

Primerica, Inc.
Form 10-Q
May 09, 2018

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, 2018

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: 001-34680

Primerica, Inc.

(Exact name of registrant as specified in its charter)

Delaware	27-1204330
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)
	30099

1 Primerica Parkway

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Duluth, Georgia
(Address of principal executive offices) (ZIP Code)

(770) 381-1000

(Registrant's telephone number, including area code)

Not applicable.

(Former name, former address and former fiscal year, 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 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.

Large accelerated filer

Accelerated filer

Non-accelerated filer (Do not check if a 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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

As of April 30, 2018

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Common Stock, \$0.01 Par Value 43,737,898 shares

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PART I – FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS.

PRIMERICA, INC. AND SUBSIDIARIES

Condensed Consolidated Balance Sheets

	(Unaudited)	
	March 31, 2018	December 31, 2017
	(In thousands)	
Assets:		
Investments:		
Fixed-maturity securities available-for-sale, at fair value (amortized cost: \$1,944,123 in 2018 and \$1,877,326 in 2017)	\$ 1,961,982	\$ 1,927,842
Fixed-maturity security held-to-maturity, at amortized cost (fair value: \$806,672 in 2018 and \$779,472 in 2017)	796,450	737,150
Equity securities available-for-sale, at fair value (amortized cost: \$0 in 2018 and \$31,331 in 2017)	-	41,107
Equity securities, at fair value (historical cost: \$38,894 in 2018 and \$0 in 2017)	40,632	-
Trading securities, at fair value (amortized cost: \$28,825 in 2018 and \$6,172 in 2017)	28,781	6,228
Policy loans	32,532	32,816
Total investments	2,860,377	2,745,143
Cash and cash equivalents	190,585	279,962
Accrued investment income	18,129	16,665
Reinsurance recoverables	4,263,111	4,205,173
Deferred policy acquisition costs, net	1,998,985	1,951,892
Agent balances, due premiums and other receivables	277,797	229,522
Intangible assets, net (accumulated amortization: \$79,484 in 2018 and \$78,633 in 2017)	50,662	51,513
Income taxes	49,130	48,614
Other assets	364,256	359,347
Separate account assets	2,419,707	2,572,872
Total assets	\$ 12,492,739	\$ 12,460,703
Liabilities and Stockholders' Equity:		
Liabilities:		
Future policy benefits	\$ 6,004,101	\$ 5,954,524
Unearned premiums	468	486
Policy claims and other benefits payable	308,319	307,401
Other policyholders' funds	384,436	377,998
Notes payable	373,381	373,288
Surplus note	795,697	736,381
Income taxes	184,161	177,468
Other liabilities	506,535	451,398
Payable under securities lending	89,433	89,786
Separate account liabilities	2,419,707	2,572,872

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Commitments and contingent liabilities (see Commitments and Contingent Liabilities note)

Total liabilities	11,066,238	11,041,602
Stockholders' equity:		
Common stock (\$0.01 par value; authorized 500,000 in 2018 and 2017; issued and outstanding 43,953 shares in 2018 and 44,251 shares in 2017)	440	443
Paid-in capital	-	-
Retained earnings	1,416,564	1,375,090
Accumulated other comprehensive income (loss), net of income tax:		
Unrealized foreign currency translation gains (losses)	(4,406)	3,995
Net unrealized investment gains (losses) on available-for-sale securities:		
Net unrealized investment gains not other-than-temporarily impaired	14,040	39,686
Net unrealized investment losses other-than-temporarily impaired	(137)	(113)
Total stockholders' equity	1,426,501	1,419,101
Total liabilities and stockholders' equity	\$ 12,492,739	\$ 12,460,703

See accompanying notes to condensed consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Income – Unaudited

	Three months ended March 31,	
	2018	2017
	(In thousands, except per-share amounts)	
Revenues:		
Direct premiums	\$656,087	\$627,698
Ceded premiums	(394,249)	(399,769)
Net premiums	261,838	227,929
Commissions and fees	166,827	144,268
Investment income net of investment expenses	27,390	25,612
Interest expense on surplus note	(8,373)	(5,718)
Net investment income	19,017	19,894
Realized investment gains (losses), including other-than-		
temporary impairment losses	(1,656)	134
Other, net	13,897	12,939
Total revenues	459,923	405,164
Benefits and expenses:		
Benefits and claims	116,890	102,385
Amortization of deferred policy acquisition costs	60,165	51,850
Sales commissions	82,519	73,704
Insurance expenses	41,109	37,621
Insurance commissions	5,877	4,899
Interest expense	7,173	7,127
Other operating expenses	63,227	52,736
Total benefits and expenses	376,960	330,322
Income before income taxes	82,963	74,842
Income taxes	17,248	22,772
Net income	\$65,715	\$52,070
Earnings per share:		
Basic earnings per share	\$1.46	\$1.12
Diluted earnings per share	\$1.46	\$1.11
Weighted-average shares used in computing earnings		
per share:		
Basic	44,740	46,301
Diluted	44,855	46,374
Supplemental disclosures:		
Total impairment losses	\$(49)	\$(211)
Impairment losses recognized in other comprehensive income		
before income taxes	-	-

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Net impairment losses recognized in earnings	(49)	(211)
Other net realized investment gains	338	345
Net gains (losses) recognized on equity securities	(1,945)	-
Net realized investment gains (losses), including other-than-		
temporary impairment losses	\$(1,656)	\$134
Dividends declared per share	\$0.25	\$0.19

See accompanying notes to condensed consolidated financial statements.

PRIMERICA, INC. AND SUBSIDIARIES

Condensed Consolidated Statements of Comprehensive Income (Loss) – Unaudited

	Three months ended March 31,	
	2018	2017
	(In thousands)	
Net income	\$65,715	\$52,070
Other comprehensive income (loss) before income taxes:		
Unrealized investment gains (losses) on available-for-sale securities:		
Change in unrealized holding gains (losses) on investment securities		(32,343)