

MERCURY GENERAL CORP
Form 10-K
February 09, 2017

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

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the Fiscal Year Ended December 31, 2016
Commission File No. 001-12257

MERCURY GENERAL CORPORATION
(Exact name of registrant as specified in its charter)

California (State or other jurisdiction of incorporation or organization)	95-2211612 (I.R.S. Employer Identification No.)
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4484 Wilshire Boulevard, Los Angeles, California (Address of principal executive offices)	90010 (Zip Code)
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Registrant's telephone number, including area code: (323) 937-1060

Securities registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on Which Registered
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Common Stock	New York Stock Exchange
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Securities registered pursuant to Section 12(g) of the Act:

NONE

Indicate by check mark if the Registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the Registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes 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 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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (§229.405 of this chapter) is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

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 definition of "large accelerated filer," "accelerated filer," and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

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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 Act). Yes No
The aggregate market value of the Registrant's common equity held by non-affiliates of the Registrant at June 30, 2016 was \$1,444,361,346 (which represents 27,170,078 shares of common equity held by non-affiliates multiplied by \$53.16, the closing sales price on the New York Stock Exchange for such date, as reported by the Wall Street Journal).

At February 3, 2017, the Registrant had issued and outstanding an aggregate of 55,289,077 shares of its Common Stock.

Documents Incorporated by Reference

Certain information from the Registrant's definitive proxy statement for the 2017 Annual Meeting of Shareholders is incorporated herein by reference into Part III hereof.

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PART I

Item 1. Business

General

Mercury General Corporation ("Mercury General") and its subsidiaries (referred to herein collectively as the "Company") are primarily engaged in writing personal automobile insurance through 14 insurance subsidiaries (referred to herein collectively as the "Insurance Companies") in 11 states, principally California. The Company also writes homeowners, commercial automobile, commercial property, mechanical breakdown, and umbrella insurance. The Company's insurance policies are mostly sold through independent agents who receive a commission for selling policies. The Company believes that it has thorough underwriting and claims handling processes that, together with its agent relationships, provide the Company with competitive advantages.

The direct premiums written for the years ended December 31, 2016, 2015, and 2014 by state and line of insurance business were:

Year Ended December 31, 2016

(Dollars in thousands)

	Private Passenger Automobile	Homeowners	Commercial Automobile	Other Lines	Total	
California	\$2,059,459	\$369,407	\$86,981	\$104,854	\$2,620,701	82.6 %
Florida ⁽¹⁾	154,593	9	24,973	1,067	180,642	5.7 %
Other states ⁽²⁾	238,651	67,481	54,112	10,310	370,554	11.7 %
Total	\$2,452,703	\$436,897	\$166,066	\$116,231	\$3,171,897	100.0%
	77.3	% 13.8	% 5.2	% 3.7	% 100.0	%

Year Ended December 31, 2015

(Dollars in thousands)

	Private Passenger Automobile	Homeowners	Commercial Automobile	Other Lines	Total	
California	\$1,946,922	\$333,397	\$78,735	\$96,791	\$2,455,845	81.5 %
Florida ⁽¹⁾	153,206	9	27,281	738	181,234	6.0 %
Other states ⁽²⁾	245,645	68,843	47,495	13,834	375,817	12.5 %
Total	\$2,345,773	\$402,249	\$153,511	\$111,363	\$3,012,896	100.0%
	77.9	% 13.3	% 5.1	% 3.7	% 100.0	%

Year Ended December 31, 2014

(Dollars in thousands)

	Private Passenger Automobile	Homeowners	Commercial Automobile	Other Lines	Total	
California	\$1,852,291	\$302,493	\$69,129	\$84,374	\$2,308,287	80.9%
Florida						