

NATIONAL SECURITY GROUP INC
Form 8-K
February 26, 2007
SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 8-K

CURRENT REPORT

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

Date of Report (Date of earliest event reported): February 26, 2007

THE NATIONAL SECURITY GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation)

0-18649
(Commission File Number)

63-1020300
(IRS Employer Identification No.)

661 East Davis Street
Elba, Alabama 36323
(Address of principal executive offices)

36323
(Zip Code)

Registrant's telephone number, including area code: (334) 897-2273

N/A
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

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- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 7.01. Regulation FD Disclosure

In accordance with Securities and Exchange Commission Release No. 33-8216, the following information is furnished to the Securities and Exchange Commission pursuant to Item 12, Disclosure of Results of Operations and Financial Condition. This information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On February 26, 2007, The National Security Group, Inc. issued a press release announcing its financial results for the quarter and year ended December 31, 2006. A copy of this press release is attached as Exhibit 99.1 to this report and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

(c) Exhibits

| <u>Exhibit No.</u> | <u>Description of Document</u> |
|--------------------|--------------------------------|
|--------------------|--------------------------------|

| | |
|------|--|
| 99.1 | Press release, dated February 26, 2007 issued by The National Security Group, Inc. |
|------|--|

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Dated: February 26, 2007

The National Security Group, Inc.

By: /s/ Brian R. McLeod
Brian R. McLeod

Chief Financial Officer

Ex. 99.1

The National Security Group, Inc.

661 East Davis Street
Elba, AL 36323

PRESS RELEASE

FOR IMMEDIATE RELEASE

For Additional Information Contact:

Brian R. McLeod Chief Financial Officer @ (334) 897-2273

Elba, Alabama (February 26, 2007) The National Security Group, Inc. (NASDAQ: NSEC) today announced its financial results for the year and three month periods ended December 31, 2006. Total revenues for the year increased 4.6% to \$69,050,000 compared to \$66,030,000 for 2005. Leading the increase in total revenue was a 9.9% increase in premium revenue to \$58,874,000 in 2006 compared to \$53,563,000 for the year 2005. Net income for the year increased 172.8% to \$4,250,000, or \$1.72 per share, compared with net income of \$1,558,000, or \$0.63 per share for 2005. The lack of hurricane losses was the primary contributor to the significant increase in net income.

Fourth quarter 2006 net income declined 44% to \$1,585,000 compared to \$2,816,000 for the quarter ended December 31, 2005. The decline in fourth quarter net income was partly related to a 52.1% decline in realized investment gains to \$696,000 in 2006 from \$1,452,000 in 2005 as well as an increase in incurred losses in 2006. Also, last year, fourth quarter results were positively impacted by a reduction in reserve estimates associated with prior year unpaid losses in the property and casualty subsidiaries of \$500,000 (\$330,000 net of tax).

Stockholders equity for the year ended December 31, 2006 was \$45,379,000 compared to \$43,556,000 at December 31, 2005, an increase of \$1,823,000 or 4.2%. The change in stockholders equity is composed of dividends paid to shareholders of \$2,183,000; net income of \$4,250,000 and a decline in accumulated other comprehensive income, consisting of accumulated unrealized capital losses, of \$244,000. Year end book value per share, defined as stockholders equity divided by common shares outstanding of 2,466,600, was \$18.39 at December 31, 2006 compared to \$17.66 at December 31, 2005.

| | Three Months Ended December 31 | | Year Ended December 31 | |
|-------------------|-----------------------------------|---------------|---------------------------|---------------|
| | 2006 | 2005 | 2006 | 2005 |
| Premium Earned | \$ 14,331,000 | \$ 14,234,000 | \$ 58,874,000 | \$ 53,563,000 |
| Investment Income | 1,109,000 | 766,000 | 4,463,000 | 3,964,000 |

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|----------------------------------|--------------|--------------|--------------|--------------|
| Realized Investment Gains | 696,000 | 1,452,000 | 2,615,000 | 3,727,000 |
| Revenues from Leasing Operations | 556,000 | 1,070,000 | 1,887,000 | 3,360,000 |
| Other Income | 274,000 | 330,000 | 1,211,000 | 1,416,000 |
| Total Revenues | 16,966,000 | 17,852,000 | 69,050,000 | 66,030,000 |
| Net Income | \$ 1,585,000 | \$ 2,816,000 | \$ 4,250,000 | \$ 1,558,000 |
| Net Income Per Share | \$ 0.64 | \$ 1.14 | \$ 1.72 | \$ 0.63 |

The National Security Group, Inc., through three wholly owned subsidiaries, offers a range of personal lines life, accident and health, property and liability insurance in twelve states. The Company is listed on the NASDAQ Global Market under the symbol: NSEC. For more financial information please visit the investor section our website www.nationalsecuritygroup.com.

Contact: Brian McLeod, Treasurer
The National Security Group, Inc.
P.O. Box 703
Elba, Alabama 36323