

PICO HOLDINGS INC /NEW  
Form 10-Q  
November 07, 2007

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, DC 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 September 30, 2007

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: 0-18786

PICO HOLDINGS, INC.  
(Exact Name of Registrant as Specified in Its Charter)

California

94-2723335

(State or other jurisdiction of incorporation or  
organization)

(I.R.S. Employer Identification No.)

**875 Prospect Street , Suite 301**  
**La Jolla, CA**

**92037**

(Address of Principal Executive Offices)

(Zip Code)

(858) 456-6022

(Registrants Telephone Number Including Area Code)

Indicate by check mark whether 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 R No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of “accelerated filer and large accelerated filer” in Rule 12b-2 of the Exchange Act. (Check one):

Large Accelerated Filer       Accelerated Filer       Non-Accelerated Filer

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 class of common stock, as of the latest practicable date.

The number of shares outstanding of the Registrant’s Common Stock, \$0.001 par value, was 18,833,737 as of September 30, 2007, excluding 3,218,408 shares of common stock held by the Registrant’s subsidiaries.

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PICO HOLDINGS, INC.

FORM 10-Q

For the Three and Nine Months Ended September 30, 2007

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Part I.  
Financial Information

Item 1. Condensed Consolidated Financial Statements

PICO HOLDINGS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(Unaudited)

	September 30, 2007	December 31, 2006
<b>ASSETS</b>		
Investments	\$ 406,283,676	\$ 271,961,941
Cash and cash equivalents	71,406,567	136,621,578
Notes and other receivables, net	15,115,924	17,177,827
Reinsurance receivables	16,182,076	17,290,039
Real estate and water assets, net	172,754,463	102,538,859
Property and equipment, net	1,167,164	518,564
Other assets	3,931,370	2,934,131
<b>Total assets</b>	<b>\$ 686,841,240</b>	<b>\$ 549,042,939</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Unpaid losses and loss adjustment expenses	\$ 37,393,203	\$ 41,083,301
Deferred compensation	53,374,293	49,776,043
Bank and other borrowings	18,495,007	12,720,558
Deferred income taxes, net	21,162,949	17,952,916
Other liabilities	25,554,293	22,282,822
<b>Total liabilities</b>	<b>155,979,745</b>	<b>143,815,640</b>
<b>Commitments and Contingencies (Note 4)</b>		
Common stock, \$.001 par value; authorized 100,000,000 shares, 23,259,367 shares issued in 2007 and 20,306,923 shares issued in 2006	23,259	20,307
Additional paid-in capital	434,717,263	331,582,308
Accumulated other comprehensive income	86,447,450	60,950,679
Retained earnings	87,956,752	90,968,815
	609,144,724	483,522,109
Treasury stock, at cost (common shares: 4,425,630 in 2007 and 4,426,465 in 2006)	(78,283,229)	(78,294,810)
<b>Total shareholders' equity</b>	<b>530,861,495</b>	<b>405,227,299</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 686,841,240</b>	<b>\$ 549,042,939</b>

The accompanying notes are an integral part of the condensed consolidated financial statements.

PICO HOLDINGS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS  
(Unaudited)

	Three Months Ended September 30, 2007	Three Months Ended September 30, 2006	Nine Months Ended September 30, 2007	Nine Months Ended September 30, 2006
Revenues:				
Net investment income	\$ 4,180,743	\$ 3,308,869	\$ 13,723,147	\$ 9,812,410
Net realized gain (loss) on investments	(848,488)	3,906,008	769,605	19,279,304
Sale of real estate and water assets	1,477,434	28,310,663	5,903,810	33,399,627
Rents, royalties and lease income	170,101	87,178	471,640	722,161
Other (principally gain on exchange during 2007, see Note 1)	3,435,709	586,113	3,574,974	779,989
Total revenues	8,415,499	36,198,831	24,443,176	63,993,491
Costs and Expenses:				