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Amtrust Financial Services, Inc.
Form 10-Q
May 11, 2015

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 March 31, 2015

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. 001-33143

AmTrust Financial Services, Inc.
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

04-3106389
(IRS Employer Identification No.)

59 Maiden Lane, 43rd Floor, New York, New York
(Address of principal executive offices)

10038
(Zip Code)

(212) 220-7120
(Registrant's telephone number, including area code)

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 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:

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Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Securities Exchange Act).

Yes No

As of May 1, 2015, the Registrant had one class of Common Stock (\$.01 par value), of which 82,428,628 shares were issued and outstanding.

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PART 1 - FINANCIAL INFORMATION

Item 1. Financial Statements

AMTRUST FINANCIAL SERVICES, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheet

(In Thousands, Except Par Value)

	March 31, 2015 (Unaudited)	December 31, 2014 (Audited)
ASSETS		
Investments:		
Fixed maturities, available-for-sale, at fair value (amortized cost \$4,292,658; \$4,137,146)	\$4,419,313	\$4,253,274
Equity securities, available-for-sale, at fair value (cost \$96,261; \$84,075)	94,668	81,044
Equity securities, trading, at market value (cost \$29,353; \$25,407)	30,560	26,749
Short-term investments	42,668	63,916
Equity investment in unconsolidated subsidiaries – related party	125,104	119,712
Other investments	45,627	31,186
Total investments	4,757,940	4,575,881
Cash and cash equivalents	997,007	902,750
Restricted cash and cash equivalents	217,628	186,225
Accrued interest and dividends	42,952	42,173
Premiums receivable, net	2,134,647	1,851,682
Reinsurance recoverable (related party \$1,627,100; \$1,517,499)	2,544,549	2,440,627
Prepaid reinsurance premium (related party \$1,047,486; \$918,505)	1,473,353	1,302,848
Other assets (related party \$156,996; \$136,516; recorded at fair value \$259,785; \$264,517)	1,063,099	1,094,943
Deferred policy acquisition costs	651,884	628,383
Property and equipment, net	167,459	154,175
Goodwill	458,042	352,685
Intangible assets	303,116	314,996
	\$14,811,676	\$13,847,368
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities:		
Loss and loss adjustment expense reserves	\$5,886,149	\$5,664,205
Unearned premiums	3,704,419	3,447,203
Ceded reinsurance premiums payable (related party \$533,234; \$410,075)	772,651	683,421
Accrued expenses and other liabilities (related party \$167,975; \$167,975; recorded at fair value \$33,189; \$31,619)	1,164,564	991,504
Deferred income taxes	64,937	106,363
Debt	592,968	757,871
Total liabilities	12,185,688	11,650,567
Commitments and contingencies		
Redeemable non-controlling interest	922	600
Stockholders' equity:		
Common stock, \$.01 par value; 150,000 shares authorized, 98,218 and 98,211 issued in 2015 and 2014, respectively; 82,347 and 77,739 outstanding in 2015 and 2014, respectively	982	980
Preferred stock, \$.01 par value; 10,000 shares authorized, 4,968 and 4,785 issued and outstanding in 2015 and 2014, respectively	482,500	300,000
Additional paid-in capital	1,117,882	1,022,769

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Treasury stock at cost; 15,871 and 20,472 shares in 2015 and 2014, respectively	(225,121) (297,586)
Accumulated other comprehensive (loss) income	(2,348) 56,123	
Retained earnings	1,088,840	954,734	
Total AmTrust Financial Services, Inc. equity	2,462,735	2,037,020	
Non-controlling interest	162,331	159,181	
Total stockholders' equity	2,625,066	2,196,201	
	\$14,811,676	\$13,847,368	

See accompanying notes to unaudited condensed consolidated financial statements.

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AmTrust Financial Services, Inc.
 Condensed Consolidated Statements of Income
 (Unaudited)
 (In Thousands, Except Per Share Data)

	Three Months Ended March 31,	
	2015	2014
Revenues:		
Premium income:		
Net written premium	\$1,043,189	\$1,130,281
Change in unearned premium	(93,812) (301,230
Net earned premium	949,377	829,051
Service and fee income (related parties \$17,404, \$12,200)	112,886	90,958
Net investment income	34,573	28,527
Net realized and unrealized gain on investments		

Investments representing 5 percent or more of the net assets available for benefits at December 31, 2014 and 2013 consist of the following:

	<u>2014</u>	<u>2013</u>
Fidelity Puritan Fund	\$14,356,073	\$13,153,461
Fidelity Low-Priced Stock Fund	12,745,087	12,321,694
Spartan 500 Index Fund	12,355,433	10,445,568
Fidelity Managed Income Portfolio Fund	10,541,321	10,776,564
Rainier Small/Mid Cap Fund	10,238,303	10,580,002
Fidelity Diversified International Fund	N/A	8,589,413

Net appreciation (depreciation) in the fair value of investments for the year ended December 31, 2014 is as follows:

Mutual funds	\$(1,292,521)
Common stocks	591,231
Preferred stocks	11,240
Corporate bonds	(1,805)
	\$(691,855)

5. Transactions with Parties-in-Interest

As of December 31, 2014 and 2013, the Plan held certain securities issued by the Company as follow:

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	December 31, 2014		December 31, 2013	
	Number	Fair	Number	Fair
	of	Value	of	Value
	Shares		Shares	
CONMED Corporation Common Stock	124,112	\$5,580,076	128,443	\$5,458,828

In addition, certain assets of the Plan are invested in funds managed by Fidelity. Fidelity is the trustee of the Plan and, therefore, is considered to be a party-in-interest. Notes receivable from participants also qualify as party-in-interest transactions.

CONMED Corporation

Retirement Savings Plan

Notes to Financial Statements**December 31, 2014 and 2013**

6. Reconciliation of Financial Statements to Form 5500

The following is a reconciliation of the financial statements to the Form 5500:

	December 31, 2014	December 31, 2013
Net Assets Available for Benefits Per the Financial Statements	\$ 179,904,708	\$ 168,402,587
Adjustment from Contract Value to Fair Value for Interest in Common Collective Trust Relating to Fully Benefit-Responsive Investment Contracts	154,077	162,436
Net Assets Available for Benefits Per the Form 5500	\$ 180,058,785	\$ 168,565,023
Net Increase in Net Assets Available for Benefits Per the Financial Statements	\$ 11,502,121	
Change in Adjustment from Contract Value to Fair Value for Interest in Common Collective Trust Relating to Fully Benefit-Responsive Investment Contracts	(8,359)	
Net Income Per the Form 5500	\$ 11,493,762	

CONMED Corporation

Retirement Savings Plan

Schedule H, line 4i - Schedule of Assets (Held at End of Year)**December 31, 2014**

Identity of Issue/Description of Investment	Current Value
Fidelity Freedom Funds**	\$40,375,865
Fidelity Puritan Fund**	14,356,073
Fidelity Low-Priced Stock Fund**	12,745,087
Spartan 500 Index Fund**	12,355,433
Fidelity Managed Income Portfolio Fund**	10,541,321
Rainier Small/Mid Cap Fund	10,238,303
Fidelity Investment Grade Bond Fund**	8,608,466
Fidelity Capital Appreciation Fund**	8,413,177
Participant - Directed Brokerage Link Account	8,183,557
Fidelity Diversified International Fund**	8,081,502
Fidelity Retirement Money Market Fund**	7,121,885
CONMED Corporation Common Stock **	5,580,076
MFS Value Fund R4	5,079,442
Fidelity Equity Income Fund**	4,585,664
Needham Growth Fund	4,576,947
T. Rowe Price Dividend Growth Fund	4,421,584
WFA Small Cap Value Fund	3,985,566
Vanguard Total Bond Market Admiral Fund	2,330,086
Spartan Extended Market Index Fund**	1,588,616
Spartan Global ex U.S. Index Fund**	900,376
WFA Emerging Markets Equity Fund	509,935
Interest Bearing Cash Accounts	411,011
Notes receivable from participants, interest rates from 4.25% to 10.50% and maturities from 2015 to 2029**	5,085,435
	\$180,075,407

** Denotes party-in-interest

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Plan Administrator has duly caused this Annual Report to be signed by the undersigned hereunto duly authorized.

CONMED CORPORATION
Retirement Savings Plan

By: /s/ Luke A. Pomilio

Name: Luke A. Pomilio

Title: Executive Vice President – Finance and Chief Financial Officer

Date: June 12, 2015