SEIBELS BRUCE GROUP INC Form 10-Q May 10, 2002

	SECURITIES AND EXCHANGE COMMISSION
	Washington, D.C. 20549
	FORM 10 Q
ý	QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
	For Quarter Ended March 31, 2002
	or
0	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 8804
	THE SEIRELS RRUCE GROUP INC

THE SEIDELS BRUCE GROUP, INC.

(Exact name of registrant as specified in its charter)

South Carolina 57-0672136

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(State or other jurisdiction of incorporation or organization)
1501 Lady Street (PO Box 1), Columbia, SC

(Address of principal executive offices)

(I.R.S. Employer Identification No.) 29201(2) (Zip Code)

Registrant s telephone number, including area code (803) 748 2000

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 \circ No o

Indicate the number of shares outstanding of each of the registrant s classes of common stock as of the latest practicable date: 7,831,690 shares of Common Stock, \$1 par value, at May 10, 2002.

PART I FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

THE SEIBELS BRUCE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Amounts shown in thousands, except share data)

ASSETS					(Unaudited) March 31, 2002	December 2001	31,
Debt securities, available-for-sale, at market (cost of \$3,809 in 2002 and \$32,507 in 2001) \$ 37,394 \$ 33,538 Equity securities, at market (cost of \$5,842 in 2002 and \$5,858 in 2001) 5,897 5,961 Cash and short-term investments 48,822 6,375 Total cash and investment income 5001 702 Premium sand agents balances receivable, net of allowance for doubtful accounts of \$3,135 in 2002 3,369 2,604 Premium sers receivable, net of allowance for doubtful accounts of \$548 in 2002 and \$750 in 2001 463 3,608 in 2001 463 3,608 10,246 Reinsurance recoverable on paid losses and loss adjustment expenses 11,203 10,246 Reinsurance recoverable on unpaid losses and loss adjustment expenses 38,544 40,832 Property and equipment, net 972 807 Prepaid reinsurance premium-sceded business 35,699 36,548 Deferred policy acquisition costs 1,513 4,513 Ofter assets 3,190 3,644 Total assets 148,212 5 150,638 LABILITIES 20,004 \$ 21,334 Losses and loss adjustment expenses							
Equity securities, at market (cost of \$5.842 in 2002 and \$5.858 in 2001) 5.897 5.961 Cash and short-term investments 4,852 6,375 Total cash and investments 48,143 45,874 Accrued investment income 501 702 Premitums and agents balances receivable, net of allowance for doubtful accounts of \$3,135 in 2001 3,769 2,604 Premitum notes receivable, net of allowance for doubtful accounts of \$548 in 2002 and \$3,013 in 2001 463 3,668 Reinsurance recoverable on paid losses and loss adjustment expenses 11,203 10,246 Reinsurance recoverable on unpaid losses and loss adjustment expenses 38,544 40,832 Property and equipment, net 972 807 Prepaid reinsurance premiums-ceded business 35,699 3,548 Deferred policy acquisition costs 1,215 1,200 Goodwill 4,513 4,513 4,513 Other assets \$ 148,212 \$ 150,638 LIABILITIES Losses and loss adjustment expenses \$ 20,504 \$ 21,334 Adjustment expenses retained business \$ 20,504 \$ 21,334 <td></td> <td></td> <td></td> <td></td> <td></td> <td></td> <td></td>							
Cash and short-term investments 4,852 6,375 Total cash and investments 48,143 45,874 Accrued investment income 501 702 Premiums and agents belances receivable, net of allowance for doubtful accounts of \$3,135 in 2001 3,769 2,604 Premium notes receivable, net of allowance for doubtful accounts of \$548 in 2002 and \$700 463 3,668 Reinsurance recoverable on paid losses and loss adjustment expenses 11,203 10,246 Reinsurance recoverable on unpaid losses and loss adjustment expenses 38,544 40,832 Property and equipment, net 972 807 Prepaid reinsurance premiums-ceded business 35,699 36,548 Deferred policy acquisition costs 1,215 1,215 1,201 Goodwill 4,513 4,513 4,513 4,513 4,513 Other assets 3,190 3,644 5,044 5,044 5,044 5,044 5,044 5,044 5,044 5,044 5,044 5,044 5,044 5,044 5,044 5,044 5,045 5,045 5,045 5,045 5,045				001) \$	37,394	\$	33,538
Total cash and investments 48,143 45,874 Accrued investment income 501 702 Premium and agents balances receivable, net of allowance for doubtful accounts of \$3,135 in 2001 3,769 2,604 Premium notes receivable, net of allowance for doubtful accounts of \$548 in 2002 and \$750 in 2001 463 3,668 Reinsurance receivable on paid losses and loss adjustment expenses 11,203 10,246 Reinsurance recoverable on unpaid losses and loss adjustment expenses 38,544 40,832 Property and equipment, net 972 807 Prepaid reinsurance premiums-ceded business 35,699 36,548 Deferred policy acquisition costs 1,215 1,200 Goodwill 4,513 4,513 Other assets 3,190 3,644 Total assets \$ 148,212 \$ 150,638 LABILITIES Experted and estimated losses and claims retained business \$ 20,504 \$ 21,334 Loss and loss adjustment expenses: ceded business \$ 20,504 \$ 21,334 Loss and loss adjustment expenses: \$ 20,504 \$ 20,47 Loss and loss adjustment			02 and \$5,858 in 2001)		5,897		5,961
Accrued investment income 501 7074 Accrued investment income 501 7074 Premium sand agents balances receivable, net of allowance for doubtful accounts of \$3,135 in 2002 and \$3,013 in 2001 3,769 2,604 Premium notes receivable, net of allowance for doubtful accounts of \$548 in 2002 and \$750 in 2001 463 3,668 Reinsurance recoverable on paid losses and loss adjustment expenses 11,203 10,246 Reinsurance recoverable on unpaid losses and loss adjustment expenses 38,544 40,832 Property and equipment, net 972 807 Prepaid reinsurance premiums-ceded business 35,699 36,548 Deferred policy acquisition costs 1,215 1,200 Goodwill 4,513 4,513 Other assets 3,190 3,644 Total assets \$148,212 \$150,638 LIABILITIES Losses and loss adjustment expenses: Reported and estimated losses and claims retained business \$20,504 \$21,334 Eceded business \$3,7002 38,785 Adjustment expenses retained business retained business 4,537 4,709 Eceded business 6,582 6,116 Eceded business 6,582 6,116 Eceded business 5,599 36,548 Balances due other insurance companies 4,654 3,372 Debt 0,07,721 Other liabilities and deferred items 8,158 10,442					4,852		6,375
Premiums and agents balances receivable, net of allowance for doubtful accounts of \$3,135 in \$2002 and \$3,013 in 2001	Total cash and investment	ts			48,143		45,874
2002 and \$3,013 in 2001 3,769 2,604 Premium notes receivable, net of allowance for doubtful accounts of \$548 in 2002 and \$750 in 2001 463 3,668 Reinsurance recoverable on paid losses and loss adjustment expenses 11,203 10,246 Reinsurance recoverable on unpaid losses and loss adjustment expenses 38,544 40,832 Property and equipment, net 972 807 Prepaid reinsurance premiums-ceded business 35,699 36,548 Deferred policy acquisition costs 1,215 1,200 Goodwill 4,513 4,513 4,513 Other assets 3,190 3,644 Total assets 148,212 150,638 LIABILITIES Losses and loss adjustment expenses: Reported and estimated losses and claims retained business \$ 20,504 \$ 21,334 ceded business \$ 37,002 38,785 Adjustment expenses retained business 4,537 4,709 ceded business 6,582 6,116 Property and casualty retained business 6,582 6,116 Ceded business 55,699 36,548 <td>Accrued investment incor</td> <td>ne</td> <td></td> <td></td> <td>501</td> <td></td> <td>702</td>	Accrued investment incor	ne			501		702
in 2001 463 3,668 Reinsurance recoverable on paid losses and loss adjustment expenses 11,203 10,246 Reinsurance recoverable on unpaid losses and loss adjustment expenses 38,544 40,832 Property and equipment, net 972 807 Prepaid reinsurance premiums-ceded business 35,699 36,548 Deferred policy acquisition costs 1,215 1,200 Goodwill 4,513 4,513 Other assets 3,190 3,644 Total assets 1,821 150,638 LIABILITIES Less and loss adjustment expenses: Reported and estimated losses and claims retained business 37,002 38,785 Adjustment expenses retained business 37,002 38,785 Adjustment expenses retained business 1,542 2,047 Uncarned premiums: ceded business 6,582 6,116 reded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 6,882 6,116 Coll libilities and deferited items 8,158	2002 and \$3,013 in 2001				3,769		2,604
Reinsurance recoverable on paid losses and loss adjustment expenses 11,203 10,246 Reinsurance recoverable on unpaid losses and loss adjustment expenses 38,544 40,832 Property and equipment, net 972 807 Proparty and equipment, net 35,699 36,548 Deferred policy acquisition costs 1,215 1,200 Goodwill 4,513 4,513 Other assets 3,190 3,644 Total assets 48,212 \$ 150,638 LIABILITIES Losses and loss adjustment expenses: Reported and estimated losses and claims retained business 37,002 38,785 Adjustment expenses 4,537 4,709 2,047 Unearned premiums: 1,522 2,047 4,099 2,047 Unearned premiums: 6,582 6,116 6,582 6,116 6,582 6,116 6,582 6,116 6,582 6,116 6,582 6,116 6,582 6,116 6,582 6,116 6,582 6,116 6,582 6,116 6,582		, net of anowance for t	doubtful accounts of \$546 in 2002 and	φ730	463		3,668
Reinsurance recoverable on unpaid losses and loss adjustment expenses 38,544 40,832 Property and equipment, net 972 807 Prepaid reinsurance premiums-ceded business 35,699 36,548 Deferred policy acquisition costs 1,215 1,200 Goodwill 4,513 4,513 Other assets 3,190 3,644 Total assets \$ 148,212 \$ 150,638 LIABILITIES Experted and estimated losses and claims retained business \$ 20,504 \$ 21,334 Adjustment expenses retained business 37,002 38,785 Adjustment expenses retained business 4,537 4,709 Locard business 1,542 2,047 Unearmed premiums: Property and casualty retained business 6,582 6,116 reded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other insurance companies 8,158 10,442		on paid losses and loss	adjustment expenses		11.203		
Property and equipment, net 972 807 Prepaid reinsurance premiums-ceded business 35,699 36,548 Deferred policy acquisition costs 1,215 1,200 Goodwill 4,513 4,513 Other assets 3,190 3,644 Total assets \$ 148,212 \$ 150,638 LIABILITIES Exported and estimated losses and claims retained business \$ 20,504 \$ 21,334 ceded business \$ 37,002 38,785 Adjustment expenses retained business 4,537 4,709 ceded business 1,542 2,047 Unearned premiums: 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	Reinsurance recoverable of	on unpaid losses and lo	ss adjustment expenses				
Deferred policy acquisition costs	Property and equipment, i	net			•		ĺ
Deferred policy acquisition costs 1,215 1,200 Goodwill 4,513 4,513 Other assets 3,190 3,644 Total assets \$ 148,212 \$ 150,638 LIABILITIES Losses and loss adjustment expenses: Reported and estimated losses and claims retained business \$ 20,504 \$ 21,334 ceded business 37,002 38,785 Adjustment expenses retained business 4,537 4,709 ceded business 1,542 2,047 Unearned premiums: Property and casualty retained business 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	Prepaid reinsurance premi	iums-ceded business			35.699		36,548
Goodwill 4,513 4,513 Other assets 3,190 3,644 Total assets \$ 148,212 \$ 150,638 LIABILITIES Losses and loss adjustment expenses: Reported and estimated losses and claims retained business \$ 20,504 \$ 21,334 ceded business 37,002 38,785 Adjustment expenses retained business 4,537 4,709 ceded business 1,542 2,047 Unearned premiums: Property and casualty retained business 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	Deferred policy acquisition	on costs			•		· ·
Other assets 3,190 3,644 Total assets \$ 148,212 \$ 150,638 LIABILITIES Reported and estimated losses and claims retained business \$ 20,504 \$ 21,334 ceded business 37,002 38,785 Adjustment expenses retained business 4,537 4,709 ceded business 1,542 2,047 Unearned premiums: Property and casualty retained business 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 35,699 36,548 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	Goodwill				4,513		
Total assets \$ 148,212 \$ 150,638 LIABILITIES Losses and loss adjustment expenses: Reported and estimated losses and claims retained business \$ 20,504 \$ 21,334 ceded business 37,002 38,785 Adjustment expenses retained business 4,537 4,709 ceded business 1,542 2,047 Unearned premiums: Property and casualty retained business 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	Other assets						3,644
Losses and loss adjustment expenses: Reported and estimated losses and claims	Total assets			\$		\$	150,638
Reported and estimated losses and claims retained business \$ 20,504 \$ 21,334 ceded business 37,002 38,785 Adjustment expenses retained business 4,537 4,709 ceded business 1,542 2,047 Unearned premiums: Property and casualty retained business 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	LIABILITIES						
ceded business 37,002 38,785 Adjustment expenses retained business 4,537 4,709 ceded business 1,542 2,047 Unearned premiums: Property and casualty retained business 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	Losses and loss adjustmen	nt expenses:					
Adjustment expenses retained business 4,537 4,709 ceded business 1,542 2,047 Unearned premiums: Property and casualty retained business 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	Reported and estimated lo	osses and claims	retained business	\$	20,504	\$	21,334
ceded business 1,542 2,047 Unearned premiums: Property and casualty retained business ceded business 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442			ceded business		37,002		38,785
Unearned premiums: Property and casualty retained business 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	Adjustment expenses	retained business			4,537		4,709
Property and casualty retained business 6,582 6,116 ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442		ceded business			1,542		2,047
ceded business 35,699 36,548 Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	Unearned premiums:						
Balances due other insurance companies 4,654 3,372 Debt 0 7,721 Other liabilities and deferred items 8,158 10,442	Property and casualty	retained business			6,582		6,116
Debt 0 7,721 Other liabilities and deferred items 8,158 10,442		ceded business			35,699		36,548
Other liabilities and deferred items 8,158 10,442	Balances due other insura	nce companies			4,654		3,372
0,130	Debt				0		7,721
Total liabilities 118,678 131,074	Other liabilities and deferred items				8,158		10,442
	Total liabilities				118,678		131,074

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COMMITMENTS AND CONTINGENCIES

SPECIAL STOCK, no par value, authorized 5,000,000 shares		
Issued and outstanding 209,000 shares of cumulative \$0.62, convertible, redeemable,		
nonvoting, special preferred stock, redemption value \$2,090	2,090	2,090
Issued and outstanding 50,000 shares of cumulative \$0.625 convertible, redeemable		
nonvoting, special preferred stock, redemption value \$500	500	500
Total special stock	2,590	2,590
SHAREHOLDERS EQUITY		
Adjustable Rate Cumulative Nonvoting Preferred Special Stock, issued and outstanding		
800,000 shares	8,000	0
Common stock, \$1 par value, authorized 17,500,000 shares, issued and outstanding 7,831,690		
shares	7,832	7,832
Additional paid-in-capital	61,989	61,989
Accumulated other comprehensive income	640	1,134
Accumulated deficit	(51,517)	(53,981)
Total shareholders equity	26,944	16,974
Total liabilities and shareholders equity	\$ 148,212 \$	150,638

THE SEIBELS BRUCE GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

For the Three Months Ended March 31,

(Amounts shown in thousands, except per share amounts)

(Unaudited)

	2002	2001	
Commission and service income	\$ 8,512	\$ 9,1	152
Property and casualty premiums earned	3,457	3,8	873
Net investment income	539	(651
Other interest income, net	34	4	569
Net realized gain (loss)	2,136	(2	218)
Policy fees and other income	546		720
Total revenue	15,224	14,7	747
Expenses:			
Losses and loss adjustment expenses	1,976	2,7	719
Policy acquisition costs	5,687	5,0	639
Interest expense	155	2	230
Other operating costs and expenses	4,902	5,1	140
Total expenses	12,720	13,7	728
Income from operations, before provision for income taxes	2,504	1,0	019
Provision for income taxes	0		0
Net income	2,504	1,0	019
Other comprehensive income:			
Change in value of marketable securities, less reclassification adjustments of \$19 and \$0 for gains included in net income for the three months ended March 31, 2002 and 2001, respectively	(494)		