

Global Indemnity Ltd
Form 10-Q
November 09, 2018

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 September 30, 2018

OR

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

For the Transition Period from to

001-34809

Commission File Number

GLOBAL INDEMNITY LIMITED

(Exact name of registrant as specified in its charter)

Cayman Islands 98-1304287
(State or other jurisdiction (I.R.S. Employer Identification No.)

of incorporation or organization)

27 HOSPITAL ROAD

GEORGE TOWN, GRAND CAYMAN

KY1-9008

CAYMAN ISLANDS

(Address of principal executive office including zip code)

Registrant's telephone number, including area code: (345) 949-0100

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 every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that registrant was required to submit such files.). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or emerging growth company. See definitions of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.:

Large accelerated filer ; Accelerated filer ;

Non-accelerated filer ; 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 November 2, 2018, the registrant had outstanding 10,089,507 A Ordinary Shares and 4,133,366 B Ordinary Shares.

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

GLOBAL INDEMNITY LIMITED

Consolidated Balance Sheets

(In thousands, except share amounts)

	(Unaudited)	
	September 30, 2018	December 31, 2017
ASSETS		
Fixed maturities:		
Available for sale, at fair value (amortized cost: \$1,299,656 and \$1,243,144)	\$ 1,273,681	\$ 1,241,437
Equity securities:		
At fair value (cost: \$137,554 and \$124,915)	137,554	140,229
Other invested assets	85,268	77,820
Total investments	1,496,503	1,459,486
Cash and cash equivalents	40,646	74,414
Premiums receivable, net	84,641	84,386
Reinsurance receivables, net	96,534	105,060
Funds held by ceding insurers	50,805	45,300
Federal income taxes receivable	10,758	10,332
Deferred federal income taxes	35,675	26,196
Deferred acquisition costs	64,538	61,647
Intangible assets	22,152	22,549
Goodwill	6,521	6,521
Prepaid reinsurance premiums	22,976	28,851
Receivable for securities sold	-	1,543
Other assets	26,297	75,384
Total assets	\$ 1,958,046	\$ 2,001,669
LIABILITIES AND SHAREHOLDERS' EQUITY		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$ 608,607	\$ 634,664
Unearned premiums	297,630	285,397
Ceded balances payable	16,612	10,851
Payable for securities purchased	4,942	-
Contingent commissions	8,076	7,984
Debt	282,086	294,713
Other liabilities	37,767	49,666
Total liabilities	\$ 1,255,720	\$ 1,283,275
Commitments and contingencies (Note 10)	-	-

Shareholders' equity:

Ordinary shares, \$0.0001 par value, 900,000,000 ordinary shares authorized; A ordinary shares issued: 10,164,291 and 10,102,927 respectively; A ordinary shares outstanding: 10,089,507 and 10,073,376, respectively; B ordinary shares issued and outstanding: 4,133,366 and 4,133,366, respectively	2	2
Additional paid-in capital	437,124	434,730
Accumulated other comprehensive income (loss), net of taxes	(23,829)	8,983
Retained earnings	292,001	275,838
A ordinary shares in treasury, at cost: 74,784 and 29,551 shares, respectively	(2,972)	(1,159)
Total shareholders' equity	702,326	718,394
Total liabilities and shareholders' equity	\$ 1,958,046	\$ 2,001,669

See accompanying notes to consolidated financial statements.

GLOBAL INDEMNITY LIMITED

Consolidated Statements of Operations

(In thousands, except shares and per share data)

	(Unaudited)		(Unaudited)	
	Quarters Ended		Nine Months Ended	
	September 30,	2017	September 30,	2017
	2018		2018	2017
Revenues:				
Gross premiums written	\$ 135,606	\$ 126,054	\$ 418,670	\$ 393,699
Net premiums written	\$ 116,233	\$ 109,045	\$ 360,557	\$ 344,348
Net premiums earned	\$ 120,528	\$ 108,619	\$ 342,447	\$ 328,818
Net investment income	11,750	10,134	34,108	27,618
Net realized investment gains (losses):				
Other than temporary impairment losses on investments	(24)	(1,020)	(395)	(1,708)
Other net realized investment gains	5,343	57	8,228	858
Total net realized investment gains (losses)	5,319	(963)	7,833	(850)
Other income	411	2,294	1,289	5,444
Total revenues	138,008	120,084	385,677	361,030
Losses and Expenses:				
Net losses and loss adjustment expenses	80,493	82,395	195,426	202,656
Acquisition costs and other underwriting expenses	48,680	45,002	141,196	135,010
Corporate and other operating expenses	3,475	4,630	23,653	11,045
Interest expense	4,924	4,836	14,725	12,065
Income (loss) before income taxes	436	(16,779)	10,677	254
Income tax benefit	(3,292)	(7,855)	(5,944)	(13,193)
Net income (loss)	\$ 3,728	\$ (8,924)	\$ 16,621	\$ 13,447
Per share data:				
	 			