

UNITED FIRE & CASUALTY CO
Form 10-Q
October 30, 2006

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, 2006

Commission File Number 2-39621

UNITED FIRE & CASUALTY COMPANY

(Exact name of registrant as specified in its charter)

Iowa
(State of Incorporation)

42-0644327
(IRS Employer Identification No.)

118 Second Avenue, S.E., Cedar Rapids, Iowa 52407

(Address of principal executive offices) (Zip Code)

Registrant's telephone number, including area code: (319) 399-5700

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 is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

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Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b2 of the Act).

YES NO

As of October 26, 2006, 27,633,153 shares of common stock were outstanding.

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FORWARD-LOOKING INFORMATION

It is important to note that our actual results could differ materially from those projected in our forward-looking statements. Additional information concerning factors that could cause actual results to differ materially from those in the forward-looking statements is contained in Part I Item 2 Management's Discussion and Analysis of Financial Condition and Results of Operations and Part II, Item 1A Risk Factors.

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PART I: FINANCIAL INFORMATION**ITEM 1. FINANCIAL STATEMENTS****Consolidated Balance Sheets****United Fire & Casualty Company and Subsidiaries**

(Dollars in Thousands Except Per Share Data)

	September 30, 2006 (unaudited)	December 31, 2005
ASSETS		
Investments		
Fixed maturities		
Held-to-maturity, at amortized cost (fair value \$53,012 in 2006 and \$75,222 in 2005)	\$ 51,750	\$ 72,765
Available-for-sale, at fair value (amortized cost \$1,779,345 in 2006 and \$1,739,483 in 2005)	1,802,689	1,777,111
Equity securities, at fair value (cost \$64,329 in 2006 and \$49,839 in 2005)	184,701	158,522
Trading securities, at fair value (amortized cost \$8,853 in 2006 and \$4,898 in 2005)	9,784	4,881
Mortgage loans	28,265	23,637
Policy loans	8,104	8,193
Other long-term investments	11,095	11,036
Short-term investments	44,956	35,485
	\$ 2,141,344	\$ 2,091,630
Cash and Cash Equivalents	\$ 237,031	\$ 162,791
Accrued Investment Income	28,462	30,232
Premiums Receivable	137,304	115,655
Deferred Policy Acquisition Costs	133,118	119,869
Property and Equipment (primarily land and buildings, at cost, less accumulated depreciation of \$27,904 in 2006 and \$25,722 in 2005)	10,699	11,150
Reinsurance Receivables and Recoverables	60,438	126,161
Prepaid Reinsurance Premiums	6,062	3,015
Income Taxes Receivable	6,719	40,689
Other Assets	22,746	20,732
TOTAL ASSETS	\$ 2,783,923	\$ 2,721,924
LIABILITIES AND STOCKHOLDERS EQUITY		
Liabilities		
Future policy benefits and losses, claims and loss settlement expenses		
Property and casualty insurance	\$ 521,887	\$ 620,100
Life insurance	1,243,899	1,285,635
Unearned premiums	244,227	222,267
Accrued expenses and other liabilities	70,357	57,558
Deferred income taxes	42,032	36,152
TOTAL LIABILITIES	\$ 2,122,402	\$ 2,221,712
Stockholders Equity		
Common stock, \$3.33 1/3 par value; authorized 75,000,000 shares; 27,633,153 shares		
issued and outstanding in 2006 and 23,597,773 shares issued and outstanding in 2005	\$ 92,108	\$ 78,658
Additional paid-in capital	160,809	66,242
Retained earnings	318,227	268,872
Accumulated other comprehensive income, net of tax	90,377	86,440
TOTAL STOCKHOLDERS EQUITY	\$ 661,521	\$ 500,212
TOTAL LIABILITIES AND STOCKHOLDERS EQUITY	\$ 2,783,923	\$ 2,721,924

The Notes to Unaudited Consolidated Financial Statements are an integral part of these statements.

Consolidated Statements of Income (Unaudited)

United Fire & Casualty Company and Subsidiaries