

UNITED FIRE GROUP INC
Form 10-Q
August 06, 2013
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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 June 30, 2013

Commission File Number 001-34257

UNITED FIRE GROUP, INC.
(Exact name of registrant as specified in its charter)

Iowa
(State of Incorporation)

45-2302834
(IRS Employer Identification No.)

118 Second Avenue, S.E., Cedar Rapids, Iowa 52407
(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (319) 399-5700

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 R NO o

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 R NO o

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 definition of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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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 Act). YES NO

As of August 2, 2013, 25,328,593 shares of common stock were outstanding.

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FORWARD-LOOKING INFORMATION

It is important to note that our actual results could differ materially from those projected in our forward-looking statements. Information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in Part I, Item 2 “Management’s Discussion and Analysis of Financial Condition and Results of Operations” and Part II, Item 1A “Risk Factors.”

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

United Fire Group, Inc.

Consolidated Balance Sheets

(In Thousands, Except Share Data)

	June 30, 2013 (unaudited)	December 31, 2012
ASSETS		
Investments		
Fixed maturities		
Held-to-maturity, at amortized cost (fair value \$1,499 in 2013 and \$1,681 in 2012)	\$1,477	\$1,655
Available-for-sale, at fair value (amortized cost \$2,706,174 in 2013 and \$2,657,800 in 2012)	2,764,816	2,808,078
Trading securities, at fair value (amortized cost \$11,413 in 2013 and \$12,645 in 2012)	12,551	13,353
Equity securities		
Available-for-sale, at fair value (cost \$67,455 in 2013 and \$66,892 in 2012)	197,157	177,127
Trading securities, at fair value (cost \$1,754 in 2013 and \$1,772 in 2012)	1,981	2,018
Mortgage loans	4,529	4,633
Policy loans	6,369	6,671
Other long-term investments	33,623	30,028
Short-term investments	800	800
	3,023,303	3,044,363
Cash and cash equivalents	80,789	107,466
Accrued investment income	29,381	30,375
Premiums receivable (net of allowance for doubtful accounts of \$853 in 2013 and \$866 in 2012)	237,646	188,289
Deferred policy acquisition costs	137,811	105,300
Property and equipment (primarily land and buildings, at cost, less accumulated depreciation of \$34,975 in 2013 and \$34,093 in 2012)	43,647	43,090
Reinsurance receivables and recoverables	104,774	114,399
Prepaid reinsurance premiums	3,536	2,963
Income taxes receivable	—	16,536
Goodwill and intangible assets	27,431	28,259
Other assets	12,431	13,613
TOTAL ASSETS	\$3,700,749	\$3,694,653
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Future policy benefits and losses, claims and loss settlement expenses		
Property and casualty insurance	\$968,493	\$971,911
Life insurance	1,476,569	1,498,176
Unearned premiums	354,477	311,650
Accrued expenses and other liabilities	159,161	164,111
Income taxes payable	1,567	—
Deferred income taxes	6,099	19,628
TOTAL LIABILITIES	\$2,966,366	\$2,965,476
Stockholders' Equity		

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Common stock, \$0.001 par value; authorized 75,000,000 shares; 25,323,880 and 25,227,463 shares issued and outstanding in 2013 and 2012, respectively	\$25	\$25
Additional paid-in capital	210,503	208,536
Retained earnings	454,975	425,428
Accumulated other comprehensive income, net of tax	68,880	95,188
TOTAL STOCKHOLDERS' EQUITY	\$734,383	\$729,177
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$3,700,749	\$3,694,653

The Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

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United Fire Group, Inc.

Consolidated Statements of Income and Comprehensive Income (Unaudited)

(In Thousands, Except Share Data)	Three Months Ended June 30,		Six Months Ended June 30,	
	2013	2012	2013	2012
Revenues				
Net premiums earned	\$186,367	\$170,090	\$363,184	\$331,593
Investment income, net of investment expenses	29,019	28,749		