

LOEWS CORP
Form 10-Q
April 30, 2018
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended March 31, 2018

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 1-6541

LOEWS CORPORATION

(Exact name of registrant as specified in its charter)

Delaware
(State or other
jurisdiction of
incorporation or
organization)

13-2646102
(I.R.S. Employer

Identification No.)

667 Madison Avenue, New York, N.Y. 10065-8087

(Address of principal executive offices) (Zip Code)

(212) 521-2000

(Registrant's telephone number, including area code)

NOT APPLICABLE

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

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 Not Applicable

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, a 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 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

Class	Outstanding at April 20, 2018
Common stock, \$0.01 par value	319,322,226 shares

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Table of Contents**PART I. FINANCIAL INFORMATION****Item 1. Financial Statements.****Loews Corporation and Subsidiaries****CONSOLIDATED CONDENSED BALANCE SHEETS****(Unaudited)**

	March 31, 2018	December 31, 2017
(Dollar amounts in millions, except per share data)		
Assets:		
Investments:		
Fixed maturities, amortized cost of \$38,830 and \$38,861	\$ 41,100	\$ 42,133
Equity securities, cost of \$1,326 and \$1,177	1,333	1,224
Limited partnership investments	3,291	3,278
Other invested assets, primarily mortgage loans	974	945
Short term investments	4,367	4,646
Total investments	51,065	52,226
Cash	451	472
Receivables	7,893	7,613
Property, plant and equipment	15,461	15,427
Goodwill	661	659
Other assets	4,590	2,555
Deferred acquisition costs of insurance subsidiaries	665	634
Total assets	\$ 80,786	\$ 79,586
Liabilities and Equity:		
Insurance reserves:		
Claim and claim adjustment expense	\$ 22,067	\$ 22,004
Future policy benefits	10,783	11,179
Unearned premiums	4,256	4,029
Total insurance reserves	37,106	37,212
Payable to brokers	280	60
Short term debt	213	280
Long term debt	11,255	11,253

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Deferred income taxes	734	749
Other liabilities	7,350	5,466
Total liabilities	56,938	55,020
Commitments and contingent liabilities		
Preferred stock, \$0.10 par value:		
Authorized 100,000,000 shares		
Common stock, \$0.01 par value:		
Authorized 1,800,000,000 shares		
Issued 332,646,800 and 332,487,815 shares	3	3
Additional paid-in capital	3,142	3,151
Retained earnings	16,321	16,096
Accumulated other comprehensive loss	(417)	(26)
	19,049	19,224
Less treasury stock, at cost (10,250,033 and 400,000 shares)	(517)	(20)
Total shareholders equity	18,532	19,204
Noncontrolling interests	5,316	5,362
Total equity	23,848	24,566
Total liabilities and equity	\$ 80,786	\$ 79,586

See accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents**Loews Corporation and Subsidiaries****CONSOLIDATED CONDENSED STATEMENTS OF INCOME****(Unaudited)**

Three Months Ended March 31	2018	2017
(In millions, except per share data)		
Revenues:		
Insurance premiums	\$ 1,785	\$ 1,645
Net investment income	506	604
Investment gains (losses):		
Other-than-temporary impairment losses	(6)	(2)
Other net investment gains	15	36
Total investment gains	9	34
Operating revenues and other	1,281	1,017
Total	3,581	3,300
Expenses:		
Insurance claims and policyholders' benefits	1,339	1,293
Amortization of deferred acquisition costs	296	305
Operating expenses and other	1,400	1,050
Interest	141	142
Total	3,176	2,790
Income before income tax	405	510
Income tax expense	(25)	(119)
Net income	380	391
Amounts attributable to noncontrolling interests	(87)	(96)
Net income attributable to Loews Corporation	\$ 293	\$ 295
Basic net income per share	\$ 0.89	\$ 0.88
Diluted net income per share	\$ 0.89	\$ 0.87

Dividends per share	\$ 0.0625	\$ 0.0625
Weighted average shares outstanding:		
Shares of common stock	327.78	336.88
Dilutive potential shares of common stock	0.94	0.80
Total weighted average shares outstanding assuming dilution	328.72	337.68

See accompanying Notes to Consolidated Condensed Financial Statements.

Table of Contents**Loews Corporation and Subsidiaries****CONSOLIDATED CONDENSED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)****(Unaudited)**

Three Months Ended March 31	2018	2017
(In millions)		
Net income	\$ 380	\$ 391
Other comprehensive income (loss), after tax		
Changes in:		
Net unrealized losses on investments with other-than-temporary impairments	(9)	(4)
Net other unrealized gains (losses) on investments	(429)	67
Total unrealized gains (losses) on investments	(438)	63
Unrealized gains on cash flow hedges	10	
Pension liability	10	8
Foreign currency translation	11	11
Other comprehensive income (loss)	(407)	82
Comprehensive income (loss)	(27)	473
Amounts attributable to noncontrolling interests	(43)	(104)
Total comprehensive income (loss) attributable to Loews Corporation	\$ (70)	\$ 369

See accompanying Notes to Consolidated Condensed Financial Statements.

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Loews Corporation and Subsidiaries

CONSOLIDATED CONDENSED STATEMENTS OF EQUITY

(Unaudited)

	Loews Corporation Shareholders						
	Total	Additional		Retained Earnings	Accumulated Other Comprehensive Income (Loss)		Common Stock Held in Noncontrolling Interests
Common Stock		Paid-in Capital					
(In millions)							
Balance, January 1, 2017	\$ 23,361	\$ 3	\$ 3,187	\$ 15,196	\$ (223)	\$ -	\$ 5,198
Net income	391			295			96
Other comprehensive income	82				74		8
Dividends paid	(97)			(21)			(76)
Stock-based compensation	-		(19)				19
Other	(3)			(4)			1
Balance, March 31, 2017	\$ 23,734	\$ 3	\$ 3,168	\$ 15,466	\$ (149)	\$ -	\$ 5,246
Balance, January 1, 2018, as reported	\$ 24,566	\$ 3	\$ 3,151	\$ 16,096	\$ (26)	\$ (20)	\$ 5,362
Cumulative effect adjustments from changes in accounting standards (Note 1)	(91)			(43)	(28)		(20)
Balance, January 1, 2018, as adjusted	24,475	3	3,151	16,053	(54)	(20)	5,342
Net income	380			293			87
Other comprehensive loss	(407)				(363)		