

PICO HOLDINGS INC /NEW  
Form 10-Q  
November 09, 2010

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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 September 30, 2010

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 033-36383

PICO HOLDINGS, INC.

(Exact Name of Registrant as Specified in Its Charter)

California	33-36383	94-2723335
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

875 Prospect Street, Suite 301  
La Jolla, California 92037  
(Address of principal executive offices) (Zip code)

Registrant's Telephone Number, Including Area Code:  
(858) 456-6022

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 (§ 232.405 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

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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	<input checked="" type="checkbox"/>	Accelerated filer	<input type="checkbox"/>
Non-accelerated filer (Do not check if a smaller reporting company)	<input type="checkbox"/>	Smaller reporting company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).  
Yes  No

On November 5, 2010, the registrant had 22,700,558 shares of common stock, \$0.001 par value outstanding.

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PICO HOLDINGS, INC.  
 FORM 10-Q  
 For the Nine Months Ended September 30, 2010

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## Part I: Financial Information

## Item I: Condensed Consolidated Financial Statements

PICO HOLDINGS, INC. AND SUBSIDIARIES  
CONDENSED CONSOLIDATED BALANCE SHEETS  
(In thousands, except per share data)

	September 30, 2010 (Unaudited)	December 31, 2009
<b>ASSETS</b>		
Available for sale investments:		
Fixed maturities	\$ 42,094	\$ 50,575
Equity securities	117,188	118,327
Total available for sale investments	159,282	168,902
Other Investments	8,531	8,884
Total investments	167,813	177,786
Cash and cash equivalents	111,328	154,545
Notes and other receivables, net	10,065	15,412
Reinsurance receivables	14,080	15,013
Real estate and water assets, net	345,478	299,833
Property and equipment, net	2,146	1,328
Net deferred income taxes	15,711	11,165
Federal, foreign and state income taxes	10,769	8,879
Other assets	3,259	3,656
Total assets	\$ 680,649	\$ 687,617
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Reserves for unpaid losses and loss adjustment expenses	\$ 22,480	\$ 24,175
Deferred compensation	36,360	31,144
Borrowings	42,637	41,221
Other liabilities	10,534	11,382
Total liabilities	112,011	107,922
<b>Commitments and Contingencies (Note 6)</b>		
Common stock, \$.001 par value; authorized 100,000,000 shares, 27,117,269 issued and 22,700,558 outstanding at September 30, 2010, and 27,020,473 issued and 22,595,678 outstanding at December 31, 2009		
	27	27
Additional paid-in capital	540,523	539,792
Retained earnings	92,122	100,002
Accumulated other comprehensive income	19,371	21,094
Treasury stock, at cost (common shares: 4,416,711 in 2010 and 4,424,795 in 2009)	(78,152)	(78,272)
Total PICO Holdings, Inc. shareholders' equity	573,891	582,643
Noncontrolling interest in subsidiaries	(5,253)	(2,948)
Total shareholders' equity	568,638	579,695
Total liabilities and shareholders' equity	\$ 680,649	\$ 687,617

The accompanying notes are an integral part of the condensed consolidated financial statements.

PICO HOLDINGS, INC. AND SUBSIDIARIES  
 CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS - UNAUDITED  
 (In thousands, except per share data)

	Three Months Ended September 30, 2010	Three Months Ended September 30, 2009	Nine Months Ended September 30, 2010	Nine Months Ended September 30, 2009
Revenues:				
Sale of real estate and water assets	\$ 51	\$ 536	\$ 3,791	\$ 5,804
Net investment income	1,619	1,441	4,981	4,449
Net realized gain (loss) on sale and impairment of investments	5,203	(2,010)		