
Section 1: 8-K (8-K)

SECURITIES AND EXCHANGE COMMISSION Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): May 5, 2016

INFINITY PROPERTY AND CASUALTY CORPORATION

(Exact name of registrant as specified in its charter)

Ohio

(State or other
jurisdiction of
incorporation)

000-50167

(Commission File No.)

03-0483872

(IRS Employer
Identification No.)

3700 Colonnade Parkway, Suite 600, Birmingham, Alabama 35243

(Address of principal executive offices) (Zip Code)

(205) 870-4000

(Registrant's telephone number, including area code)

(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition.

On May 5, 2016, the Registrant issued a press release announcing its financial results for the three months ended March 31, 2016. A copy of the press release is furnished as Exhibit 99 to this report and is incorporated herein by reference.

Item 9.01 Financial Statements and Exhibits

(d) Exhibits.

99 Press release dated May 5, 2016

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

INFINITY PROPERTY AND CASUALTY CORPORATION

Date: May 5, 2016

By: /s/ Samuel J. Simon

Name: Samuel J. Simon

Title: Executive Vice President, General Counsel and
Assistant Secretary

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Section 2: EX-99 (EARNINGS RELEASE)



Infinity Property and Casualty Corporation Reports Results for the First Quarter of 2016

Birmingham, Alabama – May 5, 2016 – Infinity Property and Casualty Corporation (NASDAQ: IPCC) today reported results for the three months ended March 31, 2016:

(in millions, except per share amounts and ratios)	Three months ended March 31,		
	2016	2015	Change
Gross written premium ⁽¹⁾	\$376.0	\$390.6	(3.8%)
Revenues	\$370.2	\$367.0	0.9%
Net earnings	\$7.7	\$11.2	(30.9%)
Net earnings per diluted share	\$0.69	\$0.97	(28.9%)
Operating earnings ⁽¹⁾	\$7.6	\$10.4	(26.7%)
Operating earnings per diluted share ⁽¹⁾	\$0.68	\$0.90	(24.4%)
Underwriting income ⁽¹⁾	\$7.8	\$12.2	(36.0%)
Combined ratio	97.7%	96.3%	1.4pts
Return on equity ⁽²⁾	4.5%	6.4%	(1.9pts)
Operating earnings return on equity ⁽¹⁾⁽²⁾	4.4%	5.9%	(1.5pts)
Book value per share	\$62.60	\$61.73	1.4%
Debt to total capital	28.5%	28.0%	0.5 pt
Debt to tangible capital ⁽¹⁾	30.9%	30.3%	0.6 pt

Notes:

- (1) Measures used in this release that are not based on generally accepted accounting principles ("non-GAAP") are defined at the end of this release and reconciled to the most comparable GAAP measure.
- (2) Annualized

Columns throughout may not foot due to rounding.

Net earnings per diluted share decreased 28.9% in the first three months of 2016 compared with the first three months of 2015 primarily due to an increase in the calendar year combined ratio from 96.3% at March 31, 2015, to 97.7% at March 31, 2016.

Gross written premiums were down 3.8% compared with the same period of 2015. Premium growth of 23.0% in Texas personal auto and 12.7% in countrywide Commercial Vehicle, was more than offset by declines in our other states.

James Gober, CEO and Chairman of Infinity, commented, "The claim trends that we experienced in 2015 continued into early 2016 as gas prices remained low and miles driven continued to increase. We are not pleased with our results and continue to focus on what we can control, including further rate increases, selected underwriting actions, claims management and expenses."

Share and Debt Repurchase Program

During the first quarter of 2016, Infinity repurchased 106,766 shares at an average price, excluding commissions, of \$78.59 per share. Infinity has \$37.0 million of capacity left under its share and debt repurchase program, which expires December 31, 2016.

Forward-Looking Statements

This press release contains certain “forward-looking statements” which anticipate results based on our estimates, assumptions and plans that are subject to uncertainty. These statements are made subject to the safe-harbor provisions of the Private Securities Litigation Reform Act of 1995. All statements in this report not dealing with historical results or current facts are forward-looking and are based on estimates, assumptions and projections. Statements which include the words “assumes,” “believes,” “seeks,” “expects,” “may,” “should,” “intends,” “likely,” “targets,” “plans,” “anticipates,” “estimates” or the negative version of those words and similar statements of a future or forward-looking nature identify forward-looking statements.

The primary events or circumstances that could cause actual results to differ materially from what we expect include determinations with respect to reserve adequacy, realized gains or losses on the investment portfolio (including other-than-temporary impairments for credit losses), loss cost trends and competitive conditions in our key Focus States. Infinity undertakes no obligation to publicly update or revise any of the forward-looking statements. For a more detailed discussion of some of the foregoing risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see Infinity’s filings with the Securities and Exchange Commission.

Conference Call

Infinity will conduct a conference call and webcast to discuss first quarter 2016 results at 11:30 a.m. (ET) today, May 5, 2016. The webcast can be accessed on the Company’s Investor Relations website at <http://ir.infinityauto.com>. The conference call will be available by dialing 1-877-508-9611. For those unable to attend the live event, a replay of the webcast will be posted on the website shortly after the event ends.

Infinity Property and Casualty Corporation
Statements of Earnings

(in millions, except EPS and dividends)

	Three months ended March 31,	
	2016	2015
	(unaudited)	(unaudited)
Revenues:		
Earned premium	\$336.2	\$332.1
Installment and other fee income	25.5	24.6
Net investment income	8.1	8.7
Net realized gains on investments ⁽¹⁾	0.1	1.2
Other income	0.3	0.4
Total revenues	370.2	367.0
Costs and Expenses:		
Losses and loss adjustment expenses ⁽²⁾	265.3	255.6
Commissions and other underwriting expenses	88.6	88.8
Interest expense	3.5	3.5
Corporate general and administrative expenses	1.7	1.9
Other expenses	0.3	0.9
Total costs and expenses	359.4	350.7
Earnings before income taxes	10.8	16.2
Provision for income taxes	3.1	5.1
Net Earnings	\$7.7	\$11.2
Net Earnings per Common Share:		
Basic	\$0.70	\$0.98
Diluted	\$0.69	\$0.97
Average Number of Common Shares:		
Basic	11.0	11.4
Diluted	11.1	11.6
Cash Dividends per Common Share	\$0.52	\$0.43

Notes:

- | | | |
|---|-------|-------|
| (1) Net realized gains on sales | \$0.3 | \$1.6 |
| Total other-than-temporary impairment (OTTI) losses | (0.1) | (0.4) |
| Total net realized gains on investments | \$0.1 | \$1.2 |
- (2) Losses and loss adjustment expenses for the three months ended March 31, 2016, include \$5.9 million of favorable development on prior accident year loss and loss adjustment expense reserves, compared with \$2.1 million of favorable development for the three months ended March 31, 2015.

Infinity Property and Casualty Corporation

Balance Sheets

(in millions, except book value per share)

	March 31, 2016	December 31, 2015
	(unaudited)	(audited)
Assets		
Investments:		
Fixed maturities, at fair value	\$1,407.4	\$1,381.5
Equity securities, at fair value	90.1	89.9
Short-term investments, at fair value	—	4.7
Total investments	<u>1,497.5</u>	<u>1,476.1</u>
Cash and cash equivalents	43.6	62.5
Accrued investment income	11.4	12.2
Agents' balances and premium receivable	542.6	511.5
Property and equipment (net of depreciation)	91.6	89.7
Prepaid reinsurance premium	5.7	5.4
Recoverable from reinsurers	18.5	15.1
Deferred policy acquisition costs	97.2	93.2
Current and deferred income taxes	25.5	33.9
Receivable for securities sold	2.1	—
Other assets	16.5	10.3
Goodwill	75.3	75.3
Total assets	<u><u>\$2,427.5</u></u>	<u><u>\$2,385.1</u></u>
Liabilities and Shareholders' Equity		
Liabilities:		
Unpaid losses and loss adjustment expenses	\$673.5	\$670.0
Unearned premium	652.5	616.6
Long-term debt	273.4	273.4
Commissions payable	15.5	17.4
Payable for securities purchased	10.5	7.3
Other liabilities	110.6	112.9
Total liabilities	<u>1,736.0</u>	<u>1,697.5</u>
Shareholders' Equity:		
Common stock	21.8	21.8
Additional paid-in capital	376.4	376.0
Retained earnings ⁽¹⁾	759.6	757.6
Accumulated other comprehensive income, net of tax	17.8	7.8
Treasury stock, at cost ⁽²⁾	(484.0)	(475.6)
Total shareholders' equity	<u>691.5</u>	<u>687.6</u>
Total liabilities and shareholders' equity	<u><u>\$2,427.5</u></u>	<u><u>\$2,385.1</u></u>
Shares outstanding	11.0	11.2
Book value per share	\$62.60	\$61.66

Notes:

- (1) The change in retained earnings from December 31, 2015, is primarily a result of net income of \$7.7 million less shareholder dividends of \$5.7 million.

(2) Infinity repurchased 106,766 common shares during the first three months of 2016 at an average per share price, excluding commissions, of \$78.59.

Infinity Property and Casualty Corporation**Statements of Cash Flows**

(in millions)

	Three months ended March 31,	
	2016	2015
	(unaudited)	(unaudited)
Operating Activities:		
Net earnings	\$7.7	\$11.2
Adjustments:		
Depreciation	3.1	3.0
Amortization	5.8	5.9
Net realized gains on investments	(0.1)	(1.2)
Loss on disposal of property and equipment	0.0	0.1
Share-based compensation expense	0.3	0.7
Activity related to rabbi trust	0.0	0.0
Change in accrued investment income	0.8	0.9
Change in agents' balances and premium receivable	(31.1)	(46.3)
Change in reinsurance receivables	(3.7)	(0.8)
Change in deferred policy acquisition costs	(4.1)	(7.7)
Change in other assets	(3.1)	1.7
Change in unpaid losses and loss adjustment expenses	3.5	7.6
Change in unearned premium	35.8	55.2
Change in other liabilities	(4.0)	(2.8)
Net cash provided by operating activities	11.0	27.5
Investing Activities:		
Purchases of fixed maturities	(157.9)	(150.2)
Purchases of equity securities	—	(2.0)
Purchases of short-term investments	—	(1.0)
Purchases of property and equipment	(4.9)	(2.1)
Maturities and redemptions of fixed maturities	39.3	46.7
Proceeds from sale of fixed maturities	103.9	95.4
Proceeds from sale of equity securities	—	4.5
Proceeds from sale of short-term investments	4.6	—
Net cash used in investing activities	(15.0)	(8.7)
Financing Activities:		
Proceeds from stock options exercised and employee stock purchases	0.1	0.1
Principal payments under capital lease obligations	(0.1)	(0.1)
Acquisition of treasury stock	(9.0)	(1.9)
Dividends paid to shareholders	(5.7)	(4.9)
Net cash used in financing activities	(14.8)	(6.9)
Net (decrease) increase in cash and cash equivalents	(18.9)	11.9
Cash and cash equivalents at beginning of period	62.5	84.5
Cash and cash equivalents at end of period	\$43.6	\$96.4

Definitions of Non-GAAP Financial and Operating Measures

Operating earnings are defined as net earnings, before realized gains and losses on investments and the cumulative effect of a change in accounting principle, after tax. Infinity reports this non-GAAP measure because realized gains and losses on investments can be volatile and because it is a measure used often by investors in evaluating insurance companies. Net earnings are the most comparable GAAP measure.

Underwriting income measures the insurer's profit on insurance sales after all losses and expenses have been paid. It is calculated by deducting losses and loss adjustment expenses and underwriting expenses from premiums earned. Infinity reports this non-GAAP measure to show profitability before inclusion of net investment income, other income, interest expense, corporate general and administrative expenses, other expenses and taxes and because it is a measure used often by investors in evaluating insurance companies. Net earnings are the most comparable GAAP measure.

Below is a schedule that reconciles operating earnings and underwriting income to net earnings:

	Three months ended March 31,	
	2016	2015
(in millions, except EPS)		
Earned premium	\$336.2	\$332.1
Losses and loss adjustment expenses	(265.3)	(255.6)
Commissions and other underwriting expenses	(88.6)	(88.8)
Installment and other fee income	25.5	24.6
Underwriting income	7.8	12.2
Net investment income	8.1	8.7
Other income	0.3	0.4
Interest expense	(3.5)	(3.5)
Corporate general and administrative expenses	(1.7)	(1.9)
Other expenses	(0.3)	(0.9)
Pre-tax operating earnings	10.6	15.1
Provision for income taxes	(3.0)	(4.7)
Operating earnings, after-tax	7.6	10.4
Realized gains on investments, pre-tax	0.1	1.2
Provision for income taxes on capital gains	(0.0)	(0.4)
Realized gains on investments, net of tax	0.1	0.8
Net earnings	\$7.7	\$11.2
Operating earnings per diluted share	\$0.68	\$0.90
Realized gains on investments, net of tax	0.01	0.07
Net earnings per diluted share	\$0.69	\$0.97

Gross written premium is the amount of premium charged for policies issued during a fiscal period. Earned premium is a GAAP measure and represents the portion of gross written premium (after cessions to reinsurers) that has been recognized in income in the financial statements for the periods presented as earned on a pro-rata basis over the term of the policies.

Below is a schedule that reconciles gross written premium to earned premium:

(in millions)	Three months ended March 31,	
	2016	2015
Gross written premium	\$376.0	\$390.6
Ceded reinsurance	(4.3)	(3.6)
Net written premium	371.7	387.1
Change in unearned premium	(35.5)	(55.0)
Earned premium	\$336.2	\$332.1

Tangible capital is defined as total capital (long-term debt plus total shareholders' equity) less intangible assets. Infinity reports this non-GAAP measure because it is a measure often used by debt-holders and rating agencies when evaluating financial leverage. Total capital is the most comparable GAAP measure.

Below is a schedule that reconciles tangible capital to total capital:

(in millions)	March 31, 2016	March 31, 2015
Tangible capital	\$891.2	\$907.1
Goodwill	75.3	\$75.3
Total capital	\$966.5	\$982.3

Infinity also makes available an investor supplement on its website. To access the supplemental financial information, go to <http://ir.infinityauto.com> and click on "Annual & Quarterly Reports."

About Infinity

Infinity Property and Casualty Corporation (NASDAQ: IPCC) is a national provider of personal automobile insurance with a concentration on nonstandard auto insurance. Its products are offered through a network of approximately 11,200 independent agencies and brokers. For more information about Infinity, please visit <http://www.infinityauto.com>.

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