

SECURITIES & EXCHANGE COMMISSION EDGAR FILING

OXBRIDGE RE HOLDINGS Ltd

Form: 8-K

Date Filed: 2020-08-10

Corporate Issuer CIK: 1584831

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

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): August 10, 2020

OXBRIDGE RE HOLDINGS LIMITED
(Exact Name of Registrant as Specified in Charter)

Cayman Islands
(State or Other Jurisdiction of Incorporation)

001-36346
(Commission File Number)

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

Suite 201,
42 Edward Street, Georgetown
P.O. Box 469
Grand Cayman, Cayman Islands
(Address of Principal Executive Office)

KY1-9006
(Zip Code)

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

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 2.02 Results of Operations and Financial Condition

On August 10, 2020, Oxbridge Re Holdings Limited issued a press release announcing its financial results for the quarter and six months ending June 30, 2020. A copy of the press release is attached hereto as Exhibit 99.1 to this Form 8-K and incorporated herein by reference.

The information in this item shall not be deemed "filed" for purposes of Section 18 of the Securities Exchange Act of 1934 (the "Exchange Act"), or otherwise subject to the liabilities of Section 18, nor shall it be deemed incorporated by reference in any of the Company's filings under the Securities Act of 1933, as amended or the Exchange Act, except to the extent, if any, expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

See the Exhibit Index set forth below for a list of exhibits included with this Form 8-K.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

OXBRIDGE RE HOLDINGS LIMITED

Date: August 10, 2020

By: /s/ Wrendon Timothy

Wrendon Timothy
Chief Financial Officer and Secretary
(Principal Financial Officer and
Principal Accounting Officer)

A signed original of this Form 8-K has been provided to Oxbridge Re Holdings Limited and will be retained by Oxbridge Re Holdings Limited and furnished to the Securities and Exchange Commission or its staff upon request.

EXHIBIT INDEX

Exhibit No.

Description

[99.1](#)

Press Release, dated August 10, 2020

**Company Contact:**

Oxbridge Re Holdings Limited
Jay Madhu, CEO
345-749-7570
jmadhu@oxbridgere.com

Media contact:

Suzie Boland
RFB Communications Group
813-259-0345
sboland@rfbcommunications.com

Oxbridge Re Holdings Limited Reports Second Quarter 2020 Results

GRAND CAYMAN, Cayman Islands (August 10, 2020) -- [Oxbridge Re Holdings Limited](#) (NASDAQ: **OXBR**), a provider of reinsurance solutions primarily to property and casualty insurers, reported improved results for the three and six months ended June 30, 2020.

2020 HIGHLIGHTS:

- Net income of \$165,000 in second quarter of 2020 compared to loss of \$(205,000) last year
- Premium income rises on normalized recognition in current year
- No losses incurred to date in 2020
- G&A expenses continue to decline due to cost savings initiatives
- Operations back to normal
- Book value stands at \$1.37 per common share
- Sidecar investors in Series 2019-1 participating notes earned a 36% return
- Operations not materially impacted by COVID-19

"We remain optimistic about the long-term prospects of our core reinsurance business as well as the prospects of the side car. In addition, we continue to evaluate additional opportunities for growth as well as diversification of risk." said Oxbridge Re Holdings President and Chief Executive Officer Jay Madhu. "We are also pleased that our sidecar investors earned a strong 36% return for the treaty year ended May 31, 2020, and we anticipate growing this portion of the business in the future," Mr. Madhu concluded.

Financial Performance

For the three months ended June 30, 2020 the Company generated net income of \$165,000 or \$0.03 per basic and diluted common share compared with a net loss of \$205,000 or \$(0.04) per basic and diluted common share in the second quarter of 2019. For the six months ended June 30, 2020 the Company incurred an improved net loss of \$199,000 or \$(0.03) per basic and diluted common share compared with a net loss of \$351,000 or \$(0.06) per basic and diluted common share in the same period last year. The improvements were due primarily to higher net premiums earned coupled with net realized gains on investments generated through the three and six months ended June 30, 2020.

Net premiums earned for the three months ended June 30, 2020 increased to \$135,000 from \$93,000 in the prior year. For the first six months of 2020 net premiums earned increased to \$400,000 from \$93,000 in the prior year. The increases are due to only one month premium being recognized through the first six months of the prior year as a result of previous accelerated premium recognition compared to normal premium recognition in 2020.

Total expenses, including policy acquisition costs and underwriting expenses and general and administrative expenses were \$297,000 in the second quarter of 2020 compared to \$290,000 in the second quarter of 2019. For the first six months of 2020 total expenses were \$572,000, up from \$554,000 last year. Policy acquisition costs increased in 2020 due to the normal recognition of policy acquisition costs during the current year compared with no recognition in the prior year due to the previous acceleration of such costs upon suffering limit losses on reinsurance contracts. General and administrative costs continued to be stable in the second quarter of 2020, and lower in the six months ended June 30, 2020, due to cost savings initiatives implemented by the Company.

At June 30, 2020, cash and cash equivalents, and restricted cash and cash equivalents, totaled \$7.0 million compared with \$8.0 million at December 31, 2019.

Financial Ratios

Loss ratio, which measures underwriting profitability, is the ratio of losses and loss adjustment expenses incurred to net premiums earned. For the three and six months ended June 30, 2020 the loss ratio was 0.0% due to no loss and loss adjustment expenses incurred to date.

Acquisition cost ratio, which measures operational efficiency, compares policy acquisition costs and other underwriting expenses with net premiums earned. The acquisition cost ratio for the three and six months ended June 30, 2020 increased to 11.1% and 11.0%, respectively, from 10.8% in the same periods in 2019. The increase is due to marginally higher weighted-average acquisition costs on reinsurance contracts in force compared with the same period in 2019.

Expense ratio, which measures operating performance, compares policy acquisition costs, other underwriting expenses and general and administrative expenses with net premiums earned. The expense ratio for the three and six months ended June 30, 2020 improved to 220.0% and 143.0%, respectively, from 311.8% and 595.7%, respectively, for the same periods in 2019. The improvement is due to the reduced general and administrative expenses in the current year, and a higher denominator in net premiums earned as recorded to date in 2020, when compared with the same periods in 2019.

Combined ratio, which is used to measure underwriting performance, is the sum of the loss ratio and the expense ratio. If the combined ratio is at or above 100%, underwriting is not profitable. The combined ratio for the three and six months ended June 30, 2020 was 220.0% and 143.0%, respectively, compared to 311.8% and 595.7%, respectively, in 2019. The improvement is due to a higher denominator in net premiums earned and reduced total expenses in 2020 compared with the prior year.

Conference Call

Management will host a conference call later today to discuss these financial results, followed by a question and answer session. President and Chief Executive Officer Jay Madhu and Chief Financial Officer Wrendon Timothy will host the call starting at 4:30 p.m. Eastern time. The live presentation can be accessed by dialing the number below or by clicking the webcast link available on the Investor Information section of the company's website at www.oxbridgere.com.

Date: August 10, 2020

Time: 4:30 p.m. Eastern time

Listen-only toll-free number: 844-602-0380

Listen-only international number: 862-298-0970

Please call the conference telephone number 10 minutes before the start time. An operator will register your name and organization. If you have any difficulty connecting with the conference call, please contact Issuer Direct at 919-481-4000 or operations@issuerdirect.com.

A replay of the call will be available by telephone after 4:30 p.m. Eastern time on the same day of the call and via the Investor Information section of Oxbridge's website at www.oxbridgere.com until September 9, 2020.

Toll-free replay number: 877-481-4010

International replay number: 919-882-2331

Conference ID: 36473

About Oxbridge Re Holdings Limited

Oxbridge Re (www.oxbridgere.com) is a Cayman Islands exempted company that was organized in April 2013 to provide reinsurance business solutions primarily to property and casualty insurers in the Gulf Coast region of the United States. Through Oxbridge Re's licensed reinsurance subsidiaries, Oxbridge Reinsurance Limited and Oxbridge RE NS, it writes fully collateralized policies to cover property losses from specified catastrophes. Oxbridge Re specializes in underwriting medium frequency, high severity risks, where it believes sufficient data exists to analyze effectively the risk/return profile of reinsurance contracts. The company's ordinary shares and warrants trade on the NASDAQ Capital Market under the symbols "[OXBR](#)" and "[OXBRW](#)," respectively. The company's ordinary shares are included in the Russell Microcap Index.

Forward-Looking Statements

This press release may contain forward-looking statements made pursuant to the Private Securities Litigation Reform Act of 1995. Words such as "anticipate," "estimate," "expect," "intend," "plan," "project" and other similar words and expressions are intended to signify forward-looking statements. Forward-looking statements are not guarantees of future results and conditions but rather are subject to various risks and uncertainties. Some of these risks and uncertainties are identified in the Company's filings with the SEC. The occurrence of any of these risks and uncertainties could have a material adverse effect on the Company's business, financial condition and results of operations. Any forward-looking statements made in this press release speak only as of the date of this press release and, except as required by law, the Company undertakes no obligation to update any forward-looking statement contained in this press release, even if the Company's expectations or any related events, conditions or circumstances change.

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic. The pandemic has had and is expected to continue to have a significant effect on the reinsurance industry. The industry is currently being impacted by a number of factors including: uncertainties with respect to current and future losses, reduction in interest rates, equity market volatility and ongoing business and financial market impacts of an economic downturn. The insurance industry is likely to experience material losses resulting from COVID-19, which will reduce available capital and we expect will help to sustain the upward pricing trend for reinsurers that we were seeing across many lines of business before COVID-19. However, the ultimate impact on current business in force as well as risks and potential opportunities on future business remains highly uncertain.

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Balance Sheets
(expressed in thousands of U.S. Dollars, except per share and share amounts)

	At June 30, 2020	At December 31, 2019
	<u>(Unaudited)</u>	
Assets		
Equity securities, at fair value (cost : \$1,297 and \$715 respectively)	\$ 949	692
Cash and cash equivalents	5,567	5,962
Restricted cash and cash equivalents	1,473	2,054
Accrued interest and dividend receivable	1	12
Premiums receivable	923	506
Deferred policy acquisition costs	100	48
Operating lease right-of-use assets	263	133
Prepayment and other assets	108	79
Property and equipment, net	19	9
Total assets	<u>\$ 9,403</u>	<u>9,495</u>
Liabilities and Shareholders' Equity		
Liabilities:		
Notes payable	\$ 216	600
Unearned premiums reserve	905	440
Operating lease liabilities	263	133
Accounts payable and other liabilities	159	279
Total liabilities	<u>1,543</u>	<u>1,452</u>
Shareholders' equity:		
Ordinary share capital, (par value \$0.001, 50,000,000 shares authorized; 5,733,587 shares issued and outstanding)	6	6
Additional paid-in capital	32,278	32,262
Accumulated Deficit	(24,424)	(24,225)
Total shareholders' equity	<u>7,860</u>	<u>8,043</u>
Total liabilities and shareholders' equity	<u>\$ 9,403</u>	<u>9,495</u>

OXBRIDGE RE HOLDINGS LIMITED AND SUBSIDIARIES
Consolidated Statements of Income (unaudited)
(expressed in thousands of U.S. Dollars, except per share and share amounts)

	Three Months Ended		Six Months Ended	
	June 30,		June 30,	
	2020	2019	2020	2019
	(unaudited)		(unaudited)	
Revenue				
Assumed premiums	\$ 864	1,116	864	1,116
Change in unearned premiums reserve	(729)	(1,023)	(464)	(1,023)
Net premiums earned	135	93	400	93
Net investment and other income	25	64	57	128
Net realized investment gains	320	-	326	3
Change in fair value of equity securities	2	(48)	(324)	3
Total revenue	482	109	459	227
Expenses				
Policy acquisition costs and underwriting expenses	15	10	44	10
General and administrative expenses	282	280	528	544
Total expenses	297	290	572	554
Income (loss) before income attributable to noteholders	\$ 185	(181)	(113)	(327)
Income attributable to noteholders	(20)	(24)	(86)	(24)
Net income (loss)	\$ 165	(205)	(199)	(351)
Earnings (Loss) per share				
Basic and Diluted	\$ 0.03	(0.04)	(0.03)	(0.06)
Dividends paid per share	\$ -	-	-	-