

AMERISAFE INC  
Form S-1  
September 26, 2006

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**As filed with the Securities and Exchange Commission on September 26, 2006**  
**Registration No. 333-**

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

**Form S-1**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

**AMERISAFE, Inc.**  
*(Exact name of registrant as specified in its charter)*

**Texas**  
*(State or other jurisdiction of  
incorporation or organization)*

**6331**  
*(Primary Standard Industrial  
Classification Code Number)*

**75-2069407**  
*(I.R.S. Employer  
Identification Number)*

**2301 Highway 190 West**  
**DeRidder, Louisiana 70634**  
**(337) 463-9052**  
*(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)*

**Todd Walker**  
**Executive Vice President, General Counsel and Secretary**  
**2301 Highway 190 West**  
**DeRidder, Louisiana 70634**  
**(337) 463-9052**  
*(Name, address, including zip code, and telephone number, including area code, of agent for service)*

***Copies to:***

**James E. O Bannon**  
**Larry D. Cannon**  
**Jones Day**

**J. Brett Pritchard**  
**Lord, Bissell & Brook LLP**

**2727 North Harwood Street  
Dallas, Texas 75201  
(214) 220-3939**

**111 South Wacker Drive  
Chicago, Illinois 60606  
(312) 443-0700**

**Approximate date of commencement of proposed sale to the public:** As soon as practicable after the Registration Statement becomes effective.

If any of the securities being registered on this form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box. ☐

If this form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

If this form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. ☐

#### **CALCULATION OF REGISTRATION FEE**

<b>Title of Each Class of Securities to be Registered</b>	<b>Amount to be Registered</b>	<b>Proposed Maximum Offering Price Per Unit</b>	<b>Proposed Maximum Aggregate Offering Price(1)(2)</b>	<b>Amount of Registration Fee</b>
Common Stock, par value \$0.01 per share	7,856,805	\$ 9.82	\$ 77,153,825	\$ 8,256

- (1) Includes amount attributable to shares of common stock that may be purchased by the underwriters under an option granted by the selling shareholders to purchase additional shares at the public offering price, less the underwriting discount.
- (2) Estimated solely for the purpose of calculating the amount of the registration fee in accordance with Rule 457(c) under the Securities Act of 1933, as amended.

**The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on the date as the Commission, acting pursuant**

to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. These securities may not be sold until the registration statement filed with the Securities and Exchange Commission is effective. This prospectus is not an offer to sell these securities and is not a solicitation of an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

**SUBJECT TO COMPLETION, DATED SEPTEMBER 26, 2006**

**6,832,004 Shares**

**AMERISAFE, Inc.  
Common Stock**

This prospectus covers the sale of 6,832,004 shares of our common stock by the selling shareholders named in this prospectus. We will not receive any proceeds from the sale of the shares by the selling shareholders.

Our common stock is listed on the NASDAQ Global Select Market under the symbol AMSF. On September 25, 2006, the last sale price of our common stock as reported by the NASDAQ Global Select Market was \$9.98 per share.

**Investing in our common stock involves risks. See Risk Factors beginning on page 9 to read about factors you should consider before buying our common stock.**

	<b>Per Share</b>	<b>Total</b>
Public offering price	\$	\$
Underwriting discount*	\$	\$
Proceeds, before expenses, to the selling shareholders	\$	\$

\* See Underwriting on page 106 for a description of the underwriters' compensation.

To the extent that the underwriters sell more than 6,832,004 shares of common stock, certain of the selling shareholders have granted the underwriters a 30-day option to purchase up to 1,024,801 additional shares of common stock at the public offering price, less the underwriting discount, to cover over-allotments, if any.

**Neither the Securities and Exchange Commission nor any state securities commission or other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

The underwriters expect to deliver the shares of common stock to purchasers on or about , 2006.

**Friedman Billings Ramsey**

**William Blair & Company**

**SunTrust Robinson Humphrey**

**Cochran Caronia Waller**

The date of this prospectus is           , 2006.

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**PROSPECTUS SUMMARY**

*This summary highlights information contained elsewhere in this prospectus. Before making a decision to purchase our common stock, you should read the entire prospectus carefully, including the Risk Factors and Forward-Looking Statements sections and our consolidated financial statements and the notes to those financial statements.*

**Overview**

We are a specialty provider of workers' compensation insurance focused on small to mid-sized employers engaged in hazardous industries, principally construction, trucking, logging, agriculture, oil and gas, maritime and sawmills. We have more than 20 years of experience underwriting the complex workers' compensation exposures inherent in these industries. We provide coverage to employers under state and federal workers' compensation laws. These laws prescribe wage replacement and medical care benefits that employers are obligated to provide to their employees who are injured in the course and scope of their employment.

Employers engaged in hazardous industries tend to have less frequent but more severe claims as compared to employers in other industries due to the nature of their businesses. We employ a proactive, disciplined approach in underwriting employers and providing comprehensive services, including safety services and intensive claims management practices, intended to lessen the overall incidence and cost of workplace injuries. Hazardous industry employers pay substantially higher than average rates for workers' compensation insurance compared to employers in other industries, as measured per payroll dollar. The higher premium rates are due to the nature of the work performed and the inherent workplace danger of our target employers. Our policyholders paid an average rate of \$7.60 per \$100 of payroll for workers' compensation insurance in 2005, which was approximately three times the average for all reported occupational class codes, according to the most recent market analyses provided by the National Council on Compensation Insurance, Inc., or NCCI.

We believe the workers' compensation market in the hazardous industries we target is underserved and competition is fragmented. We compete on the basis of coverage availability, claims management, safety services, payment terms and premium rates. According to the most recent market data reported by the NCCI, which is the official ratings bureau in the majority of states in which we are licensed, total premiums reported for the specific occupational class codes for which we underwrite business was \$16 billion. Total premiums reported for all occupational class codes reported by the NCCI for these same jurisdictions was \$39 billion.

**Targeted Industries**

We provide workers' compensation insurance primarily to employers in the following targeted hazardous industries:

*Construction.* Includes a broad range of operations such as highway and bridge construction, building and maintenance of pipeline and powerline networks, excavation, commercial construction, roofing, iron and steel erection, tower erection and numerous other specialized construction operations. Our gross premiums written in 2005 for employers in the construction industry were \$117.1 million, or 40.3% of total gross premiums written in 2005.

*Trucking.* Includes a large spectrum of diverse operations including contract haulers, regional and local freight carriers, special equipment transporters and other trucking companies that conduct a variety of short- and long-haul operations. Our gross premiums written in 2005 for employers in the trucking industry were \$59.3 million, or 20.4% of total gross premiums written in 2005.



*Logging.* Includes tree harvesting operations ranging from labor intensive chainsaw felling and trimming to sophisticated mechanized operations using heavy equipment. Our gross premiums written in 2005 for employers in the logging industry were \$26.3 million, or 9.0% of gross premiums written in 2005.

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We also provide workers' compensation insurance to employers in the agriculture, oil and gas, maritime, sawmill and other hazardous industries. Our operations are geographically diverse, with no more than 10.5% of our gross premiums written in 2005 derived from any one state. In 2005, there were nine states in which 5.0% or more of our total gross premiums written were derived. As of June 30, 2006, we had approximately 6,600 voluntary business policyholders with an average annual premium per workers' compensation policy of approximately \$39,700.

Our gross premiums are derived from direct premiums and assumed premiums. Direct premiums include premiums from employers who purchase insurance directly from us and who we voluntarily agree to insure, which we refer to as our voluntary business, as well as employers assigned to us under residual market programs implemented by some of the states in which we operate, which we refer to as our assigned risk business. Assumed premiums include premiums from our participation in mandatory pooling arrangements under residual market programs implemented by some of the states in which we operate. For the year ended December 31, 2005, our voluntary business accounted for 92.8% of our gross premiums written.

We are rated A- (Excellent) by A.M. Best Company, which rating is the fourth highest of 15 rating levels. In December 2005, A.M. Best affirmed our financial strength rating of A- (Excellent). The rating has a stable outlook for AMERISAFE and our subsidiaries. A.M. Best ratings are directed toward the concerns of policyholders and insurance agencies and are not intended for the protection of investors or as a recommendation to buy, hold or sell our securities.

**Recent Operating Results**

We completed the initial public offering of our common stock in November 2005. The table below sets forth selected operating results for each of the three quarters ending after our initial public offering.

	As of and for the Three Months Ended March 31, 2006 (Unaudited) (In thousands)			December 31, 2005
	June 30, 2006			
Gross premiums written	\$ 92,151	\$ 80,819	\$ 59,709	
Net premiums written	87,427	76,368	53,098	
Net premiums earned	72,107	67,874	67,198	
Net investment income	5,843	5,973	4,897	
Net income	7,818	7,236	5,404	
Cash, cash equivalents and investments	\$ 616,755	\$ 600,767	\$ 582,904	
Total shareholders' equity	162,510	156,184	147,346	
Net combined ratio(1)	95.2%	95.0%	96.7%	
Return on average equity(2)	19.6%	19.1%	18.3%	
Book value per share(3)	\$ 8.18	\$ 7.86	\$ 7.42	

(1) The net combined ratio is the sum of the net loss ratio, the net underwriting expense ratio and the net dividend ratio.

(2) Return on average equity is calculated as annualized net income divided by average shareholders' equity plus redeemable preferred stock.

- (3) Book value per share is calculated by dividing shareholders' equity plus redeemable preferred stock at the date indicated by the number of shares of common stock outstanding (including 2,429,541 shares of common stock issuable upon conversion of our Series C and Series D convertible preferred stock at the current conversion price of \$20.58 per share). As of September 30, 2005, the book value of our common stock, after giving effect to the completion of our initial public offering in November 2005, was \$7.16 per share.

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**Competitive Advantages**

We believe we have the following competitive advantages:

*Focus on Hazardous Industries.* We have extensive experience insuring employers engaged in hazardous industries and have a history of profitable underwriting in these industries. Our specialized knowledge of these hazardous industries helps us better serve our policyholders, which leads to greater employer loyalty and policy retention. Our policy renewal rate on voluntary business that we elected to quote for renewal was 90.6% in 2005, 93.0% in 2004 and 91.4% in 2003.

*Focus on Small to Mid-Sized Employers.* We believe large insurance companies generally do not target small to mid-sized employers in hazardous industries due to their smaller premium size, type of operations, mobile workforce and extensive service needs. We provide enhanced customer services to our policyholders. For example, unlike many of our competitors, our premium payment plans enable our policyholders to better match their premium payments with their payroll costs.

*Specialized Underwriting Expertise.* Based on our 20-year underwriting history of insuring employers engaged in hazardous industries, we have developed industry specific risk analysis and rating tools to assist our underwriters in risk selection and pricing. Our 19 underwriting professionals average approximately 12 years of experience underwriting workers compensation insurance, most of which was focused on hazardous industries. We are highly disciplined when quoting and binding new business. In 2005, we offered quotes on approximately one out of four applications submitted. We do not delegate underwriting authority to agencies that sell our insurance or to any other third party.

*Comprehensive Safety Services.* We provide proactive safety reviews of employers' worksites, which are often located in rural areas. These safety reviews are a vital component of our underwriting process and also assist our policyholders in loss prevention and encourage the safest workplaces possible by deploying experienced field safety professionals, or FSPs, to our policyholders' worksites. Our 52 FSPs have an average of approximately 13 years of workplace safety or related industry experience. In 2005, approximately 91.0% of our new voluntary business policyholders were subject to pre-quotation safety inspections. We perform periodic on-site safety surveys on all of our voluntary business policyholders.

*Proactive Claims Management.* As of June 30, 2006, our employees managed more than 98% of our open claims in-house utilizing our intensive claims management practices that emphasize a personal approach and quality, cost-effective medical treatment. Our claims management staff includes 93 field case managers, or FCMs, who average approximately 17 years of experience in the workers compensation insurance industry. We currently average approximately 56 open indemnity claims per FCM, which we believe is significantly less than the industry. We believe our claims management practices allow us to achieve a more favorable claim outcome, accelerate an employee's return to work and more rapidly close claims, all of which ultimately lead to lower overall costs. In addition, we believe our practices lessen the likelihood of litigation. Only 9.7% and 22.9% of all claims reported for accident years 2004 and 2005, respectively, were open as of June 30, 2006.

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**Strategy**

We intend to leverage our competitive advantages to pursue profitable growth and favorable returns on equity using the following strategies:

*Expand in our Existing Markets.* Our market share in each of the nine states where we derived 5% or more of our gross premiums written in 2005 did not exceed 3% of the workers' compensation market in that state based on data received from NCCI. Competition in our target markets is fragmented by state and employer industry focus. We believe that our specialized underwriting expertise and safety, claims and audit services position us to profitably increase our market share in our existing principal markets, with minimal increase in field service employees.

*Prudent and Opportunistic Geographic Expansion.* We currently market our insurance in 26 states and the District of Columbia. At June 30, 2006, approximately 57.1% of our voluntary in-force premiums were generated in the nine states where we derived 5% or more of our gross premiums written in 2005. We are licensed in an additional 19 states and the U.S. Virgin Islands. Our existing licenses and rate filings will expedite our ability to write policies in these markets when we decide it is prudent to do so.

*Focus on Underwriting Profitability.* We intend to maintain our underwriting discipline and profitability throughout market cycles. Our strategy is to focus on underwriting workers' compensation insurance in hazardous industries and to maintain adequate rate levels commensurate with the risks we underwrite. We will also continue to strive for improved risk selection and pricing, as well as reduced frequency and severity of claims through comprehensive workplace safety reviews, rapid closing of claims through personal, direct contact with our policyholders and their employees, and effective medical cost containment measures.

*Leverage Existing Information Technology.* We believe our customized information system, ICAMS, enhances our ability to select risk, write profitable business and cost-effectively administer our billing, claims and audit functions. We also believe our infrastructure is scalable and will enable us to accommodate our anticipated premium growth at current staffing levels and at minimal cost, which should have a positive effect on our expense ratio over time as we grow our premium base.

*Maintain Capital Strength.* We completed our initial public offering in November 2005. Of the \$53.0 million of net proceeds we retained from our initial public offering, we contributed \$45.0 million to our insurance subsidiaries. The remaining \$8.0 million will be used to make additional capital contributions to our insurance company subsidiaries as necessary to support our anticipated growth and for general corporate purposes. We plan to manage our capital to achieve our growth and profitability goals while maintaining a prudent operating leverage for our insurance company subsidiaries. To accomplish this objective, we intend to maintain underwriting profitability throughout market cycles, optimize our use of reinsurance and maximize an appropriate risk adjusted return on our growing investment portfolio. We presently expect that the net proceeds we retained from our initial public offering, combined with projected cash flow from operations, will provide us sufficient liquidity to fund our anticipated growth for at least the next 18 months.

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**Challenges**

As part of your evaluation of our business, you should consider the following challenges we face in implementing our business strategies:

*Adequacy of Premiums and Loss Reserves.* Our loss reserves are based upon estimates that are inherently uncertain. These estimates may be inadequate to cover our actual losses, in which case we would need to increase our estimates and recognize a corresponding decrease in pre-tax net income for the period in which the change in our estimates occurs.

*Downgrade of our A.M. Best Rating.* Our A.M. Best rating is subject to periodic review and, if it is downgraded, our business could be negatively affected by the loss of certain existing and potential policyholders and the loss of relationships with independent agencies.

*Cyclical Nature of the Workers Compensation Industry.* The workers compensation insurance industry has historically fluctuated with periods of low premium rates and excess underwriting capacity resulting from increased competition followed by periods of high premium rates and shortages of underwriting capacity resulting from decreased competition. This cyclical nature may cause our revenues and net income to fluctuate.

*Availability of Reinsurance.* The availability, amount and cost of reinsurance are subject to market conditions and our experience with insured losses. If we are unable to obtain reinsurance on favorable terms, our ability to write new policies and renew existing policies could be adversely affected.

*Ability to Recover from Reinsurers.* If any of our reinsurers is unable to meet any of its obligations to us, we would be responsible for all claims and claim settlement expenses that would otherwise be covered by our reinsurer. An inability to recover amounts due from our reinsurers would adversely affect our financial condition and results of operations.

For further discussion of these and other challenges we face, see Risk Factors.

AMERISAFE is an insurance holding company and was incorporated in Texas in 1985. Our principal subsidiary is American Interstate Insurance Company. Our executive offices are located at 2301 Highway 190 West, DeRidder, Louisiana 70634, and our telephone number at that location is (337) 463-9052. Our website is [www.amerisafe.com](http://www.amerisafe.com). The information on our website is not part of this prospectus.

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**The Offering**

Shares of common stock offered by selling shareholders	6,832,004 shares
Over-allotment shares of common stock offered by selling shareholders	1,024,801 shares
Shares of common stock to be outstanding after the offering	18,660,881 shares, including 1,214,771 shares issued immediately prior to the completion of this offering upon conversion of 250,000 shares of our convertible preferred stock held by certain of the selling shareholders.
Use of proceeds	All of the common stock offered hereby is being sold by the selling shareholders. We will not receive any proceeds from the sale of our common stock in this offering.
Dividend policy	<p>We currently intend to retain any additional future earnings to finance our operations and growth. As a result, we do not expect to pay any cash dividends on our common stock for the foreseeable future.</p> <p>Our ability to pay dividends is subject to restrictions in our articles of incorporation that prohibit us from paying dividends on our common stock (other than in additional shares of common stock) without the consent of the holders of two-thirds of the outstanding shares of our convertible preferred stock. In addition, because AMERISAFE is a holding company and has no direct operations, our ability to pay dividends in the future may be limited by regulatory restrictions on the payment of dividends to AMERISAFE by our insurance company subsidiaries.</p>
NASDAQ Global Select Market Symbol	AMSF

The number of shares of common stock to be outstanding after the offering excludes:

1,214,770 shares issuable upon conversion of our then-outstanding Series C and Series D convertible preferred stock, subject to adjustment in certain circumstances;

1,648,500 shares that may be issued pursuant to employee stock options outstanding as of the date of this prospectus, of which 1,548,500 were granted in November 2005 and 100,000 were granted in September 2006; all options vest 20% each year commencing on the first anniversary of the grant date; and

276,112 additional shares available for future issuance under our equity incentive plans.

**Table of Contents****Summary Financial Information**

The following income statement data for the years ended December 31, 2005, 2004 and 2003 and the balance sheet data as of December 31, 2005 and 2004 were derived from our consolidated financial statements included elsewhere in this prospectus. The income statement data for the years ended December 31, 2002 and 2001 and the balance sheet data as of December 31, 2003, 2002 and 2001 were derived from our audited consolidated financial statements, which are not included in this prospectus. The income statement data for the six-month periods ended June 30, 2006 and 2005 and the balance sheet data as of June 30, 2006 and 2005 were derived from our unaudited condensed consolidated financial statements included elsewhere in this prospectus, which include all adjustments, consisting of normal recurring adjustments, that management considers necessary for a fair presentation of our financial position and results of operations for the periods presented. These historical results are not necessarily indicative of results to be expected from any future period. You should read the following summary financial information together with the other information contained in this prospectus, including Management's Discussion and Analysis of Financial Condition and Results of Operations and the financial statements and related notes included elsewhere in this prospectus.

	Six Months Ended June 30,		Year Ended December 31,				
	2006	2005	2005	2004	2003	2002	2001
	(Unaudited)						
	(In thousands, except share and per share data)						
Income Statement Data							
Gross premiums written	\$ 172,969	\$ 160,524	\$ 290,891	\$ 264,962	\$ 223,590	\$ 185,093	\$ 204,752
Ceded premiums written	(9,175)	(9,697)	(21,541)	(21,951)	(27,600)	(26,563)	(49,342)
Net premiums written	\$ 163,794	\$ 150,827	\$ 269,350	\$ 243,011	\$ 195,990	\$ 158,530	\$ 155,410
Net premiums earned	\$ 139,981	\$ 125,032	\$ 256,568	\$ 234,733	\$ 179,847	\$ 163,257	\$ 170,782
Net investment income	11,816	7,650	16,882	12,217	10,106	9,419	9,935
Net realized gains (losses) on investments	2,235	774	2,272	1,421	316	(895)	491
Fee and other income	355	306	561	589	462	2,082	1,367
Total revenues	154,387	133,762	276,283	248,960	190,731	173,863	182,575
Loss and loss adjustment expenses incurred	98,246	110,436(2)	204,056(2)	174,186	129,250	121,062	123,386
Underwriting and certain other operating costs(1)	17,435	14,697	33,008	28,987	23,062	22,674	23,364
Commissions	8,886	7,822	16,226	14,160	11,003	9,189	14,351
Salaries and benefits	8,209	7,048	14,150	15,034	15,037	16,541	17,148
Interest expense	1,656	1,326	2,844	1,799	203	498	735
Policyholder dividends	347	386	4	1,108	736	156	