

MERCURY GENERAL CORP
Form 8-K
March 30, 2006

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): March 28, 2006

MERCURY GENERAL CORPORATION

(Exact Name of Registrant as Specified in Charter)

California
(State or Other Jurisdiction of
Incorporation)

001-12257
(Commission

95-221-1612
(I.R.S. Employer

File Number)
4484 Wilshire Boulevard

Identification No.)

Los Angeles, California 90010

(Address of Principal Executive Offices)

(323) 937-1060

(Registrant's telephone number, including area code)

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:

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- “ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - “ Soliciting material pursuant to Rule 425 under the Exchange Act (17 CFR 240.14.a-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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Item 8.01. Other Events

On March 28, 2006, the California State Board of Equalization (SBE) upheld Notices of Proposed Assessments issued against Mercury General Corporation (the Company) for tax years 1993 through 1996 in which the Franchise Tax Board (FTB) disallowed a portion of the Company's expenses related to management services provided to its insurance company subsidiaries on grounds that such expenses were allocable to the Company's tax-deductible dividends from such subsidiaries. As a result of this ruling, the Company will incur an income tax charge of approximately \$15 million (net of federal tax benefit) in the first quarter of 2006.

The Company believes that the deduction of the expenses related to management services provided to its insurance company subsidiaries is appropriate and intends to challenge the SBE decision in Superior Court. At the present time, the Company is not able to determine the ultimate outcome of this matter.

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.

Date: March 30, 2006

MERCURY GENERAL CORPORATION

By: /s/ THEODORE STALICK
Name: Theodore Stalick
Its: Chief Financial Officer