

OXBRIDGE RE HOLDINGS Ltd
Form 10-Q
November 14, 2016

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 September 30, 2016

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 98-1150254
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

Strathvale House, 2nd Floor 90 North Church Street, Georgetown P.O. Box 469 KY1-9006
Grand Cayman, Cayman Islands
(Address of principal executive offices) (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

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(§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

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 the definitions of “large accelerated filer,” “accelerated filer” and “smaller reporting company” in Rule 12b-2 of the Exchange Act.

Large accelerated filer Accelerated filer
Non-accelerated filer Smaller reporting company

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 October 24, 2016; 5,960,324 ordinary shares, par value \$0.001 per share, were outstanding.

OXBRIDGE RE HOLDINGS LIMITED

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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 September 30, 2016	At December 31, 2015
	(Unaudited)	
Assets		
Investments:		
Fixed-maturity securities, available for sale, at fair value (amortized cost: \$6,081 and \$3,080, respectively)	\$6,074	3,096
Equity securities, available for sale, at fair value (cost: \$6,801 and \$7,742, respectively)	6,359	6,252
Total investments	12,433	9,348
Cash and cash equivalents	9,478	8,584
Restricted cash and cash equivalents	26,296	30,368
Accrued interest and dividend receivable	26	25
Premiums receivable	9,448	4,117
Deferred policy acquisition costs	162	90
Prepayment and other receivables	95	91
Property and equipment, net	59	64
Total assets	\$57,997	52,687
Liabilities and Shareholders' Equity		
Liabilities:		
Reserve for losses and loss adjustment expenses	\$972	-
Loss experience refund payable	6,818	9,913

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Unearned premiums reserve	9,526	5,571
Accounts payable and other liabilities	212	176
Total liabilities	17,528	15,660
Shareholders' equity:		
Ordinary share capital, (par value \$0.001, 50,000,000 shares authorized; 5,981,613 and 6,060,000 shares issued and outstanding at September 30, 2016 and December 31, 2015, respectively)	6	6
Additional paid-in capital	33,348	33,657
Retained earnings	7,564	4,838
Accumulated other comprehensive loss	(449)	(1,474)
Total shareholders' equity	40,469	37,027
Total liabilities and shareholders' equity	\$57,997	52,687

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				Nine Months Ended			
	September 30,		September 30,		September 30,		September 30,	
	2016	2015	2016	2015	2016	2015	2016	2015
	(Unaudited)		(Unaudited)		(Unaudited)		(Unaudited)	
Revenue								
Assumed premiums	\$-	-	\$15,065	14,888				
Change in loss experience refund payable	(2,089)	(2,089)	(4,465)	(6,204)				
Change in unearned premiums reserve	4,007	3,881	(3,955)	(3,708)				
Net premiums earned	1,918	1,792	6,645	4,976				
Net realized investment gain / (loss)	122	(303)	256	673				
Net investment income	126	90	327	262				
Other-than-temporary impairment losses	-	(399)	-	(399)				
Total revenue	2,166	1,180	7,228	5,512				
Expenses								
Losses and loss adjustment expenses (credit)	(1,248)	-	1,030	-				
Policy acquisition costs and underwriting expenses	83	85	211	259				
General and administrative expenses	346	353	1,087	1,024				

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Total expenses (credit)	(819)	438	2,328	1,283
Net income	\$2,985	742	\$4,900	4,229
Earnings per share Basic and Diluted	\$0.50	0.12	\$0.81	0.70
Dividends paid per share	\$0.12	0.12	\$0.36	0.36

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 Comprehensive Income (unaudited)

(expressed in thousands of U.S. Dollars)

	Three Months Ended		Nine Months Ended	
	September 30,		September 30,	
	2016	2015	2016	2015
	(Unaudited)		(Unaudited)	
Net income	\$2,985	742	\$4,900	4,229
Other comprehensive income:				
Change in unrealized gain on investments:				
Unrealized gain / (loss) arising during the period	304	(1,209)	1,281	(1,967)
Other-than-temporary impairment losses	-	399	-	399
Reclassification adjustment for net realized (gain) / loss included in net income	(122)	303	(256)	(673)
Net change in unrealized gain / (loss)	182	(507)	1,025	(2,241)
Total other comprehensive income / (loss)	182	(507)	1,025	(2,241)
Comprehensive income	3,167	235	5,925	1,988

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)

	Nine Months Ended	
	September 30,	
	2016	2015
Operating activities		
Net income	\$4,900	4,229
Adjustments to reconcile net income to net cash provided by operating activities:		
Stock-based compensation	90	88
Depreciation and amortization	16	12
Net realized investment gains	(256)	(673)
Other-than-temporary impairment losses	-	399
Change in operating assets and liabilities:		
Accrued interest and dividend receivable	(1)	(6)
Premiums receivable	(5,331)	(2,648)
Deferred policy acquisition costs	(72)	(43)
Prepayment and other receivables	(4)	(41)
Reserve for loss and loss adjustment expenses	972	-
Loss experience refund payable	(3,095)	691
Unearned premiums reserve	3,955	3,708
Accounts payable and other liabilities	36	(6)
Net cash provided by operating activities	\$1,210	5,710
Investing activities		
Change in restricted cash and cash equivalents	4,072	(1,974)
Purchase of fixed-maturity securities	(3,111)	(1,101)
Purchase of equity securities	(8,030)	(10,814)
Proceeds from sale of fixed-maturity and equity securities	9,337	11,477
Purchase of property and equipment	(11)	(25)

Net cash provided by / (used in) investing activities	\$2,257	(2,437)
Financing activities		
Repurchases of common stock under share repurchase plan	(399)	-
Cash dividends paid	(2,174)	(2,182)
Net cash used in financing activities	\$(2,573)	(2,182)

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARY

Consolidated Statements of Cash Flows

(expressed in thousands of U.S. Dollars)

	Nine Months Ended	
	September 30,	
	2016	2015
Net change in cash and cash equivalents	894	1,091
Cash and cash equivalents at beginning of period	8,584	5,317
Cash and cash equivalents at end of period	\$9,478	6,408
Supplemental disclosure of cash flow information		
Interest paid	-	-
Income taxes paid	-	-
Non-cash investing activities		
Net change in unrealized gain (loss) on securities available for sale	1,025	(2,241)

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 Changes in Shareholders' Equity

Nine Months Ended September 30, 2016 and 2015 (unaudited)

(expressed in thousands of U.S. Dollars, except number of shares)

	Ordinary Share Capital		Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Loss	Total Shareholders' Equity
	Shares	Amount				
Balance at December 31, 2014	6,000,000	6	33,540	3,145	17	36,708
Cash dividends	-	-	-	(2,182)		