

## N.C. Mutual posts a loss, revenue dips

*by News-&-Observer*

N.C. Mutual Life Insurance posted a second-quarter loss as revenue from premiums fell.

Despite the loss, CEO James H. Speed Jr. expects the company's operations to be "slightly profitable to break-even" for the year.

The loss in the second quarter was \$174,593, versus a profit of \$159,285 a year earlier.

Last year, N.C. Mutual, the nation's oldest and largest black-owned life insurance company, posted a loss from operations, but reported its first annual profit in five years because of the sale of its 12-story headquarters building in downtown Durham.

Likewise, the company lost money from operations in the first quarter, but turned a profit based on one-time gains, according to documents filed with the state Department of Insurance.

Speed said that operations are showing improvement because of the insurer's cost-cutting efforts. The loss from operations in the second quarter -- excluding dividends and federal income tax -- was \$60,962, down from \$827,716 in the first quarter.

Revenue from premiums was \$14.9 million in the latest quarter, down from \$18 million a year ago.

Speed said premium revenue was hurt when another insurance company acquired a partner that previously sold group health insurance policies for N.C. Mutual; that depressed the company's bottom line. In addition, N.C. Mutual has chosen not to renew contracts for money-losing group insurance policies.

Insurance rating agency A.M. Best has rated N.C. Mutual as a B with a "stable outlook" since July 2006, when it was downgraded from a B+. The B rating means the company has "a fair ability" to meet its obligations to policyholders but is financially vulnerable to changes in underwriting and economic conditions, said Joe Zazzera, managing senior financial analyst at Best.

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