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**UNITED STATES
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): October 27, 2004

RTW, Inc.

(Exact name of registrant as specified in its charter)

Minnesota

(State or other jurisdiction of incorporation)

0-25508

(Commission File Number)

41-1440870

(I.R.S. Employer Identification No.)

8500 Normandale Lake Blvd., Suite 1400

Bloomington, MN 55437

(Address of principal executive offices and Zip Code)

(952) 893-0403

Registrant's telephone number, including area code

Not Applicable

(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)
 - 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))
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Section 2 – Financial Information

Item 2.02 – Results of Operations and Financial Condition

On October 27, 2004, RTW, Inc. issued a press release entitled “RTW, Inc. Reports Eleventh Consecutive Profitable Quarter” announcing the results for the three and nine months ended September 30, 2004. A copy of this press release is furnished as Exhibit 99.1 to this Form 8-K.

The information provided pursuant to Item 2.02 of this Form 8-K is being furnished and is not “filed” for purposes of Section 18 of the Securities Act of 1934, nor may it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

Section 8 – Other Events

Item 8.01 – Other Events

On October 28, 2004, RTW, Inc. issued a press release entitled “RTW To Provide Its Proprietary Solutions To Midwest Insurance Company In Minnesota.” The full text of the press release is filed herewith as Exhibit 99.2.

The information provided pursuant to Item 8.01 of this Form 8-K is being furnished and is not “filed” for purposes of Section 18 of the Securities Act of 1934, nor may it be deemed incorporated by reference in any filing under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

Section 9 — Financial Statements and Exhibits

Item 9.01 — Financial Statements and Exhibits

- (a) Financial statements: None
- (b) Pro forma financial information: None
- (c) Exhibits:

Exhibit No.	Description
99.1	Press Release dated October 27, 2004, entitled “RTW, Inc. Reports Eleventh Consecutive Profitable Quarter.”
99.2	Press Release dated October 28, 2004, entitled “RTW To Provide Its Proprietary Solutions To Midwest Insurance Company In Minnesota.”

SIGNATURES

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.

RTW, Inc.

Dated: October 29, 2004

By /s/ Jeffrey B. Murphy
Jeffrey B. Murphy
President and Chief Executive Officer
(Principal Executive Officer)



<DOCUMENT>
<TYPE> EX-99.1
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Exhibit 99.1

Contact: Jeffrey B. Murphy, CEO or
Alfred L. LaTendresse, EVP and CFO
RTW, Inc.
(952) 893-0403

RTW, Inc. Reports Eleventh Consecutive Profitable Quarter

MINNEAPOLIS — October 27, 2004 — RTW, Inc. (Nasdaq: RTWI), a leading provider of products and services to cost-effectively manage both insured and self-insured workers' compensation programs, today reported net income for the third quarter ended September 30, 2004 of \$1.1 million or \$0.21 per basic and \$0.20 per diluted share. Net income for the nine months ended September 30, 2004 was \$3.0 million, or \$0.57 per basic and \$0.54 per diluted share. In 2003, comparable net income for the third quarter was \$3.1 million, or \$0.61 per basic and \$0.59 per diluted share and was \$4.3 million, or \$0.85 per basic and \$0.83 per diluted share through the first nine months. The third quarter of 2003 included \$2.0 million of favorable development and \$1.2 million of positive tax valuation allowance changes, which together had a \$2.5 million favorable after tax effect while the first nine months of 2003 included \$4.7 million of favorable development and \$1.2 million of positive tax valuation allowance changes, which had a \$4.3 million favorable after tax effect. The results for 2004 include an after tax effect of \$200,000 and \$900,000 of favorable development for the third quarter and nine months ended September 30, 2004. There was no income tax valuation allowance adjustment during 2004.

Jeffrey B. Murphy, President and CEO of RTW, said, "We are pleased with our financial performance in the third quarter. Our focus on strategic initiatives, insurance product profitability and service revenue opportunities, continue to produce profitable operating results. Additionally:

- We continue to focus on underwriting business at the right price and, through September 30, 2004, achieved a 1.8% rate increase on policies renewing in 2004. As expected, this reflects a slower increase from rate increases achieved in 2003 and 2002. We expect this trend to continue as we move into the soft insurance market cycle and may begin to see price decreases on renewing business;
- We increased premiums in force at September 30, 2004 to \$63.2 million from \$58.1 million at December 31, 2003 and \$57.4 million at September 30, 2003. We will continue to write insured business but only at the right price as we continue to focus on profitability in our insurance product;
- Gross premiums earned followed the growth in premiums in force, increasing to \$16.7 million in the third quarter of 2004 from \$13.7 million for the same period in the prior year and increasing to \$47.0 million for the nine months ended September 30, 2004 from \$39.3 million for the same period in the prior year;
- After deducting premiums ceded under reinsurance treaties, premiums earned increased to \$14.2 million for the quarter ended September 30, 2004 from \$11.7 million reported in the third quarter of 2003 and increased to \$40.0 million for the nine months ended September 30, 2004 from \$33.6 million for the same period in 2003. Premiums ceded under excess of loss treaties, as a percentage of gross premiums earned, increased in 2004 as rates increased for excess of loss reinsurance coverage;
- Total revenue increased to \$15.3 million in the third quarter of 2004, compared to \$13.5 million in the same period last year and increased to \$43.8 million for the nine months ended September 30, 2004, compared to \$37.9 million for



the same period in 2003. Included in total revenue for the quarter is investment income of \$970,000, compared to \$1.1 million last year and \$2.8 million for the nine months ended September 30, 2004, compared to \$3.5 million for the same period in 2003. Additionally, total revenue includes realized investment gains totaling \$705,000 in the first nine months of 2004 compared to \$685,000 in the third quarter and first nine months of 2003 as we took advantage of market conditions in both years to realize capital gains and reposition our portfolio in anticipation of interest rate increases. Investment income decreased as we retained more of our available funds in cash expecting that investment yields will increase in the next 18 months;

- We have continued our improvement in and effective execution of our core competencies resulting in a \$300,000 pre-tax decrease in claim and claim settlement expenses for the third quarter and \$1.4 million for the first nine months of 2004 for claims reported for 2003 and prior accident years. As noted above, comparable pre-tax decreases for 2003 totaled \$2.0 million for the third quarter and \$4.7 million through nine months for claims reported for 2002 and prior accident years. This result reflects our commitment to improve outcomes for open claims from prior accident years;
- Our focus on operational efficiency improved our general and administrative expenses, which decreased to \$2.2 million in the third quarter of 2004 from \$2.5 million for the same period last year and to \$6.4 million in the first nine months of 2004 from \$7.5 million for the same period in 2003. General and administrative expenses include bonus expense of \$200,000 in the third quarter and \$450,000 for the first nine months of 2004. The three and nine-month periods in 2003 include \$600,000 in bonus expense.”

Mr. Murphy continued; “We continued our strategic initiative to repackage our workers’ compensation services and offer them on a non-risk basis to self-insured employers and other alternative markets during the third quarter of 2004. These repackaged services, our non-risk “Alternative Products,” include third-party claims administration, claim consulting services and other services that leverage our proven competencies, ID15® and The RTW SOLUTION®. Our largest Alternative Product is a servicing contract for twenty-five percent of the Minnesota Assigned Risk Plan (ARP) that we announced in March 2004. This contract began July 1, 2004. Our service revenue for the first nine months of 2004, including this contract, grew to \$283,000 from \$140,000 for the six months ended June 30, 2004. Our Alternative Products not only enable us to expand the types of customers we service, but also allow us to expand geographically as illustrated by our contracts with two California customers. From our existing offices, we are providing ID15® as a tool to allocate resources and achieve improved outcomes under pilot programs. We expect further growth in our non-insured products in 2004 as we continue to expand to areas outside our traditional Minnesota, Michigan and Colorado regions where we currently provide insured services and broaden our product offerings in response to customers’ needs.”

Mr. Murphy commented, “We expect moderate growth in our premiums in force through the end of 2004 as we focus on adding profitable insured business that is in our niche. If we see prices degrade in our insured products past the point where we believe we can be profitable, we will reduce premiums in force. We further expect that non-risk revenues from Alternative Product customers will increase significantly in the fourth quarter of 2004 as we continue to add new ARP customers.”

RTW, Inc., based in Minneapolis, Minnesota, manages workers’ compensation programs for insured and self-insured employers using its proprietary management systems: (i) ID15®, designed to identify those injured employees who are likely to get caught in the workers’ compensation system; and (ii) the RTW SOLUTION®, designed to lower employers’ workers’ compensation costs and return injured employees to work as soon as possible. RTW offers its insured products to employers in

Minnesota, Colorado and Michigan and has expanded its non-insurance products and services nationally. Customers include insured and self-insured employers, agents, insurance companies, and state assigned risk plans and span many industries, including manufacturing, health care, hospitality and wholesale/retail.

RTW, Inc. is traded on the Nasdaq National Market under the symbol RTWI. For more information on RTW, Inc., please visit www.rtwi.com.

Safe Harbor Statement: Some of the statements made in this News Release, as well as statements made by us in periodic press releases and oral statements made by our officials to analysts and shareholders in the course of presentations about the Company, constitute “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among other things: (i) our ability to retain renewing policies and write new business with a B+ (Very Good, Secure) rating from A.M. Best; (ii) our ability to extend our workers’ compensation services to self-insured employers and other alternative markets and to operate profitably in providing these services; (iii) our ability to continue to increase pricing on insured products in the markets in which we remain or alternatively non-renew or turn away improperly priced business; (iv) the ability of our reinsurers to honor their obligations to us; (v) our ability to accurately predict claim development; (vi) our ability to provide our proprietary products and services to customers successfully; (vii) our ability to manage both our existing claims and new claims in an effective manner; (viii) our experience with claims frequency and severity; (ix) medical inflation; (x) competition and the regulatory environment in which we operate; (xi) general economic and business conditions; (xii) our ability to obtain and retain reinsurance at a reasonable cost; (xiii) changes in workers’ compensation regulation by states, including changes in mandated benefits or insurance company regulation; (xiv) interest rate changes; and (xv) other factors as noted in our other filings with the SEC. This discussion of uncertainties is by no means exhaustive but is designed to highlight important factors that may affect our future performance.

Included in this press release are our Consolidated Statements of Income and Condensed Consolidated Balance Sheets.

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RTW, Inc.
CONSOLIDATED STATEMENTS OF INCOME
(Unaudited, in 000's, except share and per share data)

	For the three months ended Sept. 30,		For the nine months ended Sept. 30,	
	2004	2003	2004	2003
REVENUES:				
Gross premiums earned	\$ 16,676	\$ 13,728	\$ 47,014	\$ 39,316
Premiums ceded:				
Premiums ceded excess of loss treaties	(2,515)	(2,049)	(7,043)	(5,670)
Premiums earned	14,161	11,679	39,971	33,646
Investment income	970	1,067	2,820	3,476
Net realized investment (losses) gains	(2)	685	705	685
Service revenue	143	23	283	79
Total revenues	15,272	13,454	43,779	37,886
EXPENSES:				
Claim and claim settlement expenses	10,061	6,421	28,296	20,319
Policy acquisition costs	1,531	1,484	4,900	5,284
General and administrative expenses	2,226	2,542	6,350	7,484
Total expenses	13,818	10,447	39,546	33,087
Income from operations	1,454	3,007	4,233	4,799
Interest expense	—	18	—	48
Income before income taxes	1,454	2,989	4,233	4,751
Income tax expense	361	(144)	1,267	415
Net income	\$ 1,093	\$ 3,133	\$ 2,966	\$ 4,336
Net income per share:				
Basic	\$ 0.21	\$ 0.61	\$ 0.57	\$ 0.85
Diluted	\$ 0.20	\$ 0.59	\$ 0.54	\$ 0.83
Weighted average shares outstanding:				
Basic	5,266,000	5,120,000	5,210,000	5,112,000
Diluted	5,486,000	5,323,000	5,456,000	5,246,000

RTW, Inc.
CONDENSED CONSOLIDATED BALANCE SHEETS
(In 000's)

	September 30, 2004	December 31, 2003
	(Unaudited)	(Audited)
ASSETS		
Available-for-sale investments, at market value	\$ 83,415	\$ 79,171
Cash and cash equivalents	39,532	39,650
Premiums receivable	3,865	3,482
Reinsurance recoverable:		
On unpaid claim and claim settlement expenses	66,686	71,466
On paid claim and claim settlement expenses	553	854
Other assets	8,859	7,545
Total assets	\$ 202,910	\$ 202,168
LIABILITIES AND SHAREHOLDERS' EQUITY		
Unpaid claim and claim settlement expenses	\$ 147,406	\$ 150,044
Unearned premiums	11,035	9,180
Accrued expenses and other liabilities	6,131	7,357
Total liabilities	164,572	166,581
Shareholders' equity	38,338	35,587
Total liabilities and shareholders' equity	\$ 202,910	\$ 202,168



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Exhibit 99.2

Contact: Jeffrey B. Murphy, CEO or
Alfred L. LaTendresse, CFO
RTW, Inc.
(952) 893-0403

RTW TO PROVIDE ITS PROPRIETARY SOLUTIONS TO MIDWEST INSURANCE COMPANY IN MINNESOTA

MINNEAPOLIS, MN — October 28, 2004, RTW, Inc. (Nasdaq: RTWD), a leading provider of products and services to cost-effectively manage both insured and self-insured workers' compensation programs, announced that it will provide services to Midwest Insurance Company (Midwest) as Midwest enters Minnesota. Midwest recently entered the Minnesota marketplace underwriting workers' compensation insurance for employers through an A rated carrier. RTW will provide its proprietary case management competencies, **ID15®** and **The RTW Solution®**, along with claims adjusting services to administer Midwest's workers' compensation claim costs under a two-year fee-for-service contract.

Jeffrey B. Murphy, RTW's President and Chief Executive Officer, said, "We are pleased to partner with Midwest as it begins underwriting workers' compensation insurance in Minnesota. Midwest complements insurance products offered through our subsidiary, American Compensation Insurance Company, providing agents a lower cost insurance product to offer their customers."

"Our partnership with Midwest enables us to continue to transform the workers' compensation system using our proprietary services. It also furthers our business strategy of providing RTW's core competencies, including early identification of troublesome claims, exceptional case and claims management services and proprietary technology offerings, to insurers, self-insured groups and employers and other alternative markets on a fee-for-service basis without incurring insurance risk. This is the first instance in which RTW is providing these services to another workers' compensation insurance company and is another example of our capabilities and the breadth of new market opportunities that our fee-for-service business can address," Murphy said.

Max Carney, Midwest's President and Chief Executive Officer, said, "We are excited to partner with RTW as we enter the Minnesota marketplace. The combination of RTW's claims handling platform and our underwriting and marketing capabilities will bring great value to insurance agencies and employers." Midwest Insurance Company is a mono-line workers' compensation carrier that is privately held.

RTW, Inc., based in Minneapolis, Minnesota, manages workers' compensation programs for insured and self-insured employers using its proprietary management systems: (i) **ID15®**, designed to identify those injured employees who are likely to get caught in the workers' compensation system; and (ii) **The RTW SOLUTION®**, designed to lower employers' workers' compensation costs and return injured employees to work as soon as possible. RTW offers its insured products to employers in Minnesota, Colorado and Michigan and has expanded its non-insurance products and services nationally. Customers include

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insured and self-insured employers, agents, insurance companies, state assigned risk plans and span many industries, including manufacturing, health care, hospitality and wholesale/retail.

RTW, Inc. is traded on the Nasdaq National Market under the symbol RTWI. For more information on RTW, Inc., please visit www.rtwi.com

Safe Harbor Statement: Some of the statements made in this News Release, as well as statements made by us in periodic press releases and oral statements made by our officials to analysts and shareholders in the course of presentations about the Company, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among other things: (i) our ability to retain renewing policies and write new business with a B+ (Very Good, Secure) rating from A.M. Best; (ii) our ability to extend our workers' compensation services to self-insured employers and other alternative markets and to operate profitably in providing these services; (iii) our ability to continue to increase pricing on insured products in the markets in which we remain or alternatively non-renew or turn away improperly priced business; (iv) the ability of our reinsurers to honor their obligations to us; (v) our ability to accurately predict claim development; (vi) our ability to provide our proprietary products and services to customers successfully; (vii) our ability to manage both our existing claims and new claims in an effective manner; (viii) our experience with claims frequency and severity; (ix) medical inflation; (x) competition and the regulatory environment in which we operate; (xi) general economic and business conditions; (xii) our ability to obtain and retain reinsurance at a reasonable cost; (xiii) changes in workers' compensation regulation by states, including changes in mandated benefits or insurance company regulation; (xiv) interest rate changes; and (xv) other factors as noted in our other filings with the SEC. This discussion of uncertainties is by no means exhaustive but is designed to highlight important factors that may affect our future performance.