RLI CORP
Form 10-Q
October 25, 2017
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the quarterly period ended September 30, 2017

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934

For the transition period from to

Commission File Number: 001-09463

RLI Corp.

(Exact name of registrant as specified in its charter)

Illinois (State or other jurisdiction of incorporation or organization)	37-0889946 (I.R.S. Employer Identification Number)
9025 North Lindbergh Drive, Peoria, IL (Address of principal executive offices)	61615 (Zip Code)

(309) 692-1000

(Registrant's telephone number, including area code)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, smaller reporting company, or an emerging growth company. See the definitions of "large accelerated filer," "accelerated filer," "smaller reporting company," and "emerging growth company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer	Accelerated filer
Non-accelerated filer (Do not check if a smaller reporting company)	Smaller reporting company
	Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes No

APPLICABLE ONLY TO CORPORATE ISSUERS:

As of October 13, 2017, the number of shares outstanding of the registrant's Common Stock was 44,059,831.

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PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

RLI Corp. and Subsidiaries

Condensed Consolidated Statements of Earnings and Comprehensive Earnings

(Unaudited)

(in thousands, except per share data)	For the Three-Month Periods Ended September 30, 2017	2016
Net premiums earned	$ 182,025	$ 183,595
Net investment income	14,187	13,504
Net realized gains	35	9,347
Other-than-temporary impairment (OTTI) losses on investments	-	(95)
Consolidated revenue	$ 196,247	$ 206,351
Losses and settlement expenses	123,190	97,892
Policy acquisition costs	62,066	61,761
Insurance operating expenses	11,701	13,338
Interest expense on debt	1,856	1,857
General corporate expenses	1,956	2,242
Total expenses	$ 200,769	$ 177,090
Equity in earnings of unconsolidated investees	3,660	1,881
Earnings (loss) before income taxes	$ (862)	$ 31,142
Income tax expense (benefit)	(2,596)	8,879
Net earnings	$ 1,734	$ 22,263
Other comprehensive earnings (loss), net of tax	8,444	(6,931)
Comprehensive earnings	$ 10,178	$ 15,332
Earnings per share:		
Basic:		
Basic net earnings per share	$ 0.04	$ 0.51
Basic comprehensive earnings per share	$ 0.23	$ 0.35
Diluted:		

Diluted net earnings per share	$ 0.04	$ 0.50
Diluted comprehensive earnings per share	$ 0.23	$ 0.34
Weighted average number of common shares outstanding:		
Basic	44,058	43,843
Diluted	44,515	44,492
Cash dividends paid per common share	$ 0.21	$ 0.20

See accompanying notes to the unaudited condensed consolidated interim financial statements.

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(in thousands, except per share data)	For the Nine-Month Periods Ended September 30, 2017	2016
Net premiums earned	$ 549,641	$ 540,739
Net investment income	40,430	39,922
Net realized gains	1,390	23,457
Other-than-temporary impairment (OTTI) losses on investments	(2,090)	(95)
Consolidated revenue	$ 589,371	$ 604,023
Losses and settlement expenses	306,927	259,340
Policy acquisition costs	186,264	184,525
Insurance operating expenses	38,582	38,950
Interest expense on debt	5,569	5,570
General corporate expenses	7,816	7,385
Total expenses	$ 545,158	$ 495,770
Equity in earnings of unconsolidated investees	15,404	10,823
Earnings before income taxes	$ 59,617	$ 119,076
Income tax expense	11,847	36,343
Net earnings	$ 47,770	$ 82,733
Other comprehensive earnings, net of tax	30,812	33,898
Comprehensive earnings	$ 78,582	$ 116,631
Earnings per share:		
Basic:		
Basic net earnings per share	$ 1.09	$ 1.89
Basic comprehensive earnings per share	$ 1.79	$ 2.67
Diluted:		
Diluted net earnings per share	$ 1.07	$ 1.86
Diluted comprehensive earnings per share	$ 1.77	$ 2.63
Weighted average number of common shares outstanding:		
Basic	44,008	43,721
Diluted	44,517	44,416
Cash dividends paid per common share	$ 0.62	$ 0.59

See accompanying notes to the unaudited condensed consolidated interim financial statements.

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RLI Corp. and Subsidiaries

Condensed Consolidated Balance Sheets

(Unaudited)

(in thousands, except share data)	September 30, 2017	December 31, 2016
ASSETS		
Investments and cash:		
Fixed income:		
Available-for-sale, at fair value (amortized cost - $1,680,321 at 9/30/17 and $1,596,227 at 12/31/16)	$ 1,713,558	$ 1,605,209
Equity securities available-for-sale, at fair value (cost - $189,212 at 9/30/17 and $187,573 at 12/31/16)	393,213	369,219
Short-term investments, at cost which approximates fair value	11,925	5,015
Other invested assets	25,998	24,115
Cash	26,877	18,269
Total investments and cash	$ 2,171,571	$ 2,021,827
Accrued investment income	15,161	14,593
Premiums and reinsurance balances receivable, net of allowances for uncollectible amounts of $16,543 at 9/30/17 and $15,981 at 12/31/16	127,388	126,387
Ceded unearned premium	54,186	52,173
Reinsurance balances recoverable on unpaid losses and settlement expenses, net of allowances for uncollectible amounts of $10,066 at 9/30/17 and $10,699 at 12/31/16	291,074	288,224
Deferred policy acquisition costs	77,782	73,147
Property and equipment, at cost, net of accumulated depreciation of $45,927 at 9/30/17 and $41,999 at 12/31/16	55,770	54,606
Investment in unconsolidated investees	88,374	72,240
Goodwill and intangibles	59,427	64,371
Other assets	15,787	10,065
TOTAL ASSETS	$ 2,956,520	$ 2,777,633
LIABILITIES AND SHAREHOLDERS’ EQUITY		
Liabilities		
Unpaid losses and settlement expenses	$ 1,253,729	$ 1,139,337
Unearned premiums	443,110	433,777
Reinsurance balances payable	21,006	17,928
Funds held	75,294	72,742
Income taxes-deferred	84,982	64,494
Bonds payable, long-term debt	148,881	148,741
Accrued expenses	35,682	51,992
Other liabilities	14,680	25,050
TOTAL LIABILITIES	$ 2,077,364	$ 1,954,061

Shareholders' Equity		
Common stock ($1 par value, 100,000,000 shares authorized)		
(66,990,045 shares issued, 44,059,831 shares outstanding at 9/30/17)		
(66,874,911 shares issued, 43,944,697 shares outstanding at 12/31/16)	$ 66,990	$ 66,875
Paid-in capital	233,954	229,779
Accumulated other comprehensive earnings	153,422	122,610
Retained earnings	817,789	797,307
Deferred compensation	7,666	11,496
Less: Treasury shares at cost		
(22,930,214 shares at 9/30/17 and 12/31/16)	(400,665)	(404,495)
TOTAL SHAREHOLDERS' EQUITY	$ 879,156	$ 823,572
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	$ 2,956,520	$ 2,777,633

See accompanying notes to the unaudited condensed consolidated interim financial statements.

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RLI Corp. and Subsidiaries

Condensed Consolidated Statements of Cash Flows

(Unaudited)

	For the Nine-Month Periods Ended September 30,	
(in thousands)	2017	2016
Net cash provided by operating activities	$ 145,933	$ 123,000
Cash Flows from Investing Activities		
Investments purchased	$ (335,361)	$ (434,505)
Investments sold	131,605	243,506
Investments called or matured	103,193	102,752
Net change in short-term investments	(6,910)	(1,476)
Net property and equipment purchased	(7,262)	(11,852)
Sale (acquisition) of agency	408	(850)
Net cash used in investing activities	$ (114,327)	$ (102,425)
Cash Flows from Financing Activities		
Cash dividends paid	$ (27,288)	$ (25,811)
Stock plan share issuance	4,290	(357)
Excess tax benefit from exercise of stock options	-	8,482
Net cash used in financing activities	$ (22,998)	$ (17,686)
Net increase in cash	$ 8,608	$ 2,889
Cash at the beginning of the period	$ 18,269	$ 11,081
Cash at September 30	$ 26,877	$ 13,970

See accompanying notes to the unaudited condensed consolidated interim financial statements.

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NOTES TO UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. BASIS OF PRESENTATION

The unaudited condensed consolidated interim financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America (GAAP) for interim financial reporting and with the instructions to Form 10-Q and Regulation S-X. Accordingly, they do not include all of the disclosures required by GAAP for complete financial statements. As such, these unaudited condensed consolidated interim financial statements should be read in conjunction with our 2016 Annual Report on Form 10-K. Management believes that the disclosures are adequate to make the information presented not misleading, and all normal and recurring adjustments necessary to present fairly the financial position at September 30, 2017 and the results of operations of RLI Corp. and subsidiaries for all periods presented have been made. The results of operations for any interim period are not necessarily indicative of the operating results for a full year. Certain reclassifications were made to 2016 to conform to the classifications used in the current year.

The preparation of the unaudited condensed consolidated interim financial statements requires management to make estimates and assumptions relating to the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the unaudited condensed consolidated interim financial statements and the reported amounts of revenue and expenses during the period. These estimates are inherently subject to change and actual results could differ significantly from these estimates.

B. ADOPTED ACCOUNTING STANDARDS

ASU 2016-09, Compensation – Stock Compensation (Topic 718): Improvements to Employee Share-Based Payment Accounting

ASU 2016-09 was issued to simplify the accounting for share-based payment awards. The guidance requires that, prospectively, all tax effects related to share-based payments be made through the income statement at the time of settlement as opposed to excess tax benefits being recognized in additional paid-in-capital under the previous guidance. The ASU also removes the requirement to delay recognition of a tax benefit until it reduces current taxes payable. This change is required to be applied on a modified retrospective basis, with a cumulative-effect adjustment to opening retained earnings. Additionally, all tax related cash flows resulting from share-based payments are to be reported as operating activities on the statement of cash flows, a change from the previous requirement to present tax benefits as an inflow from financing activities and an outflow from operating activities. Finally, entities will be allowed to withhold an amount up to the employees' maximum individual tax rate (as opposed to the minimum statutory tax rate) in the relevant jurisdiction without resulting in liability classification of the award. The change in withholding requirements will be applied on a modified retrospective approach.

We adopted ASU 2016-09 on January 1, 2017. The guidance's primary impact on our financial statements relates to the provision concerning the recognition of tax effects through the income statement in 2017 and forward. Excess tax benefits of $3.7 million were recognized in the first nine months of 2017 as a reduction to income tax expense rather than as an increase to additional paid-in-capital. The future impact to our income statement will vary depending upon the level of intrinsic value associated with option exercises in a particular period. Additionally, the changes in cash flow presentation resulted in $3.7 million more operating cash flows and $3.7 million less financing cash flows for the nine month period ended September 30, 2017 than would have been recognized under the previous guidance. We have historically estimated the number of forfeitures as part of our option valuation process and will continue to do so under the new guidance. As no aspect of the guidance that requires retrospective adoption impacted the Company, no prior period adjustments were made.

ASU 2017-04, Intangibles-Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment

ASU 2017-04 was issued to simplify the subsequent measurement of goodwill. This update changes the impairment test by requiring an entity to compare the fair value of a reporting unit with its carrying amount as opposed to comparing the carrying amount of goodwill with its implied fair value. We adopted ASU 2017-04 during the second quarter of 2017 to coincide with the annual testing of our energy surety, small commercial and miscellaneous and contract surety reporting units. As most of RLI's assets and liabilities associated with a reporting unit are measured at fair value, the impact of measuring the impairment at the reporting unit level rather than at the goodwill asset level was believed to be minimal.

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C. PROSPECTIVE ACCOUNTING STANDARDS

ASU 2016-01, Financial Instruments - Overall (Subtopic 825-10): Recognition and Measurement of Financial Assets and Financial Liabilities

This ASU was issued to improve the recognition and measurement of financial instruments. The new guidance makes targeted improvements to GAAP as follows:

a. Requires equity investments (except those accounted for under the equity method of accounting or those that result in consolidation of the investee) to be measured at fair value with changes in fair value recognized in net income;
b. Simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment;
c. Eliminates the requirement for public business entities to disclose the method(s) and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost on the balance sheet;
d. Requires public business entities to use the exit price notion when measuring the fair value of financial instruments for disclosure purposes;
e. Requires an entity to present separately in other comprehensive income the portion of the total change in the fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option for financial instruments;
f. Requires separate presentation of financial assets and financial liabilities by measurement category and form of financial asset on the balance sheet or the accompanying notes to the financial statements; and
g. Clarifies that an entity should evaluate the need for a valuation allowance on a deferred tax asset related to available-for-sale securities in combination with the entity’s other deferred tax assets.

This ASU is effective for interim and annual reporting periods beginning after December 15, 2017. Early adoption is only permitted for provision (e) above. Upon adoption, a cumulative-effect adjustment to the balance sheet will be made as of the beginning of the fiscal year of adoption. The primary impact this guidance will have on our financial statements relates to the provision requiring the recognition of changes in the fair value of equity securities through the income statement rather than through other comprehensive income. The impact to our income statement will vary depending upon the level of volatility in the performance of the securities held in our equity portfolio and the overall market.

ASU 2016-02, Leases (Topic 842)

ASU 2016-02 was issued to improve the financial reporting of leasing transactions. Under current guidance for lessees, leases are only included on the balance sheet if certain criteria, classifying the agreement as a capital lease, are met. This update will require the recognition of a right-of-use asset and a corresponding lease liability, discounted to the present value, for all leases that extend beyond 12 months. For operating leases, the asset and liability will be expensed over the lease term on a straight-line basis, with all cash flows included in the operating section of the statement of cash flows. For finance leases, interest on the lease liability will be recognized separately from the amortization of the right-of-use asset in the statement of comprehensive income and the repayment of the principal portion of the lease liability will be classified as a financing activity while the interest component will be included in the operating section of the statement of cash flows.

This ASU is effective for annual and interim reporting periods beginning after December 15, 2018. Early adoption is permitted. Upon adoption, leases will be recognized and measured at the beginning of the earliest period presented using a modified retrospective approach. We currently have approximately $30 million of undiscounted future lease liabilities that would have to be added to the balance sheet with a corresponding right-of-use asset if the guidance were applicable on September 30, 2017. We do not expect that there will be a materially different annual rental expense upon adoption.

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ASU 2016-13, Financial Instruments – Credit Losses (Topic 326)

ASU 2016-13 was issued to provide more decision-useful information about the expected credit losses on financial instruments. Current GAAP delays the recognition of credit losses until it is probable a loss has been incurred. The update will require a financial asset measured at amortized cost to be presented at the net amount expected to be collected by means of an allowance for credit losses that runs through net income. Credit losses relating to available-for-sale debt securities will also be recorded through an allowance for credit losses. However, the amendments would limit the amount of the allowance to the amount by which fair value is below amortized cost. The measurement of credit losses on available-for-sale securities is similar under current GAAP, but the update requires the use of the allowance account through which amounts can be reversed, rather than through an irreversible write-down.

This ASU is effective for annual and interim reporting periods beginning after December 15, 2019. Early adoption is permitted beginning after December 15, 2018. Upon adoption, the update will be applied using the modified-retrospective approach, by which a cumulative-effect adjustment will be made to retained earnings as of the beginning of the first reporting period presented. We do not have any assets measured at amortized cost that would be impacted by this update. Additionally, as our fixed income portfolio is weighted towards higher rated bonds (82.8 percent rated A or better at September 30, 2017), we do not expect that credit loss on our available-for-sale debt securities will be material.

ASU 2016-15, Statement of Cash Flows (Topic 230): Classification of Certain Cash Receipts and Cash Payments

ASU 2016-15 was issued to reduce the diversity in practice of how certain cash receipts and payments, for which current guidance is silent, are classified in the statement of cash flows. The update addresses eight specific issues, including contingent consideration payments made after a business combination, distributions received from equity method investees and the classification of cash receipts and payments that have aspects of more than one class of cash flows. This ASU is effective for annual and interim reporting periods beginning after December 15, 2017. Early adoption is permitted. Upon adoption, the update will be applied using the retrospective transition method. We do not expect a material impact on our statement of cash flows.

D. INTANGIBLE ASSETS

In accordance with GAAP guidelines, the amortization of goodwill and indefinite-lived intangible assets is not permitted. Goodwill and indefinite-lived intangible assets remain on the balance sheet and are tested for impairment on an annual basis, or earlier if there is reason to suspect that their values may have been diminished or impaired. Goodwill and intangible assets totaled $59.4 million and $64.4 million at September 30, 2017 and December 31, 2016, respectively, as detailed in the following table.

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Goodwill and Intangible Assets

(in thousands) Reporting Unit	September 30, 2017	December 31, 2016
Goodwill		
Energy surety	$ 25,706	$ 25,706
Miscellaneous and contract surety	15,110	15,110
Small commercial	5,246	5,246
Medical professional liability *	3,595	5,208
Total goodwill	$ 49,657	$ 51,270
Intangibles		
State insurance licenses	$ 7,500	$ 7,500
Definite-lived intangibles, net of accumulated amortization of $4,061 at 9/30/17 and $5,546 at 12/31/16	2,270	5,601
Total intangibles	$ 9,770	$ 13,101
Total goodwill and intangibles	$ 59,427	$ 64,371

* The medical professional liability goodwill balance reflects a cumulative non-cash impairment charge of $8.8 million and $7.2 million as of September 30, 2017 and December 31, 2016, respectively.

All definite-lived intangible assets are amortized against future operating results based on their estimated useful lives. Amortization of intangible assets was $0.2 million for the third quarter of 2017 and $0.6 million for the nine-month period ended September 30, 2017, compared to $0.2 million for the third quarter of 2016 and $0.7 million for the nine-month period ended September 30, 2016. Additionally, the asset sale of an agency in the third quarter of 2017 resulted in a $1.0 million reduction to definite-lived intangibles.

Annual impairment testing was performed on our energy surety goodwill, miscellaneous and contract surety goodwill, small commercial goodwill and state insurance license indefinite-lived intangible asset during the second quarter of 2017. Based upon these reviews, none of the assets were impaired. In addition, as of September 30, 2017, there were no triggering events that would suggest an updated review was necessary on the above mentioned goodwill and intangible assets.

As previously disclosed for our medical professional liability reporting unit, rate and volume declines coupled with adverse loss experience resulted in a triggering event during the second quarter of 2016. A fair value was determined by using a weighted average of a market approach and income approach (or discounted cash flow method) valuation. It was determined that the carrying cost of our medical professional liability goodwill exceeded the fair value, resulting in a $7.2 million non-cash impairment charge. Further adverse loss experience triggered the need to test the medical professional liability reporting unit during the second quarter of 2017, resulting in an additional $3.4 million non-cash impairment charge. A fair value for the medical professional liability reporting unit's agency relationships, carried as a definite-lived intangible, was determined by using a discounted cash flow valuation. The carrying value exceeded the fair value, resulting in a $1.8 million non-cash impairment charge. Similar to in 2016, a fair value for the medical professional liability reporting unit's goodwill was determined by using a weighted average of a market approach and discounted cash flow valuation. The carrying value exceeded the fair value, resulting in a $1.6 million non-cash impairment charge. All impairment charges were recorded as net realized losses in the respective period's consolidated statement of earnings. There have been no additional triggering events subsequent to the second quarter 2017 impairment.

E. EARNINGS PER SHARE

Basic earnings per share (EPS) excludes dilution and is computed by dividing income available to common shareholders by the weighted-average number of common shares outstanding for the period. Diluted EPS reflects the dilution that could occur if securities or other contracts to issue common stock or common stock equivalents were exercised or converted into common stock. When inclusion of common stock equivalents increases the earnings per share or reduces the loss per share, the effect on earnings is anti-dilutive. Under these circumstances, the diluted net earnings or net loss per share is computed excluding the common stock equivalents.

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The following represents a reconciliation of the numerator and denominator of the basic and diluted EPS computations contained in the unaudited condensed consolidated interim financial statements.

	For the Three-Month Period Ended September 30, 2017			For the Three-Month Period Ended September 30, 2016		
	Income	Shares	Per Share	Income	Shares	Per Share
(in thousands, except per share data)	(Numerator)	(Denominator)	Amount	(Numerator)	(Denominator)	Amount
Basic EPS						
Income available to common shareholders	$ 1,734	44,058	$ 0.04	$ 22,263	43,843	$ 0.51
Effect of Dilutive Securities						
Stock options	-	457		-	649	
Diluted EPS						
Income available to common shareholders	$ 1,734	44,515	$ 0.04	$ 22,263	44,492	$ 0.50

	For the Nine-Month Period Ended September 30, 2017			For the Nine-Month Period Ended September 30, 2016		
	Income	Shares	Per Share	Income	Shares	Per Share
(in thousands, except per share data)	(Numerator)	(Denominator)	Amount	(Numerator)	(Denominator)	Amount
Basic EPS						
Income available to common shareholders	$ 47,770	44,008	$ 1.09	$ 82,733	43,721	$ 1.89
Effect of Dilutive Securities						
Stock options	-	509		-	695	
Diluted EPS						
Income available to common shareholders	$ 47,770	44,517	$ 1.07	$ 82,733	44,416	$ 1.86

F. COMPREHENSIVE EARNINGS

Our comprehensive earnings include net earnings plus unrealized gains and losses on our available-for-sale investment securities, net of tax. In reporting comprehensive earnings on a net basis in the statement of earnings, we used the federal statutory tax rate of 35 percent.

Unrealized gains, net of tax, for the first nine months of 2017 were $30.8 million, compared to $33.9 million during the same period last year. Unrealized gains in the first nine months of 2017 were attributable to tightening credit spreads which increased the fair value of securities held in the fixed income portfolio, as well as positive equity market returns. In 2016, unrealized gains were primarily the result of declining interest rates.

The following table illustrates the changes in the balance of each component of accumulated other comprehensive earnings for each period presented in the unaudited condensed consolidated interim financial statements.

(in thousands)	For the Three-Month Periods Ended September 30,		For the Nine-Month Periods Ended September 30,	
Unrealized Gains/Losses on Available-for-Sale Securities	2017	2016	2017	2016
Beginning balance	$ 144,978	$ 164,603	$ 122,610	$ 123,774
Other comprehensive earnings before reclassifications	9,141	(572)	33,066	54,159
Amounts reclassified from accumulated other comprehensive earnings	(697)	(6,359)	(2,254)	(20,261)
Net current-period other comprehensive earnings	$ 8,444	$ (6,931)	$ 30,812	$ 33,898
Ending balance	$ 153,422	$ 157,672	$ 153,422	$ 157,672

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The sale or other-than-temporary impairment of an available-for-sale security results in amounts being reclassified from accumulated other comprehensive earnings to current period net earnings. The effects of reclassifications out of accumulated other comprehensive earnings by the respective line items of net earnings are presented in the following table.

(in thousands)	Amount Reclassified from Accumulated Other Comprehensive Earnings				
	For the Three-Month Periods Ended September 30,		For the Nine-Month Periods Ended September 30,		
Component of Accumulated Other Comprehensive Earnings	2017	2016	2017	2016	Affected line item in the Statement of Earnings