

NATIONAL SECURITY GROUP INC  
Form 8-K  
February 28, 2008  
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): February 28, 2008**

**THE NATIONAL SECURITY GROUP, INC.**

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction of  
incorporation)

0-18649  
(Commission File Number)

63-1020300  
(IRS Employer Identification No.)

661 East Davis Street  
Elba, Alabama 36323  
(Address of principal executive offices)

36323  
(Zip Code)

Registrant's telephone number, including area code: (334) 897-2273

N/A  
(Former name or former address, if changed since last report)

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)

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- 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 7.01. Regulation FD Disclosure**

In accordance with Securities and Exchange Commission Release No. 33-8216, the following information is furnished to the Securities and Exchange Commission pursuant to Item 12, Disclosure of Results of Operations and Financial Condition. This information shall not be deemed filed for purposes of Section 18 of the Securities Exchange Act of 1934, as amended (the Exchange Act), or incorporated by reference in any filing under the Securities Act of 1933, as amended, or the Exchange Act, except as shall be expressly set forth by specific reference in such a filing.

On February 28, 2008, The National Security Group, Inc. issued a press release announcing its financial results for the quarter and year ended December 31, 2007. A copy of this press release is attached as Exhibit 99.1 to this report and is incorporated herein by reference.

**Item 9.01. Financial Statements and Exhibits**

**(c) Exhibits**

| <u>Exhibit No.</u> | <u>Description of Document</u>   |
|--------------------|--|
| 99.1               | Press release, dated February 28, 2008 issued by The National Security Group, Inc. |

**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.

Dated: February 28, 2008

**The National Security Group, Inc.**

By: /s/ Brian R. McLeod  
Brian R. McLeod

Chief Financial Officer

Ex. 99.1

The National Security Group, Inc.

661 East Davis Street  
Elba, AL 36323

## PRESS RELEASE

FOR IMMEDIATE RELEASE

*National Security Group, Inc Releases Earnings*

For Additional Information Contact:

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Brian R. McLeod Chief Financial Officer @ (334) 897-2273

**Elba, Alabama (February 28, 2008)** The National Security Group, Inc. (NASDAQ: NSEC) today announced its financial results for the year and three month periods ended December 31, 2007. Total revenues for the year increased 3.65% to \$69,563,000 compared to \$67,113,000 for 2006. Leading the increase in total revenue was a 5.73% increase in premium revenue to \$62,250,000 in 2007 compared to 58,874,000 for the year 2006. Growth in the dwelling fire and homeowners lines of business in the property and casualty subsidiaries were the primary contributors to the growth in premium revenue.

Net income for the year increased 42.12% to \$6,040,000, or \$2.45 per share, compared with net income of 4,250,000, or \$1.72 per share for 2006. Net income from continuing operations of the insurance subsidiaries was \$4,721,000 compared to \$4,439,000 in 2006, an increase of 6.35%. Increased earnings in the property and casualty subsidiary were the primary contributor to the increase in earnings for the year. Net income from discontinued operations of \$1,319,000 consisted of a gain on disposal of the majority of a 50% investment in Mobile Attic, Inc. in the second quarter of 2007. The Company maintains a 5% interest in Mobile Attic. Mobile Attic's net loss from discontinued operations for 2006 was \$189,000.

Fourth quarter 2007 net income declined 2.08% to \$1,552,000, or \$0.63 per share, compared to \$1,585,000, or \$0.64 per share for the quarter ended December 31, 2006. Moderate adverse development on claims incurred in prior years was the primary contributor to the decrease in earnings during the fourth quarter. There was no material contribution to net income from discontinued operations in the fourth quarter of 2007.

Stockholders equity for the year ended December 31, 2007 was \$48,447,000 compared to \$45,379,000 at December 31, 2006, an increase of \$3,068,000 or 6.76%. The change in stockholders equity is composed of dividends paid to shareholders of \$2,220,000; net income of \$6,040,000 and a decline in accumulated other comprehensive income, consisting of accumulated unrealized capital losses, of \$752,000. Year end book value per share, defined as stockholders equity divided by common shares outstanding of 2,466,600, was \$19.64 at December 31, 2007 compared to \$18.39 at December 31, 2006.

|                           | Three Months<br>Ended December 31 |               | Year<br>Ended December 31 |               |
|---------------------------|-----------------------------------|---------------|---------------------------|---------------|
|                           | 2007                              | 2006          | 2007                      | 2006          |
| Premium Earned            | \$ 15,888,000                     | \$ 14,331,000 | \$ 62,250,000             | \$ 58,874,000 |
| Investment Income         | 1,120,000                         | 1,109,000     | 4,749,000                 | 4,463,000     |
| Realized Investment Gains | 964,000                           | 646,000       | 1,493,000                 | 2,565,000     |
| Other Income              | 251,000                           | 274,000       | 1,071,000                 | 1,211,000     |
| Total Revenues            | 18,223,000                        | 16,360,000    | 69,563,000                | 67,113,000    |
| Net Income                | \$ 1,552,000                      | \$ 1,585,000  | \$ 6,040,000              | \$ 4,250,000  |
| Net Income Per Share      | \$ 0.63                           | \$ 0.64       | \$ 2.45                   | \$ 1.72       |

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The National Security Group, Inc., through three wholly owned subsidiaries, offers a range of personal lines life, accident and health, property and liability insurance in twelve states. The Company is listed on the NASDAQ Global Market under the symbol: NSEC. For more financial information please visit the investor section our website [www.nationalsecuritygroup.com](http://www.nationalsecuritygroup.com).

Contact: Brian McLeod, CFO & Treasurer  
The National Security Group, Inc.  
P.O. Box 703  
Elba, Alabama 36323