

SEIBELS BRUCE GROUP INC
Form 10-Q
May 10, 2002

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10 Q

ý **QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934**

For Quarter Ended March 31, 2002

or

o **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 0 8804

THE SEIBELS BRUCE GROUP, INC.

(Exact name of registrant as specified in its charter)

South Carolina

57-0672136

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(State or other jurisdiction of incorporation or organization)

1501 Lady Street (PO Box 1), Columbia, SC

(Address of principal executive offices)

(I.R.S. Employer Identification No.)

29201(2)

(Zip Code)

Registrant's telephone number, including area code **(803) 748 2000**

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 the number of shares outstanding of each of the registrant's classes of common stock as of the latest practicable date: 7,831,690 shares of Common Stock, \$1 par value, at May 10, 2002.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE SEIBELS BRUCE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts shown in thousands, except share data)

	(Unaudited) March 31, 2002	December 31, 2001
ASSETS		
Investments:		
Debt securities, available-for-sale, at market (cost of \$36,809 in 2002 and \$32,507 in 2001)	\$ 37,394	\$ 33,538
Equity securities, at market (cost of \$5,842 in 2002 and \$5,858 in 2001)	5,897	5,961
Cash and short-term investments	4,852	6,375
Total cash and investments	48,143	45,874
Accrued investment income	501	702
Premiums and agents' balances receivable, net of allowance for doubtful accounts of \$3,135 in 2002 and \$3,013 in 2001	3,769	2,604
Premium notes receivable, net of allowance for doubtful accounts of \$548 in 2002 and \$750 in 2001	463	3,668
Reinsurance recoverable on paid losses and loss adjustment expenses	11,203	10,246
Reinsurance recoverable on unpaid losses and loss adjustment expenses	38,544	40,832
Property and equipment, net	972	807
Prepaid reinsurance premiums-ceded business	35,699	36,548
Deferred policy acquisition costs	1,215	1,200
Goodwill	4,513	4,513
Other assets	3,190	3,644
Total assets	\$ 148,212	\$ 150,638
LIABILITIES		
Losses and loss adjustment expenses:		
Reported and estimated losses and claims	retained business \$ 20,504	\$ 21,334
	ceded business 37,002	38,785
Adjustment expenses	retained business 4,537	4,709
	ceded business 1,542	2,047
Unearned premiums:		
Property and casualty	retained business 6,582	6,116
	ceded business 35,699	36,548
Balances due other insurance companies	4,654	3,372
Debt	0	7,721
Other liabilities and deferred items	8,158	10,442
Total liabilities	118,678	131,074

COMMITMENTS AND CONTINGENCIES

SPECIAL STOCK, no par value, authorized 5,000,000 shares

Issued and outstanding 209,000 shares of cumulative \$0.62, convertible, redeemable, nonvoting, special preferred stock, redemption value \$2,090	2,090	2,090
Issued and outstanding 50,000 shares of cumulative \$0.625 convertible, redeemable nonvoting, special preferred stock, redemption value \$500	500	500
Total special stock	2,590	2,590

SHAREHOLDERS EQUITY

Adjustable Rate Cumulative Nonvoting Preferred Special Stock, issued and outstanding 800,000 shares	8,000	0
Common stock, \$1 par value, authorized 17,500,000 shares, issued and outstanding 7,831,690 shares	7,832	7,832
Additional paid-in-capital	61,989	61,989
Accumulated other comprehensive income	640	1,134
Accumulated deficit	(51,517)	(53,981)
Total shareholders equity	26,944	16,974
Total liabilities and shareholders equity	\$ 148,212	\$ 150,638

THE SEIBELS BRUCE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months Ended March 31,

(Amounts shown in thousands, except per share amounts)

(Unaudited)

	2002	2001
Commission and service income	\$ 8,512	\$ 9,152
Property and casualty premiums earned	3,457	3,873
Net investment income	539	651
Other interest income, net	34	569
Net realized gain (loss)	2,136	(218)
Policy fees and other income	546	720
Total revenue	15,224	14,747
Expenses:		
Losses and loss adjustment expenses	1,976	2,719
Policy acquisition costs	5,687	5,639
Interest expense	155	230
Other operating costs and expenses	4,902	5,140
Total expenses	12,720	13,728
Income from operations, before provision for income taxes	2,504	1,019
Provision for income taxes	0	0
Net income	2,504	1,019
Other comprehensive income:		
Change in value of marketable securities, less reclassification adjustments of \$19 and \$0 for gains included in net income for the three months ended March 31, 2002 and 2001, respectively	(494)	