

Primerica, Inc.
Form 10-Q
November 05, 2014

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 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 _____

Commission File Number: 001-34680

Primerica, Inc.

(Exact name of registrant as specified in its charter)

Delaware	27-1204330
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)
	30099

1 Primerica Parkway

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Duluth, Georgia
(Address of principal executive offices) (ZIP Code)

(770) 381-1000

(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 (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 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 in Rule 12b-2 of the Exchange Act). Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class	As of October 31, 2014
Common Stock, \$0.01 Par Value	53,139,572 shares

TABLE OF CONTENTS

	Page
<u>PART I – FINANCIAL INFORMATION</u>	1
<u>Item 1. Financial Statements (unaudited).</u>	1
<u>Condensed Consolidated Balance Sheets as of September 30, 2014 and December 31, 2013</u>	1
<u>Condensed Consolidated Statements of Income for the three and nine months ended September 30, 2014 and 2013</u>	2
<u>Condensed Consolidated Statements of Comprehensive Income (Loss) for the three and nine months ended September 30, 2014 and 2013</u>	3
<u>Condensed Consolidated Statements of Stockholders’ Equity for the nine months ended September 30, 2014 and 2013</u>	4
<u>Condensed Consolidated Statements of Cash Flows for the nine months ended September 30, 2014 and 2013</u>	5
<u>Notes to Condensed Consolidated Financial Statements</u>	6
<u>Item 2. Management’s Discussion and Analysis of Financial Condition and Results of Operations.</u>	20
<u>Item 3. Quantitative and Qualitative Disclosures About Market Risk.</u>	34
<u>Item 4. Controls and Procedures.</u>	34
 <u>PART II – OTHER INFORMATION</u>	 35
<u>Item 1. Legal Proceedings.</u>	35
<u>Item 1A. Risk Factors.</u>	35
<u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds.</u>	35
<u>Item 6. Exhibits.</u>	35
 <u>Signatures</u>	 37

PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

PRIMERICA, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

	(Unaudited)	
	September 30, 2014	December 31, 2013
	(In thousands)	
Assets		
Investments:		
Fixed-maturity securities available for sale, at fair value (amortized cost: \$1,685,305 in 2014 and \$1,663,022 in 2013)	\$ 1,787,926	\$ 1,755,712
Fixed-maturity securities held to maturity, at amortized cost (fair value: \$191,274 in 2014 and \$0 in 2013)	189,830	-
Equity securities available for sale, at fair value (cost: \$40,824 in 2014 and \$32,592 in 2013)	50,133	39,894
Trading securities, at fair value (cost: \$9,126 in 2014 and \$13,025 in 2013)	9,135	12,991
Policy loans	27,566	26,806
Total investments	2,064,590	1,835,403
Cash and cash equivalents	164,999	149,189
Accrued investment income	18,930	18,127
Due from reinsurers	4,130,637	4,055,054
Deferred policy acquisition costs, net	1,321,415	1,208,466
Premiums and other receivables	183,179	175,785
Intangible assets, net (accumulated amortization: \$68,645 in 2014 and \$65,131 in 2013)	65,350	68,863
Income taxes	40,827	32,450
Other assets	283,609	282,784
Separate account assets	2,469,118	2,503,829
Total assets	\$ 10,742,654	\$ 10,329,950
Liabilities and Stockholders' Equity		
Liabilities:		
Future policy benefits	\$ 5,214,878	\$ 5,063,103
Unearned premiums	1,012	1,802
Policy claims and other benefits payable	285,939	253,304
Other policyholders' funds	343,298	337,977
Notes payable	374,519	374,481
Surplus note	189,830	-
Income taxes	136,064	105,885

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Other liabilities	365,900	377,690
Payable under securities lending	67,614	89,852
Separate account liabilities	2,469,118	2,503,829
Commitments and contingent liabilities (see Commitments and Contingent Liabilities note)		
Total liabilities	9,448,172	9,107,923
Stockholders' equity:		
Common stock (\$0.01 par value; authorized 500,000 in 2014 and 2013; and issued 53,682		
shares in 2014 and 54,834 shares in 2013)	537	548
Paid-in capital	429,257	472,633
Retained earnings	756,738	640,840
Accumulated other comprehensive income (loss), net of income tax:		
Unrealized foreign currency translation gains (losses)	30,281	41,974
Net unrealized investment gains (losses):		
Net unrealized investment gains not other-than-temporarily impaired	78,131	67,379
Net unrealized investment losses other-than-temporarily impaired	(462)	(1,347)
Total stockholders' equity	1,294,482	1,222,027
Total liabilities and stockholders' equity	\$ 10,742,654	\$ 10,329,950

See accompanying notes to condensed consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Income – Unaudited

	Three months ended September 30,		Nine months ended September 30,	
	2014	2013	2014	2013
(In thousands, except per-share amounts)				
Revenues:				
Direct premiums	\$577,482	\$567,047	\$1,722,427	\$1,696,342
Ceded premiums	(402,198)	(407,488)	(1,215,459)	(1,235,543)
Net premiums	175,284	159,559	506,968	460,799
Commissions and fees	132,928	118,440	391,898	347,895
Net investment income	20,465	22,103	63,745	66,345
Realized investment gains (losses), including other-than-temporary impairment losses	(281)	(407)	813	5,347
Other, net	10,791	10,714	31,221	31,962
Total revenues	339,187	310,409	994,645	912,348
Benefits and expenses:				
Benefits and claims	81,235	76,549	228,839	209,685
Amortization of deferred policy acquisition costs	36,944	32,192	104,834	93,556
Sales commissions	67,500	58,388	199,985	171,074
Insurance expenses	31,495	26,576	88,190	78,602
Insurance commissions	4,045	3,933	12,009	12,286
Interest expense	8,712	8,726	25,870	26,314
Other operating expenses	45,236	41,273	128,325	131,968
Total benefits and expenses	275,167	247,637	788,052	723,485
Income from continuing operations before income taxes	64,020	62,772	206,593	188,863
Income taxes	22,407	22,040	72,224	66,828
Income from continuing operations	41,613	40,732	134,369	122,035
Income (loss) from discontinued operations, net of income taxes	(18)	2,458	1,578	3,490
Net income	\$41,595	\$43,190	\$135,947	\$125,525
Basic earnings per share:				
Continuing operations	\$0.75	\$0.74	\$2.42	\$2.14
Discontinued operations	-	0.04	0.03	0.06
Basic earnings per share	\$0.75	\$0.78	\$2.45	\$2.20
Diluted earnings per share:				
Continuing operations	\$0.75	\$0.74	\$2.41	\$2.10
Discontinued operations	-	0.04	0.03	0.06
Diluted earnings per share	\$0.75	\$0.78	\$2.44	\$2.16
Weighted-average shares used in computing earnings per share:				
Basic	54,713	54,957	54,953	56,019
Diluted	54,744	54,958	54,978	57,069

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Supplemental disclosures:				
Total impairment losses	\$ (515)	\$ (347)	\$ (885)	\$ (438)
Impairment losses recognized in other comprehensive income				
before income taxes	-	-	-	19
Net impairment losses recognized in earnings	(515)	(347)	(885)	(419)
Other net realized investment gains (losses)	234	(60)	1,698	5,766
Realized investment gains (losses), including other-than-				
temporary impairment losses	\$ (281)	\$ (407)	\$ 813	\$ 5,347