

INFINITY PROPERTY & CASUALTY CORP

Form 10-Q

August 07, 2009

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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 June 30, 2009

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 No. 0-50167

INFINITY PROPERTY AND CASUALTY CORPORATION

(Exact name of registrant as specified in its charter)

Incorporated under

the Laws of Ohio
(State or other jurisdiction of

03-0483872
(I.R.S. Employer

incorporation or organization)

Identification No.)

3700 Colonnade Parkway, Birmingham, Alabama 35243

(Address of principal executive offices and zip code)

(205) 870-4000

(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 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 by rule 12b-2 of the Exchange Act). Yes No

As of July 31, 2009, there were 13,600,861 shares of the registrant's common stock outstanding.

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	Three months ended June 30			Six months ended June 30		
	2009	2008	% Change	2009	2008	% Change
Revenues:						
Earned premium	\$ 213,729	\$ 233,363	(8.4)%	\$ 428,396	\$ 468,427	(8.5)%
Net investment income	12,152	14,823	(18.0)%	25,797	30,147	(14.4)%
Realized gains (losses) on investments*	170	(1,784)	(109.5)%	(5,957)	(3,165)	88.2%
Other income	23	1,456	(98.4)%	71	1,647	(95.7)%
Total revenues	226,075	247,858	(8.8)%	448,308	497,056	(9.8)%
Costs and Expenses:						
Losses and loss adjustment expenses	150,825	165,851	(9.1)%	302,094	335,372	(9.9)%
Commissions and other underwriting expenses	45,551	56,997	(20.1)%	92,652	109,509	(15.4)%
Interest expense	2,769	2,768	0.0%	5,537	5,535	0.0%
Corporate general and administrative expenses	1,909	1,891	1.0%	3,581	3,792	(5.6)%
Restructuring charges / (reversals)	(8)	74	(110.8)%	2	408	(99.5)%
Other expenses	786	1,332	(41.0)%	1,414	2,755	(48.7)%
Total costs and expenses	201,832	228,913	(11.8)%	405,278	457,371	(11.4)%
Earnings before income taxes	24,243	18,945	28.0%	43,029	39,685	8.4%
Provision for income taxes	7,357	6,801	8.2%	15,321	13,540	13.2%
Net Earnings	\$ 16,886	\$ 12,144	39.0%	\$ 27,709	\$ 26,145	6.0%
Earnings per Common Share:						
Basic	\$ 1.24	\$ 0.75	65.3%	\$ 2.01	\$ 1.62	24.1%
Diluted	1.22	0.74	64.9%	1.98	1.60	23.8%
Average number of Common Shares:						

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Basic	13,634	16,131	(15.5)%	13,804	16,130	(14.4)%
Diluted	13,828	16,354	(15.4)%	14,006	16,351	(14.3)%
Cash dividends per Common Share	\$ 0.12	\$ 0.11	9.1%	\$ 0.24	\$ 0.22	9.1%
* Realized gains (losses) before impairment losses	\$ 999	\$ 1,716	(41.8)%	\$ 2,388	\$ 4,532	(47.3)%
Unrealized losses on securities with impairment charges	(4,066)	(3,500)	16.2%	(11,582)	(7,697)	50.5%
Non-credit portion in other comprehensive income	3,238		0.0%	3,238		0.0%
Impairment losses recognized in earnings	(829)	(3,500)	(76.3)%	(8,345)	(7,697)	8.4%
Total realized gains (losses) on investments	\$ 170	\$ (1,784)	(109.5)%	\$ (5,957)	\$ (3,165)	88.2%

See Notes to Consolidated Financial Statements.

Table of Contents**INFINITY PROPERTY AND CASUALTY CORPORATION 10-Q****INFINITY PROPERTY AND CASUALTY CORPORATION AND SUBSIDIARIES****CONSOLIDATED BALANCE SHEETS****(In thousands, except share data)**

	June 30, 2009 (unaudited)	December 31, 2008
Assets		
Investments:		
Fixed maturities - at fair value (amortized cost \$1,053,114 and \$1,024,121)	\$ 1,045,548	\$ 1,032,237
Equity securities - at fair value (amortized cost \$31,274 and \$31,157)	32,349	31,157
Total investments	1,077,897	1,063,394
Cash and cash equivalents	122,241	109,274
Accrued investment income	10,322	11,028
Agents' balances and premium receivable, net of allowances for doubtful accounts of \$9,971 and \$11,652	306,609	300,751
Property, plant and equipment, net of accumulated depreciation of \$37,115 and \$49,989	30,671	33,342
Prepaid reinsurance premium	1,849	1,661
Recoverables from reinsurers (includes \$1,475 and \$2,898 on paid losses and loss adjustment expenses)	20,032	23,413
Deferred policy acquisition costs	71,219	70,101
Current and deferred income taxes	27,964	20,920
Prepaid expenses, deferred charges and other assets	9,072	14,779
Goodwill	75,275	75,275
Total assets	\$ 1,753,151	\$ 1,723,938
Liabilities and shareholders' equity		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 534,002	\$ 544,756
Unearned premium	386,956	380,425
Payable to reinsurers	954	954
Long-term debt (fair value \$155,750 and \$179,063)	199,604	199,567
Commissions payable	22,908	22,568
Payable for securities purchased	1,609	293
Accounts payable, accrued expenses and other liabilities	47,860	50,042
Total liabilities	1,192,938	1,198,607
Commitments and contingencies (See Note 11)		
Shareholders' equity:		
Common stock, no par value 50,000,000 shares authorized 21,061,885 and 21,041,444 shares issued	21,031	20,999
Additional paid-in capital	342,908	341,889
Retained earnings	501,541	439,051
Accumulated other comprehensive income(loss), net of tax	(3,557)	5,987
Treasury stock, at cost (7,436,262 and 6,895,262 shares)	(301,710)	(282,594)
Total shareholders' equity	560,212	525,331

Total liabilities and shareholders' equity	\$ 1,753,151	\$ 1,723,938
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See Notes to Consolidated Financial Statements.

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INFINITY PROPERTY AND CASUALTY CORPORATION 10-Q

INFINITY PROPERTY AND CASUALTY CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(In thousands)

(unaudited)

	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss), net of tax	Treasury Stock	Total
Balance at December 31, 2007	\$ 20,942	\$ 340,195	\$ 426,638	\$ 8,353	\$ (194,904)	