

OXBRIDGE RE HOLDINGS Ltd
Form 10-Q
May 15, 2017

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q
(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2017

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: 1-36346

OXBRIDGE RE HOLDINGS LIMITED
(Exact name of registrant as specified in its charter)

Cayman Islands
(State or other jurisdiction of
incorporation or organization)

98-1150254
(I.R.S. Employer
Identification No.)

Strathvale House, 2nd Floor 90 North Church Street, Georgetown P.O. Box 469
Grand Cayman, Cayman Islands
(Address of principal executive offices)

KY1-9006
(Zip Code)

Registrant's telephone number, including area code: (345) 749-7570

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).

Edgar Filing: OXBRIDGE RE HOLDINGS Ltd - Form 10-Q

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer", "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

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

As of May 12, 2017; 5,836,643 ordinary shares, par value \$0.001 per share, were outstanding.

OXBRIDGE RE HOLDINGS LIMITED

INDEX

PART I – FINANCIAL INFORMATION	Page
Item 1. Financial Statements	
<u>Consolidated Balance Sheets</u> <u>March 31, 2017 (unaudited) and December 31, 2016</u>	3
<u>Consolidated Statements of Income</u> <u>Three Months Ended March 31, 2017 and 2016 (unaudited)</u>	4
<u>Consolidated Statements of Comprehensive Income</u> <u>Three Months Ended March 31, 2017 and 2016 (unaudited)</u>	5
<u>Consolidated Statements of Cash Flows</u> <u>Three Months Ended March 31, 2017 and 2016 (unaudited)</u>	6
<u>Consolidated Statements of Changes in Shareholders' Equity</u> <u>Three Months Ended March 31, 2017 and 2016 (unaudited)</u>	8
<u>Notes to Consolidated Financial Statements (unaudited)</u>	9
Item 2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	30
Item 3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	40
Item 4. <u>Controls and Procedures</u>	40
PART II – OTHER INFORMATION	
Item 1. <u>Legal Proceedings</u>	41
Item 1A. <u>Risk Factors</u>	41
Item 2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	41
Item 3. <u>Defaults Upon Senior Securities</u>	40
Item 4. <u>Mine Safety Disclosures</u>	42
Item 5. <u>Other Information</u>	42
Item 6. <u>Exhibits</u>	42

Signatures

43

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARY

Consolidated Balance Sheets

(expressed in thousands of U.S. Dollars, except per share and share amounts)

	At March 31, 2017	At December 31, 2016
	(Unaudited)	
Assets		
Investments:		
Fixed-maturity securities, available for sale, at fair value (amortized cost: \$10,027 and \$6,060, respectively)	\$10,021	6,051
Equity securities, available for sale, at fair value (cost: \$4,799 and \$5,543, respectively)	4,351	4,941
Total investments	14,372	10,992
Cash and cash equivalents	15,338	12,242
Restricted cash and cash equivalents	15,871	23,440
Accrued interest and dividend receivable	34	48
Premiums receivable	1,637	4,038
Deferred policy acquisition costs	68	88
Prepayment and other receivables	111	98
Property and equipment, net	49	54
Total assets	\$47,480	51,000
Liabilities and Shareholders' Equity		
Liabilities:		
Reserve for losses and loss adjustment expenses	\$5,684	8,702
Loss experience refund payable	2,218	1,470
Unearned premiums reserve	2,044	3,461
Accounts payable and other liabilities	156	204
Total liabilities	10,102	13,837
Shareholders' equity:		
Ordinary share capital, (par value \$0.001, 50,000,000 shares authorized; 5,861,872 and 5,916,149 shares issued and outstanding)	6	6
Additional paid-in capital	32,727	33,034
Retained earnings	5,099	4,534

Edgar Filing: OXBRIDGE RE HOLDINGS Ltd - Form 10-Q

Accumulated other comprehensive loss	(454)	(411)
Total shareholders' equity	37,378	37,163
Total liabilities and shareholders' equity	\$47,480	51,000

The accompanying Notes to Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARY

Consolidated Statements of Income

(Unaudited)

(expressed in thousands of U.S. Dollars, except per share and share amounts)

	Three Months Ended	
	March 31,	
	2017	2016
Revenue		
Assumed premiums	\$880	503
Change in loss experience refund payable	(748)	(2,088)
Change in unearned premiums reserve	1,416	2,966
Net premiums earned	1,548	1,381
Net realized investment gains	2	56
Net investment income	86	94
Total revenue	1,636	1,531
Expenses		
Losses and loss adjustment expenses	(32)	63
Policy acquisition costs and underwriting expenses	63	61
General and administrative expenses	335	364
Total expenses	366	488
Net income	\$1,270	1,043
Earnings per share		
Basic and Diluted	\$0.22	0.17
Dividends paid per share	\$0.12	0.12

The accompanying Notes to Consolidated Financial Statements are an integral

part of the Consolidated Financial Statements.

4

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARY

Consolidated Statements of Comprehensive Income

(Unaudited)

(expressed in thousands of U.S. Dollars)

	Three Months Ended	
	March 31,	
	2017	2016
Net income	\$1,270	1,043
Other comprehensive (loss) income:		
Change in unrealized loss on investments:		
Unrealized (loss) gain arising during the period	(41)	344
Reclassification adjustment for net realized gains included in net income	(2)	(56)
Net change in unrealized loss	(43)	288
Total other comprehensive (loss) income	(43)	288
Comprehensive income	\$1,227	1,331

The accompanying Notes to Consolidated Financial Statements are an integral part of the Consolidated Financial Statements.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARY

Consolidated Statements of Cash Flows

(Unaudited)

(expressed in thousands of U.S. Dollars)

	Three Months Ended	
	March 31,	
	2017	2016
Operating activities		
Net income	\$1,270	1,043
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	31	30
Net amortization of premiums on investments in fixed-maturity securities	21	-
Depreciation and amortization	5	5
Net realized investment gains	(2)	(56)
Change in operating assets and liabilities:		
Accrued interest and dividend receivable	14	(6)
Premiums receivable	2,401	2,462
Deferred policy acquisition costs	20	35
Prepayment and other receivables	(13)	(2)
Reserve for losses and loss adjustment expenses	(3,018)	63
Loss experience refund payable	748	2,088
Unearned premiums reserve	(1,417)	(2,965)
Accounts payable and other liabilities	(48)	(72)
Net cash provided by operating activities	\$12	2,625
Investing activities		
Change in restricted cash and cash equivalents	7,569	1,479
Purchase of fixed-maturity securities	(3,987)	(3,111)
Purchase of equity securities	(3,032)	(1,683)
Proceeds from sale of fixed-maturity and equity securities	3,577	1,447
Net cash provided by (used in) investing activities	\$4,127	(1,868)
Financing activities		
Repurchases of common stock under share repurchase plan	(338)	-
Dividends paid	(705)	(727)

Net cash used in financing activities	\$(1,043) (727)
---------------------------------------	-----------------

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARY

Consolidated Statements of Cash Flows, continued

(Unaudited)

(expressed in thousands of U.S. Dollars)

	Three Months Ended	
	March 31,	
	2017	2016
Net change in cash and cash equivalents	3,096	30
Cash and cash equivalents at beginning of period	12,242	8,584
Cash and cash equivalents at end of period	\$15,338	8,614
Supplemental disclosure of cash flow information		
Interest paid	-	-
Income taxes paid	-	-