

Primerica, Inc.
Form 10-Q
August 16, 2010
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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, 2010

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)

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Delaware
 (State or other jurisdiction of
 incorporation or organization)

27-1204330
 (I.R.S. Employer
 Identification No.)

3120 Breckinridge Boulevard
 Duluth, Georgia
 (Address of principal executive offices)

30099
 (ZIP Code)

(770) 381-1000

(Registrant's telephone number, including area code)

(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 August 12, 2010
Common Stock, \$.01 Par Value	72,725,964 shares

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Table of Contents**Part I FINANCIAL INFORMATION****Item 1. Financial Statements.****PRIMERICA, INC.****Balance Sheets**

	June 30, 2010 (unaudited)	December 31, 2009
	(In thousands)	
Assets		
Investments:		
Fixed-maturity securities available for sale, at fair value (amortized cost: \$1,861,878 in 2010 and \$6,138,058 in 2009)	\$ 2,006,795	\$ 6,378,179
Equity securities available for sale, at fair value (cost: \$15,920 in 2010 and \$45,937 in 2009)	19,274	49,326
Trading securities, at fair value (cost: \$13,843 in 2010 and \$18,387 in 2009)	14,124	16,996
Policy loans and other invested assets	24,865	26,947
Total investments	2,065,058	6,471,448
Cash and cash equivalents	210,506	625,260
Accrued investment income	21,369	71,382
Premiums and other receivables	188,127	169,225
Due from reinsurers	3,603,532	867,242
Due from affiliates		1,915
Deferred policy acquisition costs	745,322	2,789,905
Intangible assets	77,126	78,895
Other assets	107,271	59,167
Separate account assets	2,098,936	2,093,342
Total assets	\$ 9,117,247	\$ 13,227,781
Liabilities and Stockholders Equity		
Liabilities:		
Future policy benefits	\$ 4,286,258	\$ 4,197,454
Unearned premiums	3,692	3,185
Policy claims and other benefits payable	216,457	218,390
Other policyholders funds	388,158	382,768
Note payable	300,000	
Income taxes	129,776	890,617
Due to affiliates		202,507
Other liabilities	376,374	295,745
Separate account liabilities	2,098,936	2,093,342
Total liabilities	7,799,651	8,284,008
Stockholders equity:		
Common stock of \$.01 par value. Authorized 500,000 in 2010 and issued 72,730 in 2010	727	
Paid-in capital	870,706	1,124,096
Retained earnings	304,075	3,648,801

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Accumulated other comprehensive income, net of income tax expense of \$(78,941) in 2010 and \$(94,043) in 2009	142,088	170,876
Total stockholders' equity	1,317,596	4,943,773
Total liabilities and stockholders' equity	\$ 9,117,247	\$ 13,227,781

See accompanying notes to financial statements.

Table of Contents**PRIMERICA, INC.****Statements of Income - Unaudited**

	Three months ended June 30,		Six months ended June 30,	
	2010	2009	2010	2009
(In thousands)				
Revenues:				
Direct premiums	\$ 547,455	\$ 529,004	\$ 1,085,300	\$ 1,045,651
Ceded premiums	(447,213)	(158,401)	(595,332)	(296,011)
Net premiums	100,242	370,603	489,968	749,640
Net investment income	27,991	89,755	110,568	172,140
Commissions and fees	93,226	82,690	184,915	162,406
Realized investment gains (losses), including other-than-temporary impairment losses	374	(9,003)	31,429	(20,261)
Other, net	12,466	13,542	24,359	26,498
Total revenues	234,299	547,587	841,239	1,090,423
Benefits and expenses:				
Benefits and claims	45,124	151,444	215,859	297,194
Amortization of deferred policy acquisition costs	22,899	86,234	114,655	181,048
Insurance commissions	4,233	6,396	10,601	21,016
Insurance expenses	10,083	36,203	47,610	76,291
Sales commissions	43,511	40,389	87,393	80,578
Interest expense	6,928		6,928	
Other operating expenses	65,183	28,587	101,453	61,187
Total benefits and expenses	197,961	349,253	584,499	717,314
Income before income taxes	36,338	198,334	256,740	373,109
Income taxes	14,330	66,214	91,446	128,432
Net income	\$ 22,008	\$ 132,120	\$ 165,294	\$ 244,677
Earnings per share:				
Basic	\$.29		\$ 2.20 (1)	
Diluted	\$.29		\$ 2.18 (1)	
Weighted-average shares used in computing earnings per share:				
Basic	71,843,588		71,843,588 (1)	
Diluted	72,734,365		72,734,365 (1)	
(1) Pro forma basis using weighted-average shares during the period following our corporate reorganization on April 1, 2010				
Supplemental disclosures:				
Total impairment losses	\$ (1,808)	\$ (24,559)	\$ (12,369)	\$ (60,268)

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Impairment losses recognized in other comprehensive income before income taxes	553	10,221	553	25,417
Net impairment losses recognized in earnings	(1,255)	(14,338)	(11,816)	(34,851)
Other net realized investment gains	1,629	5,335	43,245	14,590
Realized investment gains (losses), including other-than-temporary impairment losses	\$ 374	\$ (9,003)	\$ 31,429	\$ (20,261)

See accompanying notes to financial statements.

Table of Contents**PRIMERICA, INC.****Statements of Stockholders Equity - Unaudited**

	Six months ended June 30,	
	2010	2009
	(In thousands)	
Common stock:		
Balance, beginning of period	\$	\$
Issuance of common stock to Citigroup Inc.	750	
Treasury stock retired	(23)	
Balance, end of period	727	
Paid-in capital:		
Balance, beginning of period	1,124,096	1,095,062
Net capital contributed from Citigroup Inc.	172,806	5,776
Net issuance of common stock to Citigroup Inc.	(727)	
Issuance of warrants to Citigroup Inc.	18,464	
Issuance of note payable to Citigroup Inc.	(300,000)	
Tax election under Section 338(h)(10) of the Internal Revenue Code	(177,339)	
Share-based compensation	33,406	(5,083)
Balance, end of period	870,706	1,095,755
Retained earnings:		
Balance, beginning of period	3,648,801	3,340,841
Adoption of FSP SFAS No. 115-2 (included in ASC 320), net of income tax expense of \$(3,929)		7,298
Net income	165,294	244,677
Distribution of warrants to Citigroup Inc.	(18,464)	
Dividends to stockholders	(3,491,556)	(27,650)
Balance, end of period	304,075	3,565,166
Treasury stock:		
Balance, beginning of period		
Treasury stock acquired	(75,321)	
Treasury stock issued, at cost	41,056	
Treasury stock retired	34,265	
Balance, end of period		