

Unum Group
Form 10-Q
May 04, 2011
Table of Contents

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 March 31, 2011**

**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 1-11294

Unum Group

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction of incorporation or organization)

62-1598430
(I.R.S. Employer Identification No.)

1 Fountain Square

Chattanooga, Tennessee 37402

(Address of principal executive offices)

423.294.1011

(Registrant's telephone number, including area code)

Not Applicable

(Former name, former address and former fiscal year, if changed since last report)

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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, or a smaller reporting company. See the definitions of large accelerated filer, accelerated filer and smaller reporting company in Rule 12b-2 of the Exchange Act.

(Check one): Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company

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

307,798,184 shares of the registrant's common stock were outstanding as of April 28, 2011.

Table of Contents

TABLE OF CONTENTS

	Page
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	1
<u>PART I</u>	
1. <u>Financial Statements (Unaudited):</u>	
<u>Consolidated Balance Sheets at March 31, 2011 and December 31, 2010</u>	3
<u>Consolidated Statements of Income for the three months ended March 31, 2011 and 2010</u>	5
<u>Consolidated Statements of Stockholders' Equity for the three months ended March 31, 2011 and 2010</u>	6
<u>Consolidated Statements of Cash Flows for the three months ended March 31, 2011 and 2010</u>	7
<u>Consolidated Statements of Comprehensive Income for the three months ended March 31, 2011 and 2010</u>	8
<u>Notes to Consolidated Financial Statements</u>	9
<u>Report of Independent Registered Public Accounting Firm</u>	48
2. <u>Management's Discussion and Analysis of Financial Condition and Results of Operations</u>	49
3. <u>Quantitative and Qualitative Disclosures About Market Risk</u>	88
4. <u>Controls and Procedures</u>	88
<u>PART II</u>	
1. <u>Legal Proceedings</u>	89
1A. <u>Risk Factors</u>	89
2. <u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	89
6. <u>Exhibits</u>	90
<u>Signatures</u>	91

Table of Contents

Cautionary Statement Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 provides a safe harbor to encourage companies to provide prospective information, as long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those included in the forward-looking statements. Certain information contained in this Quarterly Report on Form 10-Q (including certain statements in the consolidated financial statements and related notes and Management's Discussion and Analysis), or in any other written or oral statements made by us in communications with the financial community or contained in documents filed with the Securities and Exchange Commission (SEC), may be considered forward-looking. Forward-looking statements are those not based on historical information, but rather relate to future operations, strategies, financial results, or other developments and speak only as of the date made. We undertake no obligation to update these statements, even if made available on our website or otherwise. These statements may be made directly in this document or may be made part of this document by reference to other documents filed by us with the SEC, a practice which is known as incorporation by reference. You can find many of these statements by looking for words such as will, may, should, could, believes, expects, anticipates, estimates, intends, projects, goals, objectives, or similar expressions in this document and documents incorporated herein.

These forward-looking statements are subject to numerous assumptions, risks, and uncertainties, many of which are beyond our control. We caution readers that the following factors, in addition to other factors mentioned from time to time, may cause actual results to differ materially from those contemplated by the forward-looking statements:

Unfavorable economic or business conditions, both domestic and foreign.

Legislative, regulatory, or tax changes, both domestic and foreign, including the effect of potential legislation and increased regulation in the current political environment.

Sustained periods of low interest rates.

Changes in claim incidence and recovery rates due to, among other factors, the rate of unemployment and consumer confidence, the emergence of new diseases, epidemics, or pandemics, new trends and developments in medical treatments, and the effectiveness of claims management operations.

Fluctuation in insurance reserve liabilities.

Investment results, including but not limited to, realized investment losses resulting from defaults, contractual terms of derivative contracts, and impairments that differ from our assumptions and historical experience.

The lack of appropriate investments in the market which can be acquired to match our liability cash flows and duration.

Changes in interest rates, credit spreads, and securities prices.

Increased competition from other insurers and financial services companies due to industry consolidation or other factors.

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Changes in demand for our products due to, among other factors, changes in societal attitudes, the rate of unemployment, and consumer confidence.

Changes in accounting standards, practices, or policies.

Changes in our financial strength and credit ratings.

Rating agency actions, state insurance department market conduct examinations and other inquiries, other governmental investigations and actions, and negative media attention.

Effectiveness in managing our operating risks and the implementation of operational improvements and strategic growth initiatives.

Actual experience in pricing, underwriting, and reserving that deviates from our assumptions.

Actual persistency and/or sales growth that is higher or lower than projected.

Effectiveness of our risk management program.

The level and results of litigation.

Currency exchange rates.

Ability of our subsidiaries to pay dividends as a result of regulatory restrictions.

Ability and willingness of reinsurers to meet their obligations.

Table of Contents

Changes in assumptions related to intangible assets such as deferred acquisition costs, value of business acquired, and goodwill.

Events or consequences relating to political instability, terrorism, or acts of war, both domestic and foreign.

Ability to recover our systems and information in the event of a disaster or unanticipated event.

For further discussion of risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see Part I, Item 1A of our annual report on Form 10-K for the year ended December 31, 2010.

All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

Table of Contents**PART I****ITEM 1. FINANCIAL STATEMENTS**
CONSOLIDATED BALANCE SHEETS*Unum Group and Subsidiaries*

	March 31 2011	December 31 2010
	(in millions of dollars)	
	(Unaudited)	
Assets		
Investments		
Fixed Maturity Securities - at fair value (amortized cost: \$36,969.1; \$36,546.6)	\$ 40,315.1	\$ 40,035.6
Mortgage Loans	1,556.7	1,516.8
Policy Loans	2,977.6	2,996.1
Other Long-term Investments	540.1	529.3
Short-term Investments	600.9	1,163.1
Total Investments	45,990.4	46,240.9
Other Assets		
Cash and Bank Deposits	56.6	53.6
Accounts and Premiums Receivable	1,673.8	1,665.8
Reinsurance Recoverable	4,787.6	4,827.9
Accrued Investment Income	730.7	669.8
Deferred Acquisition Costs	2,542.9	2,521.1
Goodwill	201.5	201.2
Property and Equipment	482.7	476.8
Other Assets	650.6	650.6
Total Assets	\$ 57,116.8	\$ 57,307.7

See notes to consolidated financial statements.

Table of Contents**CONSOLIDATED BALANCE SHEETS - Continued****Unum Group and Subsidiaries**

	March 31 2011 (in millions of dollars) (Unaudited)	December 31 2010
Liabilities and Stockholders Equity		
Liabilities		
Policy and Contract Benefits	\$ 1,528.7	\$ 1,565.0
Reserves for Future Policy and Contract Benefits	39,685.2	39,715.0
Unearned Premiums	474.4	436.7
Other Policyholders Funds	1,674.6	1,669.7
Income Tax Payable	181.4	135.7
Deferred Income Tax	471.2	417.2
Short-term Debt	0.0	225.1
Long-term Debt	2,605.0	2,631.3
Other Liabilities	1,512.5	1,567.6
Total Liabilities	48,133.0	48,363.3
Commitments and Contingent Liabilities - Note 9		
Stockholders Equity		
Common Stock, \$0.10 par		
Authorized: 725,000,000 shares		
Issued: 358,135,704 and 364,842,919 shares	35.8	36.5
Additional Paid-in Capital	2,572.4	2,615.4
Accumulated Other Comprehensive Income (Loss)		
Net Unrealized Gain on Securities Not Other-Than-Temporarily Impaired	443.6	408.3
Net Unrealized Gain on Securities Other-Than-Temporarily Impaired	0.0	2.1
Net Gain on Cash Flow Hedges	351.1	361.0
Foreign Currency Translation Adjustment	(84.1)	(110.9)
Unrecognized Pension and Postretirement Benefit Costs	(313.5)	(318.6)
Retained Earnings	7,112.3	7,060.8
Treasury Stock - at cost: 49,169,467 shares and 48,269,467 shares	(1,133.8)	(1,110.2)
Total Stockholders Equity	8,983.8	8,944.4
Total Liabilities and Stockholders Equity	\$ 57,116.8	\$ 57,307.7

See notes to consolidated financial statements.

Table of Contents**CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)****Unum Group and Subsidiaries**

	Three Months Ended March 31	
	2011	2010
	(in millions of dollars, except share data)	
Revenue		
Premium Income	\$ 1,869.5	\$ 1,863.2
Net Investment Income	618.7	613.0
Realized Investment Gain (Loss)		
Total Other-Than-Temporary Impairment		
Loss on Fixed Maturity Securities	(2.3)	(0.2)
Other Net Realized Investment Gain	17.5	25.8
Net Realized Investment Gain	15.2	25.6
Other Income	59.7	59.8
Total Revenue	2,563.1	2,561.6
Benefits and Expenses		
Benefits and Change in Reserves for Future Benefits	1,593.0	1,568.9
Commissions	224.3	218.3
Interest and Debt Expense	37.9	33.4
Deferral of Acquisition Costs	(158.3)	(154.9)
Amortization of Deferred Acquisition Costs	138.3	141.2
Compensation Expense	201.9	197.3
Other Expenses	195.8	196.2
Total Benefits and Expenses	2,232.9	2,200.4
Income Before Income Tax	330.2	361.2
Income Tax		
Current	65.3	74.9
Deferred	39.5	56.5
Total Income Tax	104.8	131.4
Net Income	\$ 225.4	\$ 229.8
Net Income Per Common Share		
Basic	\$ 0.72	\$ 0.69
Assuming Dilution	\$ 0.72	\$ 0.69

See notes to consolidated financial statements.

Table of Contents**CONSOLIDATED STATEMENTS OF STOCKHOLDERS EQUITY (UNAUDITED)*****Unum Group and Subsidiaries***

	Three Months Ended March 31	
	2011	2010
	(in millions of dollars)	
Common Stock		
Balance at Beginning of Year	\$ 36.5	\$ 36.4
Common Stock Activity	0.1	0.1
Retirement of Repurchased Common Shares	(0.8)	0.0
Balance at End of Period	35.8	36.5
Additional Paid-in Capital		
Balance at Beginning of Year	2,615.4	2,587.4
Common Stock Activity	12.2	16.0
Retirement of Repurchased Common Shares	(55.2)	0.0
Balance at End of Period	2,572.4	2,603.4