

1951 Moody's Manual: National American Fire Insurance

Warren Buffett, January 20, 2007:

I found National American Fire Insurance. NAFI was controlled by an Omaha guy, one of the richest men in the country, who owned many of the best run insurance companies in the country. He stashed the crown jewels of his insurance holdings in NAFI. In 1950, it earned \$29.02. The share price was \$27. Book value was \$135. This company was located right here in Omaha, right around the corner from I was working as a broker. None of the brokers knew about it.

NATIONAL AMERICAN FIRE INSURANCE CO. (Omaha, Neb.)

Incorporated in Nebraska, April 11, 1919; began business Oct. 23, 1919.

Types of insurance written: Fire, riot, civil commotion and explosion, earthquake, ocean marine, inland marine, extended coverage, lightning and tornado on city and farm property and all types of automobile insurance except public liability.

Operates in Neb., Iowa, Col., Calif., S. D., Minn., N. M., Kansas and Wyo.

Officers: H. F. Ahmanson, Pres.; H. W. Ahmanson, Exec. Vice-Pres. and Treas.; Ray F. Stryker, Vice-Pres. and Sec.

Directors: H. F. Ahmanson, G. L. Eddy, Los Angeles, Cal.; H. W. Ahmanson, F. M. Ahmanson, Ray F. Stryker, C. W. Martin, Omaha, Neb.; Frank Barta, Ord., Neb.

Annual Meeting: First Tuesday in Feb.

No. of Stockholders: Dec. 31, 1950, 435.

No. of Employees: Dec. 31, 1950, 20.

Home Office: 1817 Douglas St., Omaha, Neb.

Net Premium Volume: Written

	In Force in 1950	Dec. 31, '50
Fire	\$1,846,126	\$3,554,280
Extended coverage	546,502	1,241,671
Tornado, etc.	dr 363	66,483
Earthquake	2,928	19,402
Motor vehicle	85,772	84,617
Inland navig., etc.	64,776	86,137
Total	\$2,545,135	\$5,052,594

Income Account, years ended Dec. 31:

	1950	1949
Net prem. writ.	\$2,545,135	\$2,023,246
Unearn. prem. res. dr	685,428	530,104
Prem. earn.	1,859,707	1,493,142
Losses incurred	482,810	453,116
Underwrit. exp.	1,176,497	1,068,102
Gain fr. underwrit.	200,400	dr 28,076
Und. p. & l. items	cr 1,914	dr 1,373
Combined gain	202,314	dr 29,449
Net int. & rents	103,957	39,422
Realized gain on invest. (net)	41,583	6,188
Total income	2,344,025	16,161
Fed. income tax	177,120	4,381
Net income	166,905	11,780
Gain in value of invest. (net)	dr 35,457	61,709
Other items	cr 58,056	dr 1,191
Increase in surp.	189,505	72,303
Loss ratio	25.96%	30.34%
Expense ratio	46.23%	52.79%

Includes \$22,233 reserve for fluctuations of stock market.
As reported.

Earn. & Liquidating Value per Share (in \$):

Year	Earnings			Total	Liquid. Value
	Und. Gain etc.	Int. Prem.	Res.		
1941	d 2.25	2.45	0.78	0.98	71.82
1942	d 1.63	2.83	d 0.10	1.10	72.49
1943	d 2.89	3.14	0.28	0.53	72.07
1944	d 1.88	2.86	1.18	2.14	75.19
1945	d 0.59	2.01	1.75	0.37	79.85
1946	d 0.62	2.77	5.01	0.76	87.92
1947	d 1.79	2.99	8.39	0.59	94.30
1948	d 2.32	3.03	2.89	0.60	98.43
1949	d 1.47	1.97	10.60	11.10	112.65
1950	19.11	5.20	13.71	29.02	135.83

Number of shares, 20,000.
Before Federal income tax; after such taxes earned per share would be: 1950, \$20.16; 1949, \$10.88; 1948, \$2.46; 1947, \$9.08; 1946, \$6.74; 1945, \$3.05.

Assets and Liabilities, as of Dec. 31:

	1950	1949
Assets		
RI. est. (bk. value)	21,074	\$26,247
Mtge. ins. on r. e.	1,370	20,707
Bonds (bk. value)	2,998,376	2,117,508
Stocks (bk. value)	506,903	514,923
Cash & depos.	914,430	846,542
Agents' balances	244,323	215,798
Bills receivable	19,559	26,427
Reinsurance rec.	14,834	7,420
Oth. ledger assets	600	600

Total \$4,792,802 \$3,778,372
Includes (1950, \$12,745; 1949, \$12,743) book value of bonds over investment values.
1950 figures not comparable due to changes in classification of accounts.

Summary of Total Admitted Assets, Dec. 31, 1950 (in thousand dollars):

	Cost	Carry.	Mkt. Val.	Amnt. %
Cash	731	731	731	15.1
Real estate	33	21	25	0.5
Mortgage loans	111	1	1	0.1
U. S. Govt. bds.	2,440	2,384	2,383	49.2
St. & mun. bds.	13	---	---	---
P. U. bonds	51	51	61	1.2
P. U. bonds	273	254	281	5.8
Misc. bonds	297	287	309	6.4
R. R. com. stks.	16	15	15	0.3
P. U. com. stks.	27	27	27	0.6
Misc. com. stks.	455	487	487	10.1
Misc. adm. assets	1,525	525	525	10.8
Total	4,861	4,793	4,844	100.0

Carrying value.

Capital Stock: Authorized, \$1,500,000; paid up, \$1,000,000; par \$50.

Dividends paid: 1924 to 1928, \$3.50; 1929, \$4; 1930 to 1932, \$3; 1933, none; 1934, \$1; 1935, \$2; 1936 and 1937, \$2.50; 1938 and 1939, none; 1940, \$1.50; 1941 to 1950, incl., none.

Stock transferred and registered at company's office:

PRICE RANGE	1949	1948	1947	1946	1945
High	28	28	28	27	25
Low	27	26	26	25	23 1/2

NEW YORK LIFE INSURANCE CO.

Incorporated in New York in 1841; commenced business in 1845.

Writes participating life insurance on an annual dividend basis. Began group insurance in 1950. In 1950 it was announced that company would enter field of personal accident and health insurance.

Licensed in all states and in the District of Columbia, Alaska, Hawaii and Canada.

Officers: G. L. Harrison, Chairman; D. C. Josephs, Pres.; C. T. Myers, Exec. Vice-Pres.; Dudley Dowell, Vice-Pres. Chg. Agency Affairs; R. K. Paynter, Jr., Financial Vice-Pres.; R. C. Johnson, Agency Vice-Pres.; J. T. Phillips, Vice-Pres. Chg. Underwriting; Wm. Macfarlane, Vice-Pres. and Chief Actuary; C. R. Van Anden, Vice-Pres. Chg. Real Estate and Mtge. Loans; Wendell Millman, Vice-Pres. Chg. Group Ins.; O. L. Nelson, Jr., Vice-Pres. Chg. Housing; Walter Weisinger, Agency Vice-Pres.; D. C. Bevan, Treas.; C. W. V. Meares, Sec.

Directors (Showing principal corporate, banking and other connections):

- A. A. Ballantine—Lawyer
- Elliott V. Bell — Chairman Exec. Comm., McGraw-Hill Publishing Co.
- John S. Burke—Pres. of B. Altman & Co.
- C. A. Cannon—Pres., Cannon Mills Co.
- W. H. Danforth—Chairman of Board, Ralston-Purina Co.
- C. D. Dickey—Vice-Pres. and Dir., J. P. Morgan & Co., Inc.
- Frederick M. Eaton, Lawyer
- G. L. Harrison—Chairman of the Board.
- Paul G. Hoffman—
- L. B. Hollister—Lawyer.
- W. D. McAfee Horton (Mrs. Douglas Horton)—Former President, Wellesley College.
- P. H. Johnston—Chairman of Exec. Committee, Chemical Bank & Trust Co.
- Devereux C. Josephs—President
- W. V. King—Retired Banker
- Robert A. Lovett—Brown Brothers Harriman & Co.
- John D. Rockefeller, III.
- E. L. Ryerson—Chairman Inland Steel Co.; Harper Sibley—Agricultural Management
- J. B. Smull—Vice-Pres., J. H. Winchester & Co., Inc.
- John P. Stevens, Jr.—Pres., J. P. Stevens & Co., Inc., New York.
- Roger W. Straus—Chairm., American Smelting & Refining Co.

	1949	1948	1947	1946	1945
.....	852,386	334,772	86,004	45,135	47,378
.....	1,012,323	353,761	91,699	47,378	---

Includes voluntary investment reserve: 1949, \$50,000,000; 1935, \$40,000,000.

Does not include additions to policies from dividends or insurance increased or revived during year.

Exclusive of double indemnity benefits.
Includes \$68,881,390 group insurance.
Includes \$67,460,911 group insurance.

Gain and Loss Exhibit, years ended Dec. 31:

	1950	1949
Prem. and other consideration	\$371,870,046	\$350,018,522
Div. acct., etc.	76,235,404	71,841,950
Invest. inc. (net)	17,984,584	125,532,130
Total income	585,213,034	547,392,602
Deaths	94,539,805	89,540,821
Matur. disabilities annuities	69,087,741	67,209,593
Surrenders	32,689,502	27,316,829
Div. accum., etc.	58,681,324	51,574,531
Commissions	17,423,507	16,741,287
Taxes	8,764,447	6,858,590
Other expenses	49,620,849	37,111,618
Total disburse.	330,805,175	296,353,269
Total incr. in res.	178,581,244	178,739,884
Net gain fr. ins.	75,826,615	72,299,449
Net prof. sale inv.	3,162,153	7,471,563
Net incr. by adj. in bk. val.	9,712,574	9,823,468
Oth. invest. items	cr 220,358	dr 25,000,000
Net prof. fr. inv.	19,095,085	dr 7,704,869
Surplus, Jan. 1	283,593,320	265,505,885
Not gain from ins.	75,826,615	72,299,449
Net prof. fr. inv.	19,095,085	dr 7,704,869
Divs. to policyholders	55,752,460	47,489,888
Asset fluct. id.	dr 200,000,000	cr 49,652
Other items (net)	cr 49,652	dr 17,157
Surplus, Dec. 31	302,812,213	283,593,320

Excluding taxes deducted from investment income above: 1950, \$1,979,279; 1949, \$1,544,932.

To asset fluctuation fund.

Net gain after amounts applied to reserve strengthening and to special reserves.

Assets and Liabilities, as of Dec. 31:

	1950	1949
Assets:		
RI. est. (bk. val.)	\$149,347,142	\$125,190,464
Mtge. ins. on r. e.	942,448,293	541,190,272
Bonds (bk. val.)	3,322,427,938	3,563,318,240
Stocks (bk. val.)	177,146,262	146,369,431
Cash	44,959,812	49,426,767
Policy loans	188,181,750	176,017,156
Prem. guarant.	26,970	31,967
Oth. ledger assets	143,748	80,276
Int. and rents due and accrued	31,975,933	30,081,803
Deferred & uncol. premiums	49,972,495	45,308,669
Other non-ledger assets	1,392,435	156,201
Gross assets	4,908,022,783	4,677,176,746
Non-adm. assets	293,781	2,186,102
Admit. assets	\$4,907,729,002	\$4,674,990,644
Liabilities:		
Reserves (net)	\$3,672,532,274	\$3,535,988,460
Res. on sup. cont.	438,545,374	415,720,415
Unpd. losses & cl.	15,044,062	14,521,890
Divs. to accum.	257,000,132	241,928,934
Gross prem. paid in advance	41,874,379	41,821,548
Unpaid dividends	1,282,346	1,301,447
Divs. apportioned.	56,230,494	47,837,032
Set aside on def. div. policies	1,699	1,108
Estimated taxes	14,005,645	6,286,997
Unearn. int. & rts.	791,762	4,874,863
Fed. tax reserve	---	6,500,000
Expense reserve	16,390,000	9,390,000
Additional res.	40,000,000	40,000,000
Other liabilities	8,307,623	4,611,520
Asset fluct. fund.	45,000,000	25,000,000
Surplus	302,812,213	283,593,320
Total	\$4,907,729,002	\$4,674,990,644

Additional reserve for policy proceeds which may be left with company under options in policies issued prior to 1939.

Reserve for future expenses on paid-up