

AMERICAN NATIONAL INSURANCE CO /TX/  
Form 10-Q  
May 04, 2012

**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 March 31, 2012

or

**Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934**  
Commission File No. 001- 34280

**American National Insurance Company**

(Exact name of registrant as specified in its charter)

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**Texas**  
(State or other jurisdiction of  
incorporation or organization)

**74-0484030**  
(I.R.S. Employer

Identification No.)

**One Moody Plaza**

**Galveston, Texas 77550-7999**

(Address of principal executive offices) (Zip Code)

**(409) 763-4661**

(Registrant's telephone number, including area code)

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 (§229.405 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 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  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 April 30, 2012, there were 26,836,591 shares of the registrant's voting common stock, \$1.00 par value per share, outstanding.

AMERICAN NATIONAL INSURANCE COMPANY

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**PART I FINANCIAL INFORMATION**

## ITEM 1. FINANCIAL STATEMENTS

**AMERICAN NATIONAL INSURANCE COMPANY****CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited and in thousands, except for share and per share data)

|  | March 31,<br>2012    | December 31,<br>2011<br>(As Adjusted) |
|--|----------------------|---------------------------------------|
| <b>ASSETS</b>  |                      |                                       |
| Fixed maturity, bonds held-to-maturity, at amortized cost (Fair Value \$9,985,192 and \$9,857,691)   | \$ 9,317,000         | \$ 9,251,972                          |
| Fixed maturity, bonds available-for-sale, at fair value (Amortized cost \$4,215,877 and \$4,135,610) | 4,497,509            | 4,381,607                             |
| Equity securities, at fair value (Cost \$694,656 and \$710,679)                                      | 1,095,736            | 1,006,080                             |
| Mortgage loans on real estate, net of allowance  | 2,973,035            | 2,925,482                             |
| Policy loans   | 392,633              | 393,195                               |
| Investment real estate, net of accumulated depreciation of \$210,459 and \$202,180                   | 480,516              | 470,222                               |
| Short-term investments   | 228,213              | 345,330                               |
| Other invested assets  | 126,472              | 109,514                               |
| <b>Total investments</b>   | <b>19,111,114</b>    | <b>18,883,402</b>                     |
| Cash and cash equivalents  | 100,867              | 102,114                               |
| Investments in unconsolidated affiliates   | 244,394              | 241,625                               |
| Accrued investment income  | 217,062              | 213,984                               |
| Reinsurance recoverables   | 380,197              | 405,033                               |
| Prepaid reinsurance premiums   | 67,348               | 68,785                                |
| Premiums due and other receivables   | 288,938              | 280,031                               |
| Deferred policy acquisition costs  | 1,301,550            | 1,320,693                             |
| Property and equipment, net  | 80,021               | 77,909                                |
| Current tax receivable   | 4,767                | 17,150                                |
| Other assets   | 134,811              | 131,403                               |
| Separate account assets  | 798,171              | 747,867                               |
| <b>Total assets</b>  | <b>\$ 22,729,240</b> | <b>\$ 22,489,996</b>                  |
| <b>LIABILITIES</b>   |                      |                                       |
| Future policy benefits:  |                      |                                       |
| Life   | \$ 2,614,387         | \$ 2,599,224                          |
| Annuity  | 766,118              | 748,675                               |
| Accident and health  | 73,333               | 74,829                                |
| Policyholders' account balances  | 11,555,101           | 11,506,504                            |
| Policy and contract claims   | 1,318,866            | 1,340,651                             |
| Unearned premium reserve   | 809,660              | 797,398                               |
| Other policyholder funds   | 281,861              | 288,910                               |
| Liability for retirement benefits  | 253,869              | 257,602                               |
| Current portion of long-term notes payable   | 45,371               | 46,387                                |
| Long-term notes payable  | 12,500               | 12,507                                |
| Deferred tax liabilities, net  | 76,199               | 21,851                                |
| Other liabilities  | 368,708              | 397,353                               |
| Separate account liabilities   | 798,171              | 747,867                               |
| <b>Total liabilities</b>   | <b>18,974,144</b>    | <b>18,839,758</b>                     |

**STOCKHOLDERS EQUITY**

|   |                      |                      |
|---|----------------------|----------------------|
| Common stock, \$1.00 par value, - Authorized 50,000,000 Issued 30,832,449 and 30,832,449, Outstanding<br>26,836,591 and 26,821,284 shares | 30,832               | 30,832               |
| Additional paid-in capital  | 1,426                |                      |
| Accumulated other comprehensive income  | 238,754              | 159,403              |
| Retained earnings   | 3,570,095            | 3,545,546            |
| Treasury stock, at cost   | (98,287)             | (98,490)             |
| <b>Total American National stockholders equity</b>  | <b>3,742,820</b>     | <b>3,637,291</b>     |
| Noncontrolling interest   | 12,276               | 12,947               |
| <b>Total stockholders equity</b>  | <b>3,755,096</b>     | <b>3,650,238</b>     |
| <b>Total liabilities and stockholders equity</b>  | <b>\$ 22,729,240</b> | <b>\$ 22,489,996</b> |

*See accompanying notes to the unaudited consolidated financial statements.*

## AMERICAN NATIONAL INSURANCE COMPANY

## CONSOLIDATED STATEMENTS OF OPERATIONS

(Unaudited and in thousands, except for per share data)

|   | Three months ended March 31, |                       |
|---|------------------------------|-----------------------|
|   | 2012                         | 2011<br>(As Adjusted) |
| <b>PREMIUMS AND OTHER REVENUE</b>   |                              |                       |
| Premiums  |                              |                       |
| Life  | \$ 66,451                    | \$ 66,386             |
| Annuity   | 28,412                       | 19,490                |
| Accident and health   | 57,054                       | 58,644                |
| Property and casualty   | 273,169                      | 291,314               |
| Other policy revenues   | 48,047                       | 49,131                |
| Net investment income   | 255,696                      | 239,072               |
| Realized investments gains (losses)   | 9,808                        | 22,031                |
| Other-than-temporary impairments  | (2,837)                      |                       |
| Other income  | 6,875                        | 5,805                 |
| <b>Total premiums and other revenues</b>  | <b>742,675</b>               | <b>751,873</b>        |
| <b>BENEFITS, LOSSES AND EXPENSES</b>  |                              |                       |
| Policyholder Benefits   |                              |                       |
| Life  | 83,823                       | 76,687                |
| Annuity   | 39,245                       | 29,973                |
| Claims incurred   |                              |                       |
| Accident and health   | 44,675                       | 41,607                |
| Property and casualty   | 187,552                      | 215,511               |
| Interest credited to policyholders' account balances  | 124,864                      | 106,391               |
| Commissions for acquiring and servicing policies  | 95,514                       | 109,635               |
| Other operating expenses  | 101,993                      | 122,261               |
| Change in deferred policy acquisition costs   | 1,638                        | (11,457)              |
| <b>Total benefits, losses and expenses</b>  | <b>679,304</b>               | <b>690,608</b>        |
| <b>Income (loss) before federal income tax and equity in earnings/losses of unconsolidated affiliates</b> | <b>63,371</b>                | <b>61,265</b>         |
| Less: Provision (benefit) for federal income taxes  |                              |                       |
| Current   | 7,287                        | 14,318                |
| Deferred  | 9,696                        | 2,067                 |
| <b>Total provision (benefit) for federal income taxes</b>   | <b>16,983</b>                | <b>16,385</b>         |
| Equity in earnings (losses) of unconsolidated affiliates, net of tax                                      | (1,881)                      | 1,861                 |
| <b>Net income (loss)</b>  | <b>44,507</b>                | <b>46,741</b>         |
| Less: Net income (loss) attributable to noncontrolling interest, net of tax                               | (709)                        | (787)                 |
| <b>Net income (loss) attributable to American National Insurance Company and Subsidiaries</b>             | <b>\$ 45,216</b>             | <b>\$ 47,528</b>      |
| <b>Amounts available to American National Insurance Company common stockholders</b>                       |                              |                       |
| Earnings per share:   |                              |                       |
| Basic   | \$ 1.70                      | \$ 1.79               |
| Diluted   | 1.69                         | 1.78                  |

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|   |            |            |
|---|------------|------------|
| Weighted average common shares outstanding                                      | 26,565,164 | 26,559,643 |
| Weighted average common shares outstanding and dilutive potential common shares | 26,758,955 | 26,690,498 |

*See accompanying notes to the unaudited consolidated financial statements.*

**AMERICAN NATIONAL INSURANCE COMPANY****CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)**

(Unaudited and in thousands)

|   | <b>Three months ended March 31,<br/>2012</b> | <b>2011<br/>(As Adjusted)</b> |
|---|--|-------------------------------|
| Net income (loss) attributable to American National Insurance Company and Subsidiaries                        | \$ 45,216                                    | \$ 47,528                     |
| Other comprehensive income (loss), net of tax   |  |                               |
| Change in net unrealized gain (loss) on securities  | 76,531                                       | 25,877                        |
| Foreign currency transaction and translation adjustments  | 152  | 159                           |
| Defined benefit plan adjustment   | 2,668  | (65)                          |
| <b>Total other comprehensive income (loss)</b>  | <b>79,351</b>                                | <b>25,971</b>                 |
| <b>Total comprehensive income (loss) attributable to American National Insurance Company and Subsidiaries</b> | <b>\$ 124,567</b>                            | <b>\$ 73,499</b>              |

**CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS EQUITY**

(Unaudited and in thousands, except for per share data)

|  | <b>Three months ended March 31,<br/>2012</b> | <b>2011<br/>(As Adjusted)</b> |
|--|--|-------------------------------|
| <b>Common Stock</b>                        |  |                               |
| Balance at beginning and end of the period | \$ 30,832                                    | \$ 30,832                     |
| <b>Additional Paid-In Capital</b>          |  |                               |
| Balance as of January 1,                   |  |                               |