

PICO HOLDINGS INC /NEW
Form 10-Q
November 07, 2008

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington DC 20549

FORM 10-Q

(Mark One)

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

For the quarterly period ended September 30, 2008

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, California 92037
(858) 456-6022

(Address and telephone number of principal executive offices)

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 ☒ F

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Indicate by check mark whether the registrant is a 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.

Large accelerated filer ☐ R

Accelerated filer ☐ £

Non-accelerated filer ☐ £ (Do not check if a smaller reporting company)

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 ☐ R

The number of shares outstanding of the Registrant's Common Stock, \$0.001 par value, was 18,840,392 as of September 30, 2008, excluding 3,247,573 shares of common stock held by the registrant's subsidiaries.

PICO HOLDINGS, INC.
FORM 10-Q
For the Three Months Ended September 30, 2008

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Part I: Financial Information

Item I: Condensed Consolidated Financial Statements

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

	September 30, 2008	December 31, 2007
ASSETS		
Investments	\$ 194,417,560	\$ 365,523,644
Cash and cash equivalents	139,577,377	70,791,025
Notes and other receivables, net	23,475,892	17,151,065
Reinsurance receivables	16,478,318	16,887,953
Real estate and water assets, net	247,929,146	200,605,792
Deferred income taxes, net	9,652,383	
Property and equipment, net	1,564,628	1,212,394
Other assets	3,075,658	4,170,407
Total assets	\$ 636,170,962	\$ 676,342,280
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unpaid losses and loss adjustment expenses	\$ 30,855,635	\$ 32,376,018
Deferred compensation	34,605,873	52,546,234
Bank and other borrowings	28,203,045	18,878,080
Deferred income taxes, net		17,675,162
Income taxes payable	24,220,278	3,209,651
Other liabilities	16,942,245	25,806,566
Total liabilities	134,827,076	150,491,711
Commitments and Contingencies (Note 4)		
Common stock, \$.001 par value; authorized 100,000,000 shares, 23,265,187 issued and outstanding in 2008 and 23,259,367 in 2007		
	23,265	23,259
Additional paid-in capital	438,863,676	435,235,358
Accumulated other comprehensive income	24,194,346	79,469,438
Retained earnings	116,534,242	89,405,743
	579,615,529	604,133,798
Treasury stock, at cost (common shares: 4,424,795 in 2008 and 4,425,630 in 2007)	(78,271,643)	(78,283,229)
Total shareholders' equity	501,343,886	525,850,569
Total liabilities and shareholders' equity	\$ 636,170,962	\$ 676,342,280

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, 2008	Three Months Ended September 30, 2007	Nine Months Ended September 30, 2008	Nine Months Ended September 30, 2007
Revenues:				
Net investment income	\$ 2,599,056	\$ 4,180,743	\$ 8,709,605	\$ 13,723,147
Net realized gain (loss) on investments	(2,313,541)	(848,488)	47,758,894	769,605
Sale of real estate and water assets	429,956	1,477,434	1,735,727	5,903,810
Gain on sale of water storage	8,715,682		8,715,682	
Rents, royalties and lease income	166,972	170,101	488,903	471,640
Other	234,366	3,435,709	824,240	3,574,974
Total revenues	9,832,491	8,415,499	68,233,051	24,443,176
Costs and Expenses:				
Operating and other costs	1,678,632	6,056,598	10,867,713	24,308,664
Cost of real estate and water assets sold				