

UNITRIN INC
Form 10-Q
August 03, 2009
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FORM 10-Q

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
For Quarterly Period Ended June 30, 2009

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 0-18298

Unitrin, Inc.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

95-4255452
(I.R.S. Employer
Identification No.)

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One East Wacker Drive, Chicago, Illinois
(Address of principal executive offices)

60601
(Zip Code)

(312) 661-4600

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

Large accelerated filer

Accelerated filer

Non-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

62,392,453 shares of common stock, \$0.10 par value, were outstanding as of July 31, 2009.

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UNITRIN, INC.

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Table of Contents**UNITRIN, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED STATEMENTS OF INCOME**

(Dollars in millions, except per share amounts)

(Unaudited)

	Six Months Ended		Three Months Ended	
	June 30, 2009	June 30, 2008	June 30, 2009	June 30, 2008
Revenues:				
Earned Premiums	\$ 1,238.8	\$ 1,172.2	\$ 626.3	\$ 596.3
Automobile Finance Revenues	100.3	125.5	47.4	62.1
Net Investment Income	141.4	127.3	94.4	81.4
Other Income	0.9	1.4	0.5	0.9
Net Realized Gains on Sales of Investments	5.2	38.0	4.4	23.3
Other-than-temporary Impairment Losses:				
Total Other-than-temporary Impairment Losses	(35.3)	(26.8)	(10.3)	(18.3)
Portion of Losses Recognized in Other Comprehensive Income	0.6		0.6	
Net Impairment Losses Recognized in Earnings	(34.7)	(26.8)	(9.7)	(18.3)
Total Revenues	1,451.9	1,437.6	763.3	745.7
Expenses:				
Policyholders Benefits and Incurred Losses and Loss Adjustment Expenses	893.2	858.9	453.8	448.2
Insurance Expenses	366.7	355.1	183.8	182.8
Automobile Finance Expenses	82.4	123.5	36.0	69.6
Interest Expense on Certificates of Deposit	24.5	30.7	11.9	15.0
Goodwill	1.5		1.5	
Interest and Other Expenses	32.0	31.7	16.8	15.0
Total Expenses	1,400.3	1,399.9	703.8	730.6
Income from Continuing Operations before Income Taxes and Equity in Net Income (Loss) of Investee	51.6	37.7	59.5	15.1
Income Tax Benefit (Expense)	(16.4)	(3.3)	(16.8)	0.8
Income before Equity in Net Income (Loss) of Investee	35.2	34.4	42.7	15.9
Equity in Net Income (Loss) of Investee	(0.1)	3.3	(1.3)	1.1
Income from Continuing Operations	35.1	37.7	41.4	17.0
Discontinued Operations:				
Income (Loss) from Discontinued Operations (Including Gain of \$8.1 on Disposal in 2008 See Notes 1 and 3)	2.1	(11.8)	0.9	(1.6)
Income Tax Benefit (Expense)	(0.9)	0.3	(0.4)	(4.4)
Income (Loss) from Discontinued Operations	1.2	(11.5)	0.5	(6.0)

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Net Income	\$	36.3	\$	26.2	\$	41.9	\$	11.0
Basic Income Per Share from Continuing Operations:								
Restricted Common Stock	\$	0.59	\$	0.66	\$	0.62	\$	0.26
Unrestricted Common Stock	\$	0.56	\$	0.59	\$	0.66	\$	0.27
Basic Net Income Per Share:								
Restricted Common Stock	\$	0.61	\$	0.48	\$	0.62	\$	0.16
Unrestricted Common Stock	\$	0.58	\$	0.41	\$	0.67	\$	0.18
Diluted Income Per Share from Continuing Operations:								
Restricted Common Stock	\$	0.59	\$	0.66	\$	0.62	\$	0.26
Unrestricted Common Stock	\$	0.56	\$	0.59	\$	0.66	\$	0.27
Diluted Net Income Per Share:								
Restricted Common Stock	\$	0.61	\$	0.48	\$	0.62	\$	0.16
Unrestricted Common Stock	\$	0.58	\$	0.41	\$	0.67	\$	0.17
Dividends Paid Per Share	\$	0.67	\$	0.94	\$	0.20	\$	0.47

The Notes to the Condensed Consolidated Financial Statements are an integral part of these financial statements.

Table of Contents**UNITRIN, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS****(Dollars in millions, except per share amounts)**

	June 30, 2009 (Unaudited)	December 31, 2008
Assets:		
Investments:		
Fixed Maturities at Fair Value (Amortized Cost: 2009 \$4,229.4; 2008 \$4,174.4)	\$ 4,247.8	\$ 4,135.9
Equity Securities at Fair Value (Cost: 2009 \$237.2; 2008 \$255.4)	227.6	221.8
Investee (Intermec) at Cost Plus Cumulative Undistributed Comprehensive Earnings (Fair Value: 2009 \$163.3; 2008 \$168.1)	92.5	102.2
Short-term Investments at Cost which Approximates Fair Value	563.6	548.6
Other	729.0	714.9
Total Investments	5,860.5	5,723.4
Cash	97.2	184.2
Automobile Loan Receivables at Cost (Fair Value: 2009 \$898.1; 2008 \$1,099.6)	887.1	1,078.6
Other Receivables	670.5	686.5
Deferred Policy Acquisition Costs	524.4	489.2
Goodwill	331.8	334.6
Current and Deferred Income Taxes	225.2	201.4
Other Assets	128.2	120.9
Total Assets	\$ 8,724.9	\$ 8,818.8
Liabilities and Shareholders' Equity:		
Insurance Reserves:		
Life and Health	\$ 3,005.1	\$ 2,972.6
Property and Casualty	1,299.2	1,268.7
Total Insurance Reserves	4,304.3	4,241.3
Certificates of Deposits at Cost (Fair Value: 2009 \$952.1; 2008 \$1,148.7)	909.5	1,110.8
Unearned Premiums	764.8	733.5
Liabilities for Income Taxes	15.4	68.2
Notes Payable at Amortized Cost (Fair Value: 2009 \$441.0; 2008 \$433.9)	561.1	560.8
Accrued Expenses and Other Liabilities	476.2	455.6
Total Liabilities	7,031.3	7,170.2
Shareholders' Equity:		
Common Stock, \$0.10 par value, 100 million Shares Authorized; 62,392,453 Shares Issued and Outstanding at June 30, 2009 and 62,314,503 Shares Issued and Outstanding at December 31, 2008	6.2	6.2
Paid-in Capital	766.6	764.7
Retained Earnings	983.2	985.8
Accumulated Other Comprehensive Loss	(62.4)	(108.1)

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Total Shareholders' Equity	1,693.6	1,648.6
Total Liabilities and Shareholders' Equity	\$ 8,724.9	\$ 8,818.8

The Notes to the Condensed Consolidated Financial Statements are an integral part of these financial statements.

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UNITRIN, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

(Dollars in millions)

(Unaudited)