

Enstar Group LTD
Form 10-Q
August 05, 2016

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-Q
QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the quarterly period ended June 30, 2016
Commission File Number 001-33289

ENSTAR GROUP LIMITED

(Exact name of Registrant as specified in its charter)

BERMUDA

N/A

(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

Windsor Place, 3rd Floor, 22 Queen Street, Hamilton HM JX, Bermuda
(Address of principal executive offices, including zip code)

Registrant's telephone number, including area code: (441) 292-3645

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 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, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

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 August 5, 2016, the registrant had outstanding 16,225,391 voting ordinary shares and 3,130,408 non-voting convertible ordinary shares, each par value \$1.00 per share.

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Quarterly Report on Form 10-Q
For the Period Ended June 30, 2016

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PART I — FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

ENSTAR GROUP LIMITED

UNAUDITED CONDENSED CONSOLIDATED BALANCE SHEETS

As of June 30, 2016 and December 31, 2015

	June 30, 2016	December 31, 2015
	(expressed in thousands of U.S. dollars, except share data)	
ASSETS		
Short-term investments, trading, at fair value	\$ 122,746	\$ 87,350
Short-term investments, available-for-sale, at fair value (amortized cost: 2016 — \$2,406,201; 2015 — \$8,630)	2,401	8,622
Fixed maturities, trading, at fair value	4,986,615	4,990,794
Fixed maturities, held-to-maturity, at amortized cost	770,655	790,866
Fixed maturities, available-for-sale, at fair value (amortized cost: 2016 — \$297,327; 2015 — \$300,160)	299,929	293,679
Equities, trading, at fair value	117,293	115,941
Other investments, at fair value	936,158	1,034,032
Other investments, at cost	129,636	133,071
Total investments	7,365,433	7,454,355
Cash and cash equivalents	800,846	821,925
Restricted cash and cash equivalents	446,293	511,339
Premiums receivable	416,354	381,412
Deferred tax assets	116,047	121,035
Prepaid reinsurance premiums	145,184	121,427
Reinsurance balances recoverable	1,345,115	1,474,004
Funds held by reinsured companies	1,190,899	109,358
Deferred acquisition costs	101,227	89,123
Goodwill and intangible assets	187,555	191,304
Other assets	544,213	556,850
TOTAL ASSETS	\$ 12,659,166	\$ 11,832,132
LIABILITIES		
Losses and loss adjustment expenses	\$ 6,433,845	\$ 5,720,149
Policy benefits for life and annuity contracts	1,286,276	1,304,697
Unearned premiums	576,970	542,771
Insurance and reinsurance balances payable	318,072	274,598
Deferred tax liabilities	94,676	92,588
Loans payable	614,030	600,250
Other liabilities	276,186	358,633
TOTAL LIABILITIES	9,600,055	8,893,686
COMMITMENTS AND CONTINGENCIES		
REDEEMABLE NONCONTROLLING INTEREST	439,656	417,663
SHAREHOLDERS' EQUITY		

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Share capital authorized, issued and fully paid, par value \$1 each (authorized 2016 and 2015: 156,000,000):

Ordinary shares (issued and outstanding 2016: 16,166,652; 2015: 16,133,334)	16,167	16,133
Non-voting convertible ordinary shares:		
Series A (issued 2016: nil; 2015: 2,972,892)	—	2,973
Series C (issued and outstanding 2016: 2,725,637; 2015: 2,725,637)	2,726	2,726
Series E (issued and outstanding 2016: 404,771; 2015: 404,771)	405	405
Series C Preferred Shares (issued and outstanding 2016: 388,571; 2015: nil)	389	—
Treasury shares at cost (Preferred shares 2016: 388,571; Series A non-voting convertible ordinary shares 2015: 2,972,892)	(421,559) (421,559)
Additional paid-in capital	1,376,590	1,373,044
Accumulated other comprehensive loss	(21,527) (35,162)
Retained earnings	1,662,623	1,578,312
Total Enstar Group Limited Shareholders' Equity	2,615,814	2,516,872
Noncontrolling interest	3,641	3,911
TOTAL SHAREHOLDERS' EQUITY	2,619,455	2,520,783
TOTAL LIABILITIES, REDEEMABLE NONCONTROLLING INTEREST AND SHAREHOLDERS' EQUITY	\$ 12,659,166	\$ 11,832,132

See accompanying notes to the unaudited condensed consolidated financial statements

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ENSTAR GROUP LIMITED
 UNAUDITED CONDENSED CONSOLIDATED STATEMENTS OF EARNINGS
 For the Three and Six Months Ended June 30, 2016 and 2015

	Three Months Ended		Six Months Ended	
	June 30,	June 30,	June 30,	June 30,
	2016	2015	2016	2015
	(expressed in thousands of U.S. dollars, except share and per share data)			
INCOME				
Net premiums earned	\$226,928	\$212,023	\$436,337	\$410,929
Fees and commission income	7,243	9,131	12,590	20,611
Net investment income	54,223	34,655	114,286	65,072
Net realized and unrealized gains (losses)	37,987	(11,249)	75,951	31,771
Other income	4,048	11,838	6,461	15,314
	330,429	256,398	645,625	543,697
EXPENSES				
Net incurred losses and loss adjustment expenses	96,462	65,900	179,680	136,036
Life and annuity policy benefits	19,778	28,090		