

SAFETY INSURANCE GROUP INC
Form 10-Q
May 10, 2007

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, 2007

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: 000-50070

SAFETY INSURANCE GROUP, INC.

(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)

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 is large accelerated filer, an accelerated filer, or a non-accelerated filer (as defined in Rule 12b-2 of the Exchange Act).

Large accelerated filer

Accelerated filer

Non-accelerated filer

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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 May 7, 2007, there were 16,226,163 shares of common stock with a par value of \$0.01 per share outstanding.

SAFETY INSURANCE GROUP, INC.
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Safety Insurance Group, Inc. and Subsidiaries

Consolidated Balance Sheets

(Dollars in thousands, except share data)

| | March 31, 2007 (Unaudited) | December 31, 2006 |
|--|----------------------------------|----------------------|
| Assets | | |
| Investment securities available for sale: | | |
| Fixed maturities, at fair value (amortized cost: \$911,526 and \$936,534) | \$ 913,100 | \$ 936,280 |
| Equity securities, at fair value (cost: \$6,393 and \$4,038) | 6,628 | 4,325 |
| Total investment securities | 919,728 | 940,605 |
| Cash and cash equivalents | 66,140 | 26,283 |
| Accounts receivable, net of allowance for doubtful accounts | 171,994 | 158,190 |
| Accrued investment income | 9,919 | 9,776 |
| Taxes recoverable | | 1,781 |
| Receivable from reinsurers related to paid loss and loss adjustment expenses | 13,363 | 13,282 |
| Receivable from reinsurers related to unpaid loss and loss adjustment expenses | 79,806 | 78,464 |
| Ceded unearned premiums | 33,760 | 33,042 |
| Deferred policy acquisition costs | 50,579 | 47,404 |
| Deferred income taxes | 16,176 | 16,868 |
| Equity and deposits in pools | 28,721 | 26,166 |
| Other assets | 5,866 | 3,887 |
| Total assets | \$ 1,396,052 | \$ 1,355,748 |
| Liabilities | | |
| Loss and loss adjustment expense reserves | \$ 453,536 | \$ 449,444 |
| Unearned premium reserves | 354,446 | 333,404 |
| Accounts payable and accrued liabilities | 25,688 | 48,666 |
| Taxes payable | 7,017 | |
| Outstanding claims drafts | 17,507 | 16,279 |
| Payable to reinsurers | 14,016 | 11,568 |
| Payable for securities purchased | 4,431 | |
| Capital lease obligations | | 39 |
| Total liabilities | 876,641 | 859,400 |
| Commitments and contingencies (Note 7) | | |