

SAFETY INSURANCE GROUP INC
Form 10-Q
November 08, 2011
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**

Washington, D.C. 20549

FORM 10-Q

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

For the quarterly period ended September 30, 2011

OR

**o 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: 000-50070

SAFETY INSURANCE GROUP, INC.

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(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of incorporation or organization)

13-4181699

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

20 Custom House Street, Boston, Massachusetts 02110

(Address of principal executive offices including zip code)

(617) 951-0600

(Registrant's telephone number, including area code)

Not Applicable

(Former name or former address, 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 large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See definitions of large accelerated filer, 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

As of November 3, 2011, there were 15,186,787 shares of common stock with a par value of \$0.01 per share outstanding.

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	September 30, 2011 (Unaudited)	December 31, 2010
Assets		
Investments:		
Securities available for sale:		
Fixed maturities, at fair value (amortized cost: \$1,022,546 and \$1,030,354)	\$ 1,073,216	\$ 1,063,237
Equity securities, at fair value (cost: \$20,215 and \$13,704)	20,079	14,624
Other invested assets, at cost, which approximates fair value	7,783	2,817
Total investments	1,101,078	1,080,678
Cash and cash equivalents	44,266	40,291
Accounts receivable, net of allowance for doubtful accounts	164,203	145,726
Receivable for securities sold	2,511	
Accrued investment income	8,620	9,471
Taxes recoverable	9,652	5,061
Receivable from reinsurers related to paid loss and loss adjustment expenses	8,432	4,579
Receivable from reinsurers related to unpaid loss and loss adjustment expenses	52,579	53,147
Ceded unearned premiums	12,634	12,461
Deferred policy acquisition costs	59,507	52,824
Deferred income taxes		3,643
Equity and deposits in pools	13,949	19,971
Other assets	11,766	11,600
Total assets	\$ 1,489,197	\$ 1,439,452
Liabilities		
Loss and loss adjustment expense reserves	\$ 398,337	\$ 404,391
Unearned premium reserves	345,165	306,053
Accounts payable and accrued liabilities	38,972	54,239
Payable for securities purchased	14,668	
Payable to reinsurers	10,964	5,571
Deferred income taxes	2,381	
Other liabilities	23,426	15,722
Total liabilities	833,913	785,976
Commitments and contingencies (Note 7)		
Shareholders' equity		
Common stock: \$0.01 par value; 30,000,000 shares authorized; 16,915,232 and 16,795,504 shares issued	169	168
Additional paid-in capital	156,079	151,317
Accumulated other comprehensive income, net of taxes	32,847	21,972
Retained earnings	521,758	535,545
Treasury stock, at cost: 1,728,645 and 1,727,455 shares	(55,569)	(55,526)
Total shareholders' equity	655,284	653,476
Total liabilities and shareholders' equity	\$ 1,489,197	\$ 1,439,452

The accompanying notes are an integral part of these financial statements.

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Safety Insurance Group, Inc. and Subsidiaries

Consolidated Statements of Operations

(Unaudited)

(Dollars in thousands, except per share data)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2011	2010	2011	2010
Net earned premiums	\$	151,254	\$	