance divisions are measured based on underwriting profit (loss) and pre-tax operating income (loss).

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The following table presents key financial data by segment for the three months ended September 30, 2011 and 2010, respectively (dollars in thousands):

	Three Months Ended September 30, 2011				Total
	E&S	Insurance ART	Reinsurance	Other Run-off	
Gross written premiums	\$ 39,782	\$ 18,952	\$ 14,512	\$	\$ 73,246
Net written premiums	31,621	14,040	14,559		60,220
Net earned premiums	30,752	15,552	12,688		58,992
Fee & other income	(8)	806		57	855
Losses & loss adjustment expenses	19,019	8,466	8,382		35,867
Acquisition & other underwriting expenses	13,326	6,610	4,517	288	24,741
Underwriting profit (loss)	(1,601)	1,282	(211)	(231)	(761)
Net investment income	5,280	1,186	1,593	137	8,196
Pre-tax operating income (loss)	3,679	2,468	1,382	(94)	7,435
Net realized gains					10
Interest and corporate expenses					548
Earnings before income taxes					6,897
Income tax expense					1,169
Net earnings					\$ 5,728
Less: Net earnings attributable to the non- controlling interest					(69)
Net earnings attributable to ASIH, Ltd.					\$ 5,797
Loss ratio	61.8%	54.4%	66.1%	*NM	60.8%
Expense ratio	43.4%	37.3%	35.6%	NM	40.5%
Combined ratio**	105.2%	91.8%	101.6%	NM	101.3%

	Three Months Ended September 30, 2010				Total
	E&S	Insurance ART	Reinsurance	Other Run-off	
Gross written premiums	\$ 34,121	\$ 24,847	\$ 12,971	\$ (6)	\$ 71,933
Net written premiums	27,423	17,063	12,258	(6)	56,738
Net earned premiums	26,347	15,114	11,765	(6)	53,220
Fee & other income	43	1,150	57	(36)	1,214
Losses & loss adjustment expenses	15,094	8,033	8,258	(7)	31,378

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Acquisition & other underwriting expenses	12,414	6,345	3,326	304	22,389
Underwriting profit (loss)	(1,118)	1,886	238	(339)	667
Net investment income	5,286	1,366	1,488	125	8,265
Pre-tax operating income (loss)	4,168	3,252	1,726	(214)	8,932
Net realized gains					560
Interest and corporate expenses					1,551
Earnings before income taxes					7,941
Income tax expense					635
Net earnings					\$ 7,306
Less: Net earnings attributable to the non- controlling interest					104
Net earnings attributable to ASIH, Ltd.					\$ 7,202
Loss ratio	57.3%	53.1%	70.2%	*NM	59.0%
Expense ratio	46.1%	34.4%	27.7%	NM	39.3%
Combined ratio**	103.4%	87.5%	97.9%	NM	98.3%

* NM = Ratio is not meaningful

** The combined ratio is a measure of underwriting performance and represents the relationship of losses and loss adjustment expenses, acquisition expenses, and other underwriting expenses net of fee income to earned premiums.

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The following table presents key financial data by segment for the nine months ended September 30, 2011 and 2010, respectively (dollars in thousands):

	Nine Months Ended September 30, 2011				Total
	E&S	Insurance ART	Reinsurance	Other Run-off	
Gross written premiums	\$ 119,706	\$ 64,753	\$ 46,012	\$ (1)	\$ 230,470
Net written premiums	95,636	46,086	44,925	(1)	186,646
Net earned premiums	87,831	45,523	39,158	(1)	172,511
Fee & other income	(8)	2,436		101	2,529
Losses & loss adjustment expenses	54,657	30,310	33,030		117,997
Acquisition & other underwriting expenses	39,652	19,071	11,726	(132)	70,317
Underwriting profit (loss)	(6,486)	(1,422)	(5,598)	232	(13,274)
Net investment income	15,176	3,538	4,528	440	23,682
Pre-tax operating income (loss)	8,690	2,116	(1,070)	672	10,408
Net realized gains					11,311
Interest and corporate expenses					2,927
Earnings before income taxes					18,792
Income tax expense					588
Net earnings					\$ 18,204
Less: Net earnings attributable to the non- controlling interest					454
Net earnings attributable to ASIH, Ltd.					\$ 17,750
Loss ratio	62.2%	66.6%	84.4%	*NM	68.4%
Expense ratio	45.2%	36.5%	29.9%	NM	39.3%
Combined ratio**	107.4%	103.1%	114.3%	NM	107.7%

	Nine Months Ended September 30, 2010				Total
	E&S	Insurance ART	Reinsurance	Other Run-off	
Gross written premiums	\$ 100,227	\$ 66,966	\$ 36,641	\$ (6)	\$ 203,828
Net written premiums	81,251	48,501	33,539	(6)	163,285
Net earned premiums	72,741	39,178	31,515	(6)	143,428
Fee & other income	392	2,854	228	18	3,492
Losses & loss adjustment expenses	41,977	22,927	21,132	(6)	86,030

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Acquisition & other underwriting expenses	35,842	14,769	9,297	982	60,890
Underwriting profit (loss)	(4,686)	4,336	1,314	(964)	
Net investment income	16,120	3,634	3,753	592	24,099
Pre-tax operating income	11,434	7,970	5,067	(372)	24,099
Net realized gains					2,080
Interest and corporate expenses					4,461
Earnings before income taxes					21,718
Income tax expense					1,486
Net earnings					\$ 20,232
Less: Net earnings attributable to the non- controlling interest					360
Net earnings attributable to ASIH, Ltd.					\$ 19,872
Loss ratio	57.7%	58.5%	67.1%	*NM	60.0%
Expense ratio	48.4%	30.4%	28.8%	NM	39.8%