21ST CENTURY INSURANCE GROUP
Form 10-Q
November 05, 2003

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 Quarterly Period Ended September 30, 2003   Commission File Number 0-6964

21ST CENTURY INSURANCE GROUP
(Exact name of registrant as specified in its charter)

CALIFORNIA (State or other jurisdiction of incorporation or organization)	95-1935264 (I.R.S. Employer Identification number)
6301 OWENSMOUTH AVENUE WOODLAND HILLS, CALIFORNIA (Address of principal executive offices)	91367 (Zip Code)
(818) 704-3700 (Registrant's telephone number, including area code)	Web site: www.21st.com

None
Former name, former address and former fiscal year, 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 [X] No [_]

Indicate by check mark whether the registrant is an accelerated filer as defined in Rule 12b-2 of the Exchange Act.
Yes [X] No [_]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Common Stock, Without Par Value (Title of Class)	Outstanding at November 3, 2003 85,435,505 shares

PART I - FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

21ST CENTURY INSURANCE GROUP

CONSOLIDATED BALANCE SHEETS

AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA	SEPTEMBER 30, 2003 (UNAUDITED)	December 31, 2002
ASSETS		
Fixed maturity investments available-for-sale, at fair value (amortized cost: $1,083,016 and $888,063)	$ 1,119,428	$ 926,59
Equity securities	5	-
Cash and cash equivalents	40,901	105,89
Total investments and cash	1,160,334	1,032,49
Accrued investment income	13,948	13,23
Premiums receivable	114,008	91,02
Reinsurance receivables and recoverables	13,632	28,10
Prepaid reinsurance premiums	1,712	1,89
Deferred income taxes	70,902	88,93
Deferred policy acquisition costs	54,254	46,19
Leased property under capital lease, net of deferred gain of $5,093 and $6,280 and net of accumulated amortization of $9,298 and $0	45,238	53,72
Property and equipment, at cost less accumulated depreciation of $57,928 and $52,125	94,469	87,27
Other assets	39,781	27,16
Total assets	$ 1,608,278	$ 1,470,03
LIABILITIES AND STOCKHOLDERS' EQUITY		
Unpaid losses and loss adjustment expenses	$ 429,050	$ 384,00
Unearned premiums	319,144	266,47
Obligation under capital lease	52,566	60,00
Claim checks payable	43,987	39,30
Reinsurance payable	1,954	4,95
Other liabilities	75,371	59,68
Total liabilities	922,072	814,42
Stockholders' equity:		
Common stock, without par value; authorized 110,000,000 shares, outstanding 85,435,505 and 85,431,505	419,233	418,98
Retained earnings	244,797	213,06
Accumulated other comprehensive income	22,176	23,55
Total stockholders' equity	686,206	655,60
Total liabilities and stockholders' equity	$ 1,608,278	$ 1,470,03

See accompanying notes to consolidated financial statements.

21ST CENTURY INSURANCE GROUP
CONSOLIDATED STATEMENTS OF OPERATIONS
Unaudited

AMOUNTS IN THOUSANDS, EXCEPT SHARE DATA	Three months ended September 30, 2003	2002	Nine months e 2003
REVENUES			
Net premiums earned	$ 303,675	$ 234,666	$ 862,34
Net investment income	11,350	11,729	34,66
Other	--	--	14,06
Realized investment gains	836	3,045	13,11
Total revenues	315,861	249,440	924,18
LOSSES AND EXPENSES			
Net losses and loss adjustment expenses	240,926	239,944	722,45
Policy acquisition costs	49,857	31,517	143,76
Write-off of software	--	37,177	-
Other operating expenses	7,234	7,395	8,56
Interest and fees expense	797	--	2,33
Total losses and expenses	298,814	316,033	877,12
Income (loss) before federal income taxes	17,047	(66,593)	47,06
Federal income tax expense (benefit)	4,338	(21,358)	11,91
Net income (loss)	$ 12,709	$ (45,235)	$ 35,14
EARNINGS (LOSS) PER COMMON SHARE			
Basic	$ 0.15	$ (0.53)	$ 0.4
Diluted	$ 0.15	$ (0.53)	$ 0.4
Weighted average shares outstanding-basic	85,432,838	85,439,641	85,431,94
Weighted average shares outstanding-diluted	85,745,822	85,439,641	85,621,46

See accompanying notes to consolidated financial statements.

3

21ST CENTURY INSURANCE GROUP
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
Unaudited

AMOUNTS IN THOUSANDS	Common Stock	Retained Earnings	Accumulated Other Comprehensive Income	Total
Balance - January 1, 2003	$418,984	$ 213,067	$ 23,557	$655,608
Comprehensive income	--	35,147 (1)	(1,381)(2)	33,766

Cash dividends declared on common stock ($0.04 per share)	--	(3,417)	--	(3,417)
Other	249	--	--	249
Balance - September 30, 2003	$419,233	$ 244,797	$ 22,176	$686,206