AMERISAFE INC
Form 10-Q
July 28, 2017

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, DC 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, 2017

Commission file number:

001-12251

AMERISAFE, INC.

(Exact Name of Registrant as Specified in Its Charter)

Texas	75-2069407
(State of Incorporation)	(I.R.S. Employer Identification Number)
2301 Highway 190 West, DeRidder, Louisiana	70634
(Address of Principal Executive Offices)	(Zip Code)

Registrant's telephone number, including area code: (337) 463-9052

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, a smaller reporting company, or an emerging growth company. See the definitions of “large accelerated filer,” “accelerated filer”, “smaller reporting company,” and “emerging growth company” in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer		Accelerated filer
Non-accelerated filer	(Do not check if a smaller reporting company)	Smaller reporting company
		Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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 July 25, 2017, there were 19,244,023 shares of the Registrant’s common stock, par value $.01 per share, outstanding.

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FORWARD-LOOKING STATEMENTS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and 21E of the Securities Exchange Act of 1934. You should not place undue reliance on these statements. These forward-looking statements include statements that reflect the current views of our senior management with respect to our financial performance and future events with respect to our business and the insurance industry in general. Statements that include the words "expect," "intend," "plan," "believe," "project," "forecast," "estimate," "may," "should," "ar similar statements of a future or forward-looking nature identify forward-looking statements. Forward-looking statements address matters that involve risks and uncertainties. Accordingly, there are or will be important factors that could cause our actual results to differ materially from those indicated in these statements. We believe that these factors include, but are not limited to, the following:

- the cyclical nature of the workers' compensation insurance industry;
- general economic conditions, including recession, inflation, performance of financial markets, interest rates, unemployment rates and fluctuating asset values;
- increased competition on the basis of types of insurance offered, premium rates, coverage availability, payment terms, claims management, safety services, policy terms, overall financial strength, financial ratings and reputation;
- changes in relationships with independent agencies;
- developments in capital markets that adversely affect the performance of our investments;
- technology breaches or failures, including those resulting from a malicious cyber attack on the Company or its policyholders and medical providers;
- decreased level of business activity of our policyholders caused by decreased business activity generally, and in particular in the industries we target;
- greater frequency or severity of claims and loss activity, including as a result of natural or man-made catastrophic events, than our underwriting, reserving or investment practices anticipate based on historical experience or industry data;
- adverse developments in economic, competitive, judicial or regulatory conditions within the workers' compensation insurance industry;
- loss of the services of any of our senior management or other key employees;
- changes in regulations, laws, rates, or rating factors applicable to the Company, its policyholders or the agencies that sell its insurance;
- changes in legal theories of liability under our insurance policies;
- changes in rating agency policies, practices or ratings;
- changes in the availability, cost or quality of reinsurance and the failure of our reinsurers to pay claims in a timely manner or at all;
- decreased demand for our insurance;
- the effects of U.S. involvement in hostilities with other countries and large-scale acts of terrorism, or the threat of hostilities or terrorist acts; and
- other risks and uncertainties described from time to time in the Company's filings with the Securities and Exchange Commission ("SEC").

The foregoing factors should not be construed as exhaustive and should be read together with the other cautionary statements included in this report, and under the caption "Risk Factors" in Item 1A of our Annual Report on Form 10-K for the year ended December 31, 2016. If one or more events related to these or other risks or uncertainties materialize, or if our underlying assumptions prove to be incorrect, actual results may differ materially from what we anticipate.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements.

AMERISAFE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED BALANCE SHEETS

(in thousands, except share data)

	June 30, 2017 (unaudited)	December 31, 2016
Assets		
Investments:		
Fixed maturity securities—held-to-maturity, at amortized cost (fair value $610,551 and $568,931 in 2017 and 2016, respectively)	$599,096	$ 562,434
Fixed maturity securities—available-for-sale, at fair value (cost $459,116 and $479,871 in 2017 and 2016, respectively)	462,793	479,097
Equity securities—available-for-sale, at fair value (cost $5,006 and $0 in 2017 and 2016, respectively)	5,068	33
Short-term investments	46,635	29,580
Other investments	7,038	13,330
Total investments	1,120,630	1,084,474
Cash and cash equivalents	53,967	58,936
Amounts recoverable from reinsurers	84,147	83,666
Premiums receivable, net of allowance	190,646	183,005
Deferred income taxes	31,943	33,811
Accrued interest receivable	11,207	11,360
Property and equipment, net	6,345	6,636
Deferred policy acquisition costs	20,882	19,300
Federal income tax recoverable	177	—
Other assets	39,543	37,668
Total assets	$1,559,487	$ 1,518,856
Liabilities and shareholders' equity		
Liabilities:		
Reserves for loss and loss adjustment expenses	$749,759	$ 742,776
Unearned premiums	165,895	162,028
Reinsurance premiums payable	—	28
Amounts held for others	34,668	31,974
Policyholder deposits	48,318	49,130
Insurance-related assessments	31,801	31,742
Federal income tax payable	—	4,017
Accounts payable and other liabilities	36,099	31,510

Payable for investments purchased	11,555	9,501
Total liabilities	1,078,095	1,062,706
Shareholders' equity:		
Common stock: voting—$0.01 par value authorized shares—50,000,000 in 2017 and 2016; 20,502,273 and 20,488,385 shares issued and 19,244,023 and 19,230,135 shares outstanding in 2017 and 2016, respectively	204	204
Additional paid-in capital	209,414	208,390
Treasury stock at cost (1,258,250 shares in 2017 and 2016)	(22,370)	(22,370)
Accumulated earnings	291,728	270,418
Accumulated other comprehensive income (loss), net	2,416	(492)
Total shareholders' equity	481,392	456,150
Total liabilities and shareholders' equity	$ 1,559,487	$ 1,518,856

See accompanying notes.

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AMERISAFE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF INCOME

(in thousands, except share and per share data)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Revenues				
Gross premiums written	$87,039	$103,224	$182,117	$203,606
Ceded premiums written	(2,198)	(2,550)	(4,589)	(5,101)
Net premiums written	$84,841	$100,674	$177,528	$198,505
Net premiums earned	$82,749	$90,728	$173,661	$186,689
Net investment income	7,471	6,201	14,181	12,245
Net realized gains (losses) on investments	(388)	545	(569)	793
Fee and other income	93	89	194	171
Total revenues	89,925	97,563	187,467	199,898
Expenses				
Loss and loss adjustment expenses incurred	46,428	49,171	102,644	95,887
Underwriting and certain other operating costs	7,645	9,749	16,145	17,221
Commissions	5,984	6,491	12,394	13,369
Salaries and benefits	6,554	6,321	12,866	12,105
Policyholder dividends	1,163	1,216	2,534	2,306
Total expenses	67,774	72,948	146,583	140,888
Income before income taxes	22,151	24,615	40,884	59,010
Income tax expense	6,670	7,976	11,879	18,114
Net income	$15,481	$16,639	$29,005	$40,896
Net income available to common shareholders	$15,481	$16,639	$29,005	$40,896
Earnings per share				
Basic	$0.81	$0.87	$1.51	$2.14
Diluted	$0.81	$0.87	$1.51	$2.13
Shares used in computing earnings per share				
Basic	19,162,049	19,096,718	19,156,250	19,077,328
Diluted	19,227,960	19,184,984	19,227,997	19,178,893
Cash dividends declared per common share	$0.20	$0.18	$0.40	$0.36

See accompanying notes.

AMERISAFE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(in thousands)

(unaudited)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Net income	$15,481	$16,639	$29,005	$40,896
Other comprehensive income:				
Unrealized gain on securities, net of tax	1,956	2,929	2,908	5,722
Comprehensive income	$17,437	$19,568	$31,913	$46,618

See accompanying notes.

AMERISAFE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY

(in thousands, except share data)

(unaudited)

	Common Stock		Additional Paid-In Capital	Treasury Stock		Accumulated Earnings	Accumulated Other Comprehensive Income (Loss)	Total
	Shares	Amounts		Shares	Amounts			
Balance at December 31, 2016	20,488,385	$ 204	$ 208,390	(1,258,250)	$ (22,370)	$ 270,418	$ (492)	$ 456,150
Comprehensive income	—	—	—	—	—	29,005	2,908	31,913
Restricted common stock issued	13,888	—	396	—	—	—	—	396
Share-based compensation	—	—	628	—	—	—	—	628
Dividends to shareholders	—	—	—	—	—	(7,695)	—	(7,695)
Balance at June 30, 2017	20,502,273	$ 204	$ 209,414	(1,258,250)	$ (22,370)	$ 291,728	$ 2,416	$ 481,392

See accompanying notes.

AMERISAFE, INC. AND SUBSIDIARIES

CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(in thousands)

(unaudited)

	Six Months Ended June 30, 2017	2016
Operating activities		
Net income	$29,005	$40,896
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	529	594
Net amortization of investments	7,394	8,163
Deferred income taxes	302	291
Net realized (gains) losses on investments	569	(793)
Net realized losses on disposal of assets	2	1
Share-based compensation	937	744
Changes in operating assets and liabilities:		
Premiums receivable, net	(7,641)	(22,871)
Accrued interest receivable	153	37
Deferred policy acquisition costs	(1,582)	(263)
Amounts held by others	—	1,016
Other assets	(1,900)	(756)
Reserves for loss and loss adjustment expenses	6,983	7,516
Unearned premiums	3,867	11,817
Reinsurance balances	(509)	(3,270)
Amounts held for others and policyholder deposits	1,882	4,700
Accounts payable and other liabilities	807	8,539
Net cash provided by operating activities	40,798	56,361
Investing activities		
Purchases of investments held-to-maturity	(96,697)	(76,920)
Purchases of investments available-for-sale	(50,193)	(132,699)
Purchases of short-term investments	(30,800)	(12,132)
Proceeds from maturities of investments held-to-maturity	66,276	103,565
Proceeds from sales and maturities of investments available-for-sale	54,062	66,755
Proceeds from sales and maturities of short-term investments	13,610	2,507
Proceeds from redemption of other invested assets	6,000	—
Purchases of property and equipment	(240)	(850)
Net cash used in investing activities	(37,982)	(49,774)
Financing activities		
Proceeds from stock option exercises	—	501
Tax benefit from share-based payments	—	546
Dividends to shareholders	(7,785)	(6,960)
Net cash used in financing activities	(7,785)	(5,913)

Change in cash and cash equivalents	(4,969)	674
Cash and cash equivalents at beginning of period	58,936	69,481
Cash and cash equivalents at end of period	$53,967	$70,155

See accompanying notes.

AMERISAFE, INC. AND SUBSIDIARIES

NOTES TO UNAUDITED CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

(unaudited)

Note 1. Basis of Presentation

AMERISAFE, Inc. (the “Company”) is an insurance holding company incorporated in the state of Texas. The accompanying unaudited condensed consolidated financial statements include the accounts of AMERISAFE and its subsidiaries: American Interstate Insurance Company (“AIIC”) and its insurance subsidiaries, Silver Oak Casualty, Inc. (“SOCI”) and American Interstate Insurance Company of Texas (“AIICTX”), Amerisafe Risk Services, Inc. (“RISK”) and Amerisafe General Agency, Inc. (“AGAI”). AIIC and SOCI are property and casualty insurance companies organized under the laws of the state of Nebraska. AIICTX is a property and casualty insurance company organized under the laws of the state of Texas. RISK, a wholly owned subsidiary of the Company, is a claims and safety service company currently servicing only affiliated insurance companies. AGAI, a wholly owned subsidiary of the Company, is a general agent for the Company. AGAI sells insurance, which is underwritten by AIIC, SOCI and AIICTX, as well as by nonaffiliated insurance carriers. The assets and operations of AGAI are not significant to that of the Company and its consolidated subsidiaries.

The terms “AMERISAFE,” the “Company,” “we,” “us” or “our” refer to AMERISAFE, Inc. and its consolidated subsidiaries, a the context requires.

The Company provides workers’ compensation insurance for small to mid-sized employers engaged in hazardous industries, principally construction, trucking, logging and lumber, manufacturing, and agriculture. Assets and revenues of AIIC represent at least 95% of comparable consolidated amounts of the Company for each of 2017 and 2016.

In the opinion of management of the Company, the accompanying unaudited condensed consolidated financial statements contain all adjustments (consisting of normal recurring accruals) necessary to present fairly the financial position, the results of operations and cash flows for the periods presented. The unaudited condensed consolidated financial statements have been prepared in accordance with the instructions to Form 10-Q under the Securities Exchange Act of 1934 and therefore do not include all information and footnotes to be in conformity with accounting principles generally accepted in the United States (“GAAP”). The results for the interim periods are not necessarily indicative of the results of operations that may be expected for the year. The unaudited condensed consolidated financial statements contained herein should be read in conjunction with our Annual Report on Form 10-K for the year ended December 31, 2016.

The preparation of financial statements in accordance with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Adopted Accounting Guidance

In March 2016, the FASB issued ASU 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting. The new guidance requires that all tax effects related to share-based payments be made through the income statement at the time of settlement as opposed to recognizing excess tax benefits in additional paid-in capital. It also requires the cash flows resulting from share-based payments to be included as an operating activity. In addition to the changes, the guidance permits reporting entities to elect to estimate forfeitures related to share-based payments or recognize them as they occur. The threshold to qualify for equity classification has also been revised to permit withholding up to the maximum statutory tax rates in the applicable jurisdictions. The adoption of this new guidance in the first quarter of 2017 did not have a material impact on our financial condition and results of operations.

Prospective Accounting Guidance

In May 2014, the FASB Issued ASU 2014-09 (Topic 606): Revenue from Contracts with Customers. The guidance revises the criteria for revenue recognition and requires that the revenue recognized reflect the transfer of promised goods or services to customers in an amount that represents the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard is effective for us in the first quarter of 2018. Revenue from insurance contracts is excluded from the scope of the new guidance and as a result, adoption of this guidance is not expected to have a material impact on our financial condition and results of operations.

In January 2016, the FASB issued ASU 2016-01, Financial Instruments – Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities. This guidance requires fair value measurement for equity investments (not including those that result in consolidation of the investee or use the equity method of accounting) and the recognition of changes in fair value to be presented as a component of net income. The guidance also revises the disclosure requirements related to fair value changes of liabilities presented in comprehensive income, eliminates disclosure related to the methods and assumptions underlying fair value for financial instruments measured at amortized cost, and simplifies impairment assessments for equity investments without readily determinable fair values. This standard is effective for us in the first quarter of 2018. Based on the equity investments currently held by the Company, there would not be a material impact on the Company's financial condition and results of operations if the new guidance were to be adopted in the current accounting period. The impact on the Company's results of operations and financial position at the date of adoption of the updated guidance will be determined by the equity investments held by the Company and the economic conditions at that time.

In February 2016, the FASB issued ASU 2016-02, Leases (Topic 842). Under current guidance for lessees, leases are only included on the balance sheet if certain criteria, classifying the contract as a capital lease, are met. The new guidance requires a lessee to recognize a lease liability and a right of use asset for all leases extending beyond twelve months. The new guidance is effective for us in the first quarter of 2019. Upon adoption, leases will be recognized and measured at the beginning of the earliest period presented using a modified retrospective approach. Adoption of the guidance is not expected to have a material effect on the Company’s consolidated financial statements as the Company does not have any significant leases.

In June 2016, the FASB issued ASU 2016-13, Financial Instruments – Credit Losses (Topic 326): Measurement of Credit Losses. The new guidance replaces the methodology of credit loss impairment which currently delays the recognition of credit losses until a probable loss has been incurred. The new guidance requires credit losses for securities measured at amortized cost to be determined using current expected credit loss estimates. These estimates are to be derived from historical, current and reasonable supporting forecasts, including prepayments and estimates, and will be recorded through a valuation allowance account that will run through the income statement. The same method will be used for available-for-sale securities, but the valuation allowance will be limited to the amount by which the fair value is below amortized cost. The standard is effective for us in the first quarter of 2020. The Company will continue to monitor the impact as the implementation date approaches.

All other issued but not yet effective accounting and reporting standards as of June 30, 2017 are either not applicable to the Company or are not expected to have a material impact on the Company.

Note 2. Stock Options and Restricted Stock

As of June 30, 2017, the Company has three equity incentive plans: the AMERISAFE 2005 Equity Incentive Plan (the “2005 Incentive Plan”), the AMERISAFE Non-Employee Director Restricted Stock Plan (the “Restricted Stock Plan”) and the AMERISAFE 2012 Equity and Incentive Compensation Plan (the “2012 Incentive Plan”). In connection with the approval of the 2012 Incentive Plan by the Company’s shareholders, no further grants will be made under the 2005 Incentive Plan. All grants made under the 2005 Incentive plan continue in effect, subject to the terms and conditions of the 2005 Incentive Plan. See Note 12 to our consolidated financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2016 for additional information regarding the Company’s incentive plans.

During the six months ended June 30, 2017, the Company granted 7,434 and 6,454 shares of restricted common stock to executive officers and non-employee directors, respectively. The market value of the restricted shares granted totaled $0.7 million. During the six months ended June 30, 2016, the Company granted 27,077 and 5,952 shares of restricted common stock to executive officers and non-employee directors, respectively. The market value of the restricted shares granted totaled $1.9 million.

During the six months ended June 30, 2017, no options to purchase shares of common stock were exercised. During the six months ended June 30, 2016, options to purchase 38,879 shares of common stock were exercised. In connection with these exercises, the Company received $0.5 million of stock option proceeds.

The Company recognized share-based compensation expense of $0.5 million in the quarters ended June 30, 2017 and 2016. The Company recognized share-based compensation expense of $0.9 million in the six months ended June 30, 2017 and $0.7 million for the same period of 2016.

Note 3. Earnings Per Share

The Company computes earnings per share ("EPS") in accordance with Financial Accounting Standards Board ("FASB") Accounting Standards Codification ("ASC") Topic 260, Earnings Per Share. The Company has no participating unvested common shares which contain nonforfeitable rights to dividends and applies the treasury stock method in computing basic and diluted earnings per share.

Basic EPS is calculated by dividing income available to common shareholders by the weighted-average number of common shares outstanding during the period.

The diluted EPS calculation includes potential common shares assumed issued under the treasury stock method, which reflects the potential dilution that would occur if any outstanding options or warrants were exercised or restricted stock becomes vested, and includes the “if converted” method for participating securities if the effect is dilutive.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
	(in thousands, except share and per share amounts)			
Basic EPS:				
Net income available to common shareholders - basic	$15,481	$16,639	$29,005	$40,896
Basic weighted average common shares	19,162,049	19,096,718	19,156,250	19,077,328
Basic earnings per common share	$0.81	$0.87	$1.51	$2.14
Diluted EPS:				
Net income available to common shareholders - diluted	$15,481	$16,639	$29,005	$40,896
Diluted weighted average common shares:				
Weighted average common shares	19,162,049	19,096,718	19,156,250	19,077,328
Stock options and restricted stock	65,911	88,266	71,747	101,565
Diluted weighted average common shares	19,227,960	19,184,984	19,227,997	19,178,893
Diluted earnings per common share	$0.81	$0.87	$1.51	$2.13

Note 4. Investments

The gross unrealized gains and losses on, and the amortized cost and fair value of, those investments classified as held-to-maturity at June 30, 2017 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
States and political subdivisions	$430,921	$ 10,435	$ (777)	$440,579
Corporate bonds	129,143	438	(176)	129,405
U.S. agency-based mortgage-backed securities	9,171	797	(2)	9,966
U.S. Treasury securities and obligations of U.S.	28,113	689	(72)	28,730

government agencies				
Asset-backed securities	1,748	139	(16)	1,871
Totals	$599,096	$ 12,498	$ (1,043)	$610,551

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The gross unrealized gains and losses on, and the cost or amortized cost and fair value of, those investments classified as available-for-sale at June 30, 2017 are summarized as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Fixed maturity:				
States and political subdivisions	$228,863	$ 6,131	$ (1,456)	$233,538
Corporate bonds	156,842	633	(197)	157,278
U.S. agency-based mortgage-backed securities	11,895	8	(913)	10,990
U.S. Treasury securities and obligations of U.S. government agencies	61,516	78	(607)	60,987
Total fixed maturity	459,116	6,850	(3,173)	462,793
Equity securities	5,006	62	—	5,068
Other investments	4,000	3,038	—	7,038
Totals	$468,122	$ 9,950	$ (3,173)	$474,899

The gross unrealized gains and losses on, and the amortized cost and fair value of, those investments classified as held-to-maturity at December 31, 2016 are summarized as follows:

	Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
States and political subdivisions	$394,875	$ 7,622	$ (3,014)	$399,483
Corporate bonds	143,858	423	(265)	144,016
Commercial mortgage-backed securities	70	—	—	70
U.S. agency-based mortgage-backed securities	9,967	948	—	10,915
U.S. Treasury securities and obligations of U.S. government agencies	11,737	746	(67)	12,416
Asset-backed securities	1,927	163	(59)	2,031
Totals	$562,434	$ 9,902	$ (3,405)	$568,931

The gross unrealized gains and losses on, and the cost or amortized cost and fair value of, those investments classified as available-for-sale at December 31, 2016 are summarized as follows:

	Cost or Amortized Cost	Gross Unrealized Gains	Gross Unrealized Losses	Fair Value
	(in thousands)			
Fixed maturity:				
States and political subdivisions	$231,168	$ 4,340	$ (3,215)	$232,293
Corporate bonds	182,350	436	(271)	182,515
U.S. agency-based mortgage-backed securities	10,428	17	(1,103)	9,342
U.S. Treasury securities and obligations of U.S. government agencies	55,925	—	(978)	54,947
Total fixed maturity	479,871	4,793	(5,567)	479,097
Equity securities	—	33	—	33
Other investments	10,000	3,330	—	13,330
Totals	$489,871	$ 8,156	$ (5,567)	$492,460

A summary of the amortized cost and fair value of investments in fixed maturity securities, classified as held-to-maturity at June 30, 2017, by contractual maturity, is as follows:

	Amortized Cost	Fair Value
	(in thousands)	
Maturity:		
Within one year	$120,697	$121,160
After one year through five years	235,710	240,121
After five years through ten years	112,733	115,665
After ten years	119,037	121,768
U.S. agency-based mortgage-backed securities	9,171	9,966
Asset-backed securities	1,748	1,871
Totals	$599,096	$610,551

A summary of the amortized cost and fair value of investments in fixed maturity securities, classified as available-for-sale at June 30, 2017, by contractual maturity, is as follows:

	Amortized Cost	Fair Value
	(in thousands)	
Maturity:		
Within one year	$92,665	$92,899
After one year through five years	164,477	165,259
After five years through ten years	35,020	35,254
After ten years	155,059	158,391
U.S. agency-based mortgage-backed securities	11,895	10,990
Totals	$459,116	$462,793

The following table summarizes the fair value and gross unrealized losses on securities, aggregated by major investment category and length of time that the individual securities have been in a continuous unrealized loss position:

	Less Than 12 Months		12 Months or Greater		Total	
	Fair Value of Investments	Gross Unrealized	Fair Value of Investments	Gross Unrealized	Fair Value of Investments	Gross Unrealized

	with Unrealized Losses	Losses	with Unrealized Losses	Losses	with Unrealized Losses	Losses
	(in thousands)					
June 30, 2017						
Held-to-Maturity						
Fixed maturity securities:						
States and political subdivisions	$79,641	$ 622	$3,296	$ 155	$82,937	$ 777
Corporate bonds	46,659	142	6,242	34	52,901	176
U.S. agency-based mortgage-backed securities	658	2	—	—	658	2
U.S. Treasury securities and obligations of U.S. government agencies	22,680	72	—	—	22,680	72
Asset-backed securities	—	—	1,099	16	1,099	16
Total held-to-maturity securities	149,638	838	10,637	205	160,275	1,043
Available-for Sale						
Fixed maturity securities:						
States and political subdivisions	$33,677	$ 1,036	$8,798	$ 420	$42,475	$ 1,456
Corporate bonds	22,167	79	7,919	118	30,086	197
U.S. agency-based mortgage-backed securities	5,510	46	3,590	867	9,100	913
U.S. Treasury securities and obligations of U.S. government agencies	55,223	607	—	—	55,223	607
Total available-for-sale securities	116,577	1,768	20,307	1,405	136,884	3,173
Total	$266,215	$ 2,606	$30,944	$ 1,610	$297,159	$ 4,216

	Less Than 12 Months	12 Months or Greater	Total
	Fair Value of Investments with Unrealized		