

UNIVERSAL INSURANCE HOLDINGS, INC.

Form 10-Q

August 06, 2014

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**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 June 30, 2014**

**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 001-33251**

**UNIVERSAL INSURANCE HOLDINGS, INC.**

**(Exact name of registrant as specified in its charter)**

**Delaware**  
**(State or other jurisdiction of**  
**incorporation or organization)**  
**1110 W. Commercial Blvd., Fort Lauderdale, Florida 33309**  
**(Address of principal executive offices)**  
**(954) 958-1200**  
**(Registrant's telephone number, including area code)**

**65-0231984**  
**(I.R.S. Employer**  
**Identification No.)**

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 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

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See the definitions of large accelerated filer and accelerated filer in Rule 12b-2 of the Exchange Act.

Large accelerated filer  Accelerated filer

Non-accelerated filer  (Do not check if a smaller reporting company) 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: 34,781,013 shares of common stock, par value \$0.01 per share, outstanding on July 31, 2014.

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**REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM**

To The Board of Directors and Stockholders of

Universal Insurance Holdings, Inc. and Subsidiaries

Fort Lauderdale, Florida

We have reviewed the accompanying condensed consolidated balance sheet of **Universal Insurance Holdings, Inc. and its wholly-owned subsidiaries (the Company)** as of June 30, 2014 and the related condensed consolidated statements of income and comprehensive income for the three and six-month periods ended June 30, 2014 and 2013 and the related condensed consolidated statements of cash flows for the six-month periods ended June 30, 2014 and 2013. These interim financial statements are the responsibility of the Company's management.

We conducted our review in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modifications that should be made to the accompanying interim financial statements for them to be in conformity with accounting principles generally accepted in the United States of America.

/s/ Plante & Moran, PLLC

Chicago, Illinois

August 6, 2014

**Table of Contents****PART I FINANCIAL INFORMATION****Item 1. Financial Statements****UNIVERSAL INSURANCE HOLDINGS, INC. AND SUBSIDIARIES****CONDENSED CONSOLIDATED BALANCE SHEETS (unaudited)**

(in thousands, except per share data)

	June 30, 2014	As of December 31, 2013
<b>ASSETS</b>		
Cash and cash equivalents	\$ 201,357	\$ 117,275
Restricted cash and cash equivalents	2,635	2,600
Fixed maturities, at fair value	323,145	289,418
Equity securities, at fair value	12,420	65,022
Prepaid reinsurance premiums	193,811	241,214
Reinsurance recoverable	77,566	107,847
Reinsurance receivable, net	26,352	203
Premiums receivable, net	55,005	46,461
Other receivables	3,340	2,587
Property and equipment, net	9,815	9,289
Deferred policy acquisition costs, net	28,077	15,899
Income taxes recoverable	2,824	8,152
Deferred income tax asset, net	11,813	12,051
Other assets	2,242	2,072
<b>Total assets</b>	<b>\$ 950,402</b>	<b>\$ 920,090</b>
<b>LIABILITIES AND STOCKHOLDERS EQUITY</b>		
<b>LIABILITIES:</b>		
Unpaid losses and loss adjustment expenses	\$ 144,625	\$ 159,222
Unearned premiums	412,709	383,488
Advance premium	22,671	22,959
Accounts payable	4,809	3,441
Book overdraft	4,312	14,947
Payable for securities purchased	1,026	
Reinsurance payable, net	120,095	86,232
Income taxes payable	407	2,566
Dividends payable to shareholders	3,503	
Other liabilities and accrued expenses	27,161	34,386
Long-term debt	30,984	37,240

Total liabilities	772,302	744,481
Commitments and Contingencies (Note 12)		
STOCKHOLDERS EQUITY:		
Cumulative convertible preferred stock, \$.01 par value		
Authorized shares - 1,000		
Issued shares - 12 and 30		
Outstanding shares - 12 and 30		
Minimum liquidation preference, \$8.49 and \$6.98 per share		
Common stock, \$.01 par value	449	436
Authorized shares - 55,000		
Issued shares - 44,935 and 43,641		
Outstanding shares - 34,988 and 35,366		
Treasury shares, at cost - 9,947 and 8,275	(55,701)	(35,467)
Additional paid-in capital	41,539	42,282
Accumulated other comprehensive income (loss), net of taxes	(623)	(376)
Retained earnings	192,436	168,734
Total stockholders equity	178,100	175,609
Total liabilities and stockholders equity	\$ 950,402	\$ 920,090

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

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**UNIVERSAL INSURANCE HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF INCOME (unaudited)**

(in thousands, except per share data)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
<b>PREMIUMS EARNED AND OTHER REVENUES</b>				
Direct premiums written	\$ 220,009	\$ 219,946	\$ 411,926	\$ 424,085
Ceded premiums written	(76,483)	(133,897)	(198,132)	(275,214)
Net premiums written	143,526	86,049	213,794	148,871
Change in net unearned premium	(70,164)	(19,182)	(76,625)	(16,595)
Premiums earned, net	73,362	66,867	137,169	132,276
Net investment income (expense)	412	137	930	149
Net realized gains (losses) on investments	3,950	(1)	4,852	(16,038)
Net change in unrealized gains (losses) on investments		23		7,897
Commission revenue	3,670	5,271	7,759	10,257
Policy fees	3,899	3,819	7,411	7,505
Other revenue	1,696	1,640	3,173	3,165
<b>Total premiums earned and other revenues</b>	<b>86,989</b>	<b>77,756</b>	<b>161,294</b>	<b>145,211</b>
<b>OPERATING COSTS AND EXPENSES</b>				
Losses and loss adjustment expenses	27,679	25,199	54,504	51,682
General and administrative expenses	28,901	22,869	53,264	44,079
<b>Total operating costs and expenses</b>	<b>56,580</b>	<b>48,068</b>	<b>107,768</b>	<b>95,761</b>
<b>INCOME BEFORE INCOME TAXES</b>	<b>30,409</b>	<b>29,688</b>	<b>53,526</b>	<b>49,450</b>
Income taxes, current	13,398	12,351	22,457	16,298
Income taxes, deferred	(115)	308	394	4,164
<b>Income taxes, net</b>	<b>13,283</b>	<b>12,659</b>	<b>22,851</b>	<b>20,462</b>
<b>NET INCOME</b>	<b>\$ 17,126</b>	<b>\$ 17,029</b>	<b>\$ 30,675</b>	<b>\$ 28,988</b>
<b>Basic earnings per common share</b>	<b>\$ 0.50</b>	<b>\$ 0.47</b>	<b>\$ 0.91</b>	<b>\$ 0.76</b>
Weighted average common shares outstanding - Basic	33,968	36,378	33,696	38,138
<b>Fully diluted earnings per common share</b>	<b>\$ 0.49</b>	<b>\$ 0.44</b>	<b>\$ 0.87</b>	<b>\$ 0.73</b>
Weighted average common shares outstanding - Diluted	35,174	38,314	35,450	39,760

Cash dividend declared per common share	\$	0.10	\$	0.08	\$	0.20	\$	0.16
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**CONDENSED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (unaudited)**

	Three Months Ended June 30,		Six Months Ended June 30,	
	2014	2013	2014	2013
Net income	\$ 17,126	\$ 17,029	\$ 30,675	\$ 28,988
Other comprehensive income (loss), net of taxes	(359)	(2,608)	(247)	(2,608)
Comprehensive income (loss)	\$ 16,767	\$ 14,421	\$ 30,428	\$ 26,380

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



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**UNIVERSAL INSURANCE HOLDINGS, INC. AND SUBSIDIARIES**  
**CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS (unaudited)**

(in thousands)

	Six Months Ended June 30,	
	2014	2013
Cash flows from operating activities:		
Net Income	\$ 30,675	\$ 28,988
Adjustments to reconcile net income to net cash provided by operating activities:		
Bad debt expense	166	254
Depreciation	551	497
Amortization of share-based compensation	5,210	2,928
Amortization of original issue discount on debt	480	101
Accretion of deferred credit	(480)	(101)
Book overdraft increase (decrease)	(10,635)	(1,068)
Net realized (gains) losses on investments	(4,852)	16,038
Net change in unrealized (gains) losses on investments		(7,897)
Amortization of premium/accretion of discount, net	1,007	287
Deferred income taxes	394	4,164
Excess tax (benefits) shortfall from share-based compensation	(6,342)	(4)
Other	(5)	5
Net change in assets and liabilities relating to operating activities:		
Restricted cash and cash equivalents	(35)	30,356
Prepaid reinsurance premiums	47,403	(16,020)
Reinsurance recoverable	30,281	10,040
Reinsurance receivable, net	(26,149)	(208)
Premiums receivable, net	(8,707)	(6,972)
Accrued investment income	(30)	(729)
Other receivables	(721)	(1,431)
Income taxes recoverable	5,328	(6,484)
Deferred policy acquisition costs, net	(12,178)	41
Purchase of trading securities		(26,009)
Proceeds from sales of trading securities		102,661
Other assets	(170)	(849)
Unpaid losses and loss adjustment expenses	(14,597)	(26,981)
Unearned premiums	29,221	32,616
Accounts payable	1,368	642
Reinsurance payable, net	33,863	49,440
Income taxes payable	4,183	(502)
Other liabilities and accrued expenses	(6,745)	(2,336)
Advance premium	(288)	10,649
Net cash provided by (used in) operating activities	98,196	192,116

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Cash flows from investing activities:		
Proceeds from sale of property and equipment	30	5
Purchase of property and equipment	(1,108)	(848)
Purchases of available for sale equity securities	(13,251)	(51,836)
Purchases of available for sale fixed maturities	(49,230)	(292,989)
Proceeds from sales of available for sale equity securities	68,417	14
Proceeds from sales of available for sale fixed maturities	4,371	
Maturities of available for sale fixed maturities	12,541	4,531
Net cash provided by (used in) investing activities	21,770	(341,123)
Cash flows from financing activities:		
Preferred stock dividend	(8)	(10)
Common stock dividend	(3,464)	(6,080)
Purchase of treasury stock	(19,737)	(28,077)
Payments related to tax withholding for share-based compensation	(12,282)	(2,630)
Excess tax benefits (shortfall) from share-based compensation	6,342	4
Repayment of debt	(6,735)	(735)
Proceeds from borrowings		20,000
Net cash provided by (used in) financing activities	(35,884)	(17,528)
Net increase (decrease) in cash and cash equivalents	84,082	(166,535)
Cash and cash equivalents at beginning of period	117,275	347,392
Cash and cash equivalents at end of period	\$ 201,357	\$ 180,857
Supplemental cash flow and non-cash disclosures:		
Interest paid	\$ 828	\$ 319
Income taxes paid	\$ 12,935	\$ 7,833
Non-cash transfer of investments from trading to available for sale portfolio	\$	\$ 4,004

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

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**UNIVERSAL INSURANCE HOLDINGS, INC. AND SUBSIDIARIES**

**NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS**

**(unaudited)**

**1. Nature of Operations and Basis of Presentation**

**Nature of Operations**

Universal Insurance Holdings, Inc. ( UIH ) is a Delaware corporation originally incorporated as Universal Heights, Inc. in November 1990. UIH and its wholly-owned subsidiaries (collectively, the Company ) are a vertically integrated insurance holding company performing all aspects of insurance underwriting, distribution and claims. Through its wholly-owned subsidiaries, including Universal Property & Casualty Insurance Company ( UPCIC ) and American Platinum Property and Casualty Insurance Company ( APPCIC ), collectively referred to as the Insurance Entities , the Company is principally engaged in the property and casualty insurance business offered primarily through a network of independent agents. Risk from catastrophic losses is managed through the use of reinsurance agreements. The Company s primary product is homeowners insurance offered in eight states as of June 30, 2014, including Florida, which comprises the vast majority of the Company s in-force policies. See Note 5 (Insurance Operations) for more information regarding the Company s insurance operations.

The Company generates revenues primarily from the collection of premiums and the investment of available funds in excess of those retained for claims-paying obligations and insurance operations. Other significant sources of revenue include commissions collected from reinsurers and policy fees.

**Basis of Presentation**

The Company has prepared the accompanying unaudited Condensed Consolidated Financial Statements ( Financial Statements ) in accordance with the rules and regulations of the United States Securities and Exchange Commission ( SEC ) for interim financial information. Accordingly, they do not include all of the information and footnotes required by United States Generally Accepted Accounting Principles ( GAAP ) for complete financial statements. Therefore, the Financial Statements should be read in conjunction with the audited Consolidated Financial Statements contained in the Company s Annual Report on Form 10-K for the fiscal year ended December 31, 2013, filed with the SEC on March 3, 2014. The condensed consolidated balance sheet at December 31, 2013, was derived from audited financial statements, but does not include all disclosures required by GAAP. In the opinion of management, all adjustments (consisting of normal recurring adjustments) necessary for a fair presentation have been included in the Financial Statements. The results for interim periods do not necessarily indicate the results that may be expected for any other interim period or for the full year.

To conform to current period presentation, certain amounts in the prior periods consolidated financial statements and notes have been reclassified. Such reclassifications were of an immaterial amount and had no effect on net income or stockholders equity.

The Financial Statements include the accounts of UIH and its wholly owned subsidiaries. All material intercompany balances and transactions have been eliminated in consolidation.

Management must make estimates and assumptions that affect amounts reported in the Company's Financial Statements and in disclosures of contingent assets and liabilities. Actual results could differ from those estimates.

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**2. Significant Accounting Policies**

The Company reported Significant Accounting Policies in its Annual Report on Form 10-K for the year ended December 31, 2013. There are no new or revised disclosures or disclosures required on a quarterly basis.

*Recently Issued Accounting Pronouncements*

In July 2013, the Financial Accounting Standards Board ( FASB ) issued accounting guidance on the presentation of an unrecognized tax benefit when a net operating loss carryforward, a similar tax loss or a tax credit carryforward exists. Under this guidance, an unrecognized tax benefit, or a portion of an unrecognized tax benefit, should generally be presented in the financial statements as a reduction to a deferred tax asset for a net operating loss carryforward. This guidance is effective for fiscal years and interim periods beginning after December 15, 2013, but earlier adoption is permitted. The Company adopted this guidance effective January 1, 2014. The adoption did not have an impact on the presentation of the Company's financial statements and notes herein.

In June 2011, the FASB updated its guidance to the Comprehensive Income Topic 220 of the FASB Accounting Standards Codification and in February 2013, the FASB further amended such topic. This February 2013 guidance requires disclosure about amounts reclassified out of accumulated other comprehensive income by component. In addition, an entity is required to present, either on the face of the statement of operations or in the notes, significant amounts reclassified out of accumulated other comprehensive income by the respective line items of net income, but only if the amount reclassified is required to be reclassified to net income in its entirety in the same reporting period. For amounts that are not required to be reclassified in their entirety to net income, an entity is required to cross-reference to other disclosures that provide additional detail about those amounts. This guidance is to be applied prospectively to interim and annual reporting periods beginning after December 15, 2012. The Company adopted this guidance effective January 1, 2013. The adoption of this guidance results in additional disclosures but did not impact the Company's results of operations, cash flows or financial position. The updated guidance provided by the FASB in June 2011 increases the prominence of items reported in other comprehensive income by eliminating the option of presenting components of other comprehensive income as part of the statement of changes in stockholders' equity. The guidance requires that total comprehensive income (including both the net income components and other comprehensive income components) be reported in either a single continuous statement of comprehensive income (the approach currently used in the Company's financial statements), or two separate but consecutive statements. This guidance is to be applied retrospectively to fiscal years (and interim periods within those years) beginning after December 15, 2011. The Company adopted this guidance effective January 1, 2012. The adoption did not have an impact on the presentation of the Company's financial statements and notes herein, as the Company has presented amounts of other comprehensive income consistent with this updated guidance.

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The Company liquidated its trading portfolio of equity securities and transferred the fixed maturities that were outstanding at December 31, 2012 into its portfolio of securities available for sale effective March 1, 2013. The unrealized gain (loss) associated with the fixed maturities trading portfolio was recognized in earnings up to the date of transfer.

The following table presents the Company's investment holdings by type of instrument as of the dates presented (in thousands):

	June 30, 2014			December 31, 2013		
	Cost or Amortized	Fair Value	Carrying Value	Cost or Amortized	Fair Value	Carrying Value
	Cost	Value	Value	Cost	Value	Value
Cash and cash equivalents (1)	\$ 201,357	\$ 201,357	\$ 201,357	\$ 117,275	\$ 117,275	\$ 117,275
Restricted cash and cash equivalents	2,635	2,635	2,635	2,600	2,600	2,600
Fixed maturities:						
U.S. government obligations and agencies	116,931	116,422	116,422	105,229	104,215	104,215
Corporate bonds	106,450	106,745	106,745	94,708	94,203	94,203
Mortgage-backed and asset-backed securities	95,054	94,908	94,908	91,502	91,000	91,000
Redeemable preferred stock	4,990	5,070	5,070			
Equity securities:						
Common stock	652	590	590	8,500	9,295	9,295
Mutual funds	12,502	11,830	11,830	55,113	55,727	55,727
Total investments	336,579	335,565	335,565	355,052	354,440	354,440
Total	\$ 540,571	\$ 539,557	\$ 539,557	\$ 474,927	\$ 474,315	\$ 474,315

(1) Cash and cash equivalents include short-term debt securities consisting of direct obligations of the U.S. Treasury and/or money-market accounts that invest in or are collateralized by direct obligations of the U.S. Treasury and other U.S. government guaranteed securities.

The Company has made an assessment of its invested assets for fair value measurement as further described in Note 13 (Fair Value Measurements).

The following table presents the components of net investment income, comprised primarily of interest and dividends, for the periods presented (in thousands):

Three Months Ended June 30,	Six Months Ended June 30,
--------------------------------	------------------------------

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	2014	2013	2014	2013
Cash and cash equivalents (1)	\$ 9	\$ 122	\$ 21	\$ 242
Fixed maturities	783	(30)	1,511	(30)
Equity securities	152	279	454	367
Total investment income	944	371	1,986	579
Less investment expenses	(532)	(234)	(1,056)	(430)
Net investment (expense) income	\$ 412	\$ 137	\$ 930	\$ 149

(1) Includes interest earned on restricted cash and cash equivalents.

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The following table provides the cost or amortized cost and fair value of securities available for sale as of the dates presented (in thousands):

	Cost or Amortized Cost	June 30, 2014		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
<b>Fixed Maturities:</b>				
U.S. government obligations and agencies	\$ 116,931	\$ 77	\$ (586)	\$ 116,422
Corporate bonds	106,450	443	(148)	106,745
Mortgage-backed and asset-backed securities	95,054	204	(350)	94,908
Redeemable preferred stock	4,990	82	(2)	5,070
<b>Equity Securities:</b>				
Common stock	652	3	(65)	590
Mutual funds	12,502	19	(691)	11,830
<b>Total</b>	<b>\$ 336,579</b>	<b>\$ 828</b>	<b>\$ (1,842)</b>	<b>\$ 335,565</b>

	Cost or Amortized Cost	December 31, 2013		Fair Value
		Gross Unrealized Gains	Gross Unrealized Losses	
<b>Fixed Maturities:</b>				
U.S. government obligations and agencies	\$ 105,229	\$ 19	\$ (1,033)	\$ 104,215
Corporate bonds	94,708	265	(770)	94,203
Mortgage-backed and asset-backed securities	91,502	75	(577)	91,000
<b>Equity Securities:</b>				
Common stock	8,500	916	(121)	9,295
Mutual funds	55,113	2,266	(1,652)	55,727
<b>Total</b>	<b>\$ 355,052</b>	<b>\$ 3,541</b>	<b>\$ (4,153)</b>	<b>\$ 354,440</b>

The following table provides the credit quality of fixed maturities as of the dates presented (in thousands):

Standard and Poor's Rating Services	June 30, 2014	
	Fair Value	% of Total Fair Value
AAA	\$ 30,547	9.5%
AA	191,775	59.3%



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A	49,930	15.5%
BBB	41,812	12.9%
BB and Below	1,504	0.5%
No Rating Available	7,577	2.3%
<b>Total</b>	<b>\$ 323,145</b>	<b>100.0%</b>

	December 31, 2013	
	Standard and Poor's	% of Total
Rating Services	Fair Value	Fair Value
AAA	\$ 82,889	28.6%
AA	120,976	41.8%
A	46,689	16.1%
BBB	38,114	13.2%
No Rating Available	750	0.3%
<b>Total</b>	<b>\$ 289,418</b>	<b>100.0%</b>

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The following table summarizes the cost or amortized cost and fair value of mortgage-backed and asset-backed securities as of the dates presented (in thousands):

	June 30, 2014		December 31, 2013	
	Cost or Amortized Cost	Fair Value	Cost or Amortized Cost	Fair Value
<b>Mortgage-backed securities:</b>				
Agency	\$ 57,935	\$ 57,737	\$ 64,028	\$ 63,547
Non-agency	2,184	2,169		
<b>Asset-backed securities:</b>				
Auto loan receivables	16,858	16,907	14,816	14,841
Credit card receivables	13,478	13,479	11,478	11,425
Other receivables	4,599	4,616	1,180	1,187
<b>Total</b>	<b>\$ 95,054</b>	<b>\$ 94,908</b>	<b>\$ 91,502</b>	<b>\$ 91,000</b>

The following table summarizes the fair value and gross unrealized losses on securities available for sale, aggregated by major investment category and length of time that individual securities have been in a continuous unrealized loss position as of the dates presented (in thousands):

	June 30, 2014					
	Less Than 12 Months			12 Months or Longer		
	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses
<b>Fixed maturities:</b>						
U.S. government obligations and agencies	2	\$ 17,604	\$ (79)	4	\$ 34,152	\$ (507)
Corporate bonds	9	5,954	(28)	14	17,905	(120)
Mortgage-backed and asset-backed securities	8	27,200	(106)	5	19,175	(244)
Redeemable preferred stock	9	1,080	(2)			
<b>Equity securities:</b>						
Common stock	5	228	(23)	5	282	(42)
Mutual funds	1	1,159	(76)	1	10,071	(615)
<b>Total</b>	<b>34</b>	<b>\$ 53,225</b>	<b>\$ (314)</b>	<b>29</b>	<b>\$ 81,585</b>	<b>\$ (1,528)</b>

	December 31, 2013					
	Less Than 12 Months			12 Months or Longer		
	Number of Issues	Fair Value	Unrealized Losses	Number of Issues	Fair Value	Unrealized Losses
<b>Fixed maturities:</b>						
U.S. government obligations and agencies	6	\$ 71,042	\$ (1,033)		\$	\$

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Corporate bonds	55	65,926	(770)
Mortgage-backed and asset-backed securities	16	67,110	(577)
Equity securities:			
Common stock	13	3,517	(121)
Mutual funds	5	19,646	(1,652)

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