

SAFETY INSURANCE GROUP INC

Form 10-Q

August 08, 2014

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**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

**FORM 10-Q**

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

**For the quarterly period ended June 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: 000-50070**

**SAFETY INSURANCE GROUP, INC.**

(Exact name of registrant as specified in its charter)

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**Delaware**

(State or other jurisdiction of incorporation or organization)

**13-4181699**

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

**20 Custom House Street, Boston, Massachusetts 02110**

(Address of principal executive offices including zip code)

**(617) 951-0600**

(Registrant's telephone number, including area code)

**Not Applicable**

(Former name or former address, 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 large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, accelerated filer, and smaller reporting company in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Non-accelerated filer

Accelerated filer

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

As of August 5, 2014, there were 15,006,136 shares of common stock with a par value of \$0.01 per share outstanding.



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	June 30, 2014 (Unaudited)	December 31, 2013
<b>Assets</b>		
Investments:		
Securities available for sale:		
Fixed maturities, at fair value (amortized cost: \$1,075,650 and \$1,087,232)	\$ 1,111,248	\$ 1,104,957
Equity securities, at fair value (cost: \$84,974 and \$83,134)	97,540	91,871
Other invested assets	7,552	5,748
Total investments	1,216,340	1,202,576
Cash and cash equivalents	37,740	55,877
Accounts receivable, net of allowance for doubtful accounts	191,149	169,304
Receivable for securities sold	660	1,320
Accrued investment income	9,813	10,329
Taxes recoverable	566	709
Receivable from reinsurers related to paid loss and loss adjustment expenses	11,943	4,588
Receivable from reinsurers related to unpaid loss and loss adjustment expenses	58,823	60,346
Ceded unearned premiums	18,649	17,900
Deferred policy acquisition costs	69,110	63,388
Deferred income taxes		3,984
Equity and deposits in pools	22,655	18,733
Other assets	15,475	16,403
<b>Total assets</b>	<b>\$ 1,652,923</b>	<b>\$ 1,625,457</b>
<b>Liabilities</b>		
Loss and loss adjustment expense reserves	\$ 457,789	\$ 455,014
Unearned premium reserves	403,638	370,583
Accounts payable and accrued liabilities	52,685	66,508
Payable for securities purchased	6,554	13,327
Payable to reinsurers	12,958	7,094
Deferred income taxes	3,752	
Other liabilities	11,846	17,744
<b>Total liabilities</b>	<b>949,222</b>	<b>930,270</b>
<b>Commitments and contingencies (Note 7)</b>		
<b>Shareholders' equity</b>		
Common stock: \$0.01 par value; 30,000,000 shares authorized; 17,288,504 and 17,207,929 shares issued	173	172
Additional paid-in capital	173,177	170,391
Accumulated other comprehensive income, net of taxes	31,306	17,200
Retained earnings	582,880	567,792
Treasury Stock, at cost: 2,279,570 and 1,819,547 shares	(83,835)	(60,368)
<b>Total shareholders' equity</b>	<b>703,701</b>	<b>695,187</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 1,652,923</b>	<b>\$ 1,625,457</b>

The accompanying notes are an integral part of these financial statements.



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**Safety Insurance Group, Inc. and Subsidiaries**

**Consolidated Statements of Operations**

**(Unaudited)**

**(Dollars in thousands, except per share data)**