

LOEWS CORP  
Form 10-Q  
August 01, 2016  
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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 June 30, 2016**

**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)**

**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)**

**13-2646102**  
**(I.R.S. Employer**  
**Identification No.)**

**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, 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

Class  
Common stock, \$0.01 par value

Outstanding at July 22, 2016  
337,106,639 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)**

	<b>June 30, 2016</b>	December 31, 2015
<b>(Dollar amounts in millions, except per share data)</b>		
<b>Assets:</b>		
Investments:		
Fixed maturities, amortized cost of \$38,285 and \$37,407	\$ 42,307	\$ 39,701
Equity securities, cost of \$642 and \$824	667	752
Limited partnership investments	3,355	3,313
Other invested assets, primarily mortgage loans	696	824
Short term investments	5,334	4,810
Total investments	52,359	49,400
Cash	348	440
Receivables	8,616	8,041
Property, plant and equipment	15,126	15,477
Goodwill	348	351
Other assets	1,766	1,699
Deferred acquisition costs of insurance subsidiaries	620	598
Total assets	\$ 79,183	\$ 76,006
<b>Liabilities and Equity:</b>		
Insurance reserves:		
Claim and claim adjustment expense	\$ 22,975	\$ 22,663
Future policy benefits	11,140	10,152
Unearned premiums	3,865	3,671
Total insurance reserves	37,980	36,486
Payable to brokers	1,310	567
Short term debt	330	1,040
Long term debt	10,735	9,520
Deferred income taxes	604	382

Other liabilities	<b>5,193</b>	5,201
<b>Total liabilities</b>	<b>56,152</b>	53,196
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 339,941,534 and 339,897,547 shares	<b>3</b>	3
Additional paid-in capital	<b>3,197</b>	3,184
Retained earnings	<b>14,724</b>	14,731
Accumulated other comprehensive income (loss)	<b>119</b>	(357)
	<b>18,043</b>	17,561
Less treasury stock, at cost (2,552,593 shares)	<b>(98)</b>	
Total shareholders' equity	<b>17,945</b>	17,561
Noncontrolling interests	<b>5,086</b>	5,249
<b>Total equity</b>	<b>23,031</b>	22,810
Total liabilities and equity	<b>\$ 79,183</b>	\$ 76,006

*See accompanying Notes to Consolidated Condensed Financial Statements.*

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

	<b>Three Months Ended</b>		<b>Six Months Ended</b>	
	<b>June 30,</b>		<b>June 30,</b>	
	<b>2016</b>	<b>2015</b>	<b>2016</b>	<b>2015</b>
<b>(In millions, except per share data)</b>				
<b>Revenues:</b>				
Insurance premiums	\$ 1,730	\$ 1,735	\$ 3,429	\$ 3,422
Net investment income	587	510	1,009	1,098
Investment gains (losses):				
Other-than-temporary impairment losses	(15)	(31)	(38)	(43)
Other net investment gains	16	29	11	51
Total investment gains (losses)	1	(2)	(27)	8
Contract drilling revenues	357	617	801	1,217
Other revenues	632	575	1,268	1,168
Total	3,307	3,435	6,480	6,913
<b>Expenses:</b>				
Insurance claims and policyholders' benefits	1,339	1,469	2,747	2,808
Amortization of deferred acquisition costs	305	314	612	617
Contract drilling expenses	198	344	411	695
Other operating expenses (Note 4)	1,611	879	2,518	2,128
Interest	130	134	273	265
Total	3,583	3,140	6,561	6,513
Income (loss) before income tax	(276)	295	(81)	400
Income tax expense	(12)	(48)	(8)	(104)
Net income (loss)	(288)	247	(89)	296
Amounts attributable to noncontrolling interests	223	(77)	126	(17)
Net income (loss) attributable to Loews Corporation	\$ (65)	\$ 170	\$ 37	\$ 279
<b>Basic and diluted net income (loss) per share</b>	<b>\$ (0.19)</b>	<b>\$ 0.46</b>	<b>\$ 0.11</b>	<b>\$ 0.75</b>

<b>Dividends per share</b>	<b>\$ 0.0625</b>	\$ 0.0625	<b>\$ 0.125</b>	\$ 0.125
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**Weighted average shares outstanding:**

Shares of common stock	<b>338.72</b>	369.61	<b>338.91</b>	371.21
Dilutive potential shares of common stock		0.36	<b>0.19</b>	0.36

Total weighted average shares outstanding assuming dilution	<b>338.72</b>	369.97	<b>339.10</b>	371.57
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*See accompanying Notes to Consolidated Condensed Financial Statements.*

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

	<b>Three Months Ended June 30,</b>		<b>Six Months Ended June 30,</b>	
	<b>2016</b>	2015	<b>2016</b>	2015
<b>(In millions)</b>				
Net income (loss)	<b>\$ (288)</b>	\$ 247	<b>\$ (89)</b>	\$ 296
Other comprehensive income (loss), after tax				
Changes in:				
Net unrealized gains (losses) on investments with other-than-temporary impairments	<b>(1)</b>	(4)	<b>4</b>	(5)
Net other unrealized gains (losses) on investments	<b>321</b>	(363)	<b>549</b>	(253)
Total unrealized gains (losses) on available-for-sale investments	<b>320</b>	(367)	<b>553</b>	(258)
Unrealized gains on cash flow hedges		1	<b>1</b>	4
Pension liability	<b>5</b>	43	<b>13</b>	47
Foreign currency	<b>(48)</b>	49	<b>(34)</b>	(47)
Other comprehensive income (loss)	<b>277</b>	(274)	<b>533</b>	(254)
Comprehensive income (loss)	<b>(11)</b>	(27)	<b>444</b>	42
Amounts attributable to noncontrolling interests	<b>191</b>	(48)	<b>69</b>	9
Total comprehensive income (loss) attributable to Loews Corporation	<b>\$ 180</b>	\$ (75)	<b>\$ 513</b>	\$ 51

*See accompanying Notes to Consolidated Condensed Financial Statements.*



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

	<b>Loews Corporation Shareholders</b>						
					<b>Accumulated Other Comprehensive</b>	<b>Common Stock</b>	
	<b>Total</b>	<b>Common Stock</b>	<b>Additional Paid-in Capital</b>	<b>Retained Earnings</b>	<b>Income (Loss)</b>	<b>Held in Treasury</b>	<b>Noncontrolling Interests</b>
<b>(In millions)</b>							
Balance, January 1, 2015	\$ 24,650	\$ 4	\$ 3,481	\$ 15,515	\$ 280	\$ -	\$ 5,370
Net income	296			279			17
Other comprehensive loss	(254)				(228)		(26)
Dividends paid	(156)			(46)			(110)
Issuance of equity securities by subsidiary	115		(2)		1		116
Purchases of subsidiary stock from noncontrolling interests	(26)		3				(29)
Purchases of Loews treasury stock	(305)					(305)	
Issuance of Loews common stock	7		7				
Stock-based compensation	12		12				
Other	(7)		(18)	(1)			12
Balance, June 30, 2015	\$ 24,332	\$ 4	\$ 3,483	\$ 15,747	\$ 53	\$ (305)	\$ 5,350
<b>Balance, January 1, 2016</b>	<b>\$ 22,810</b>	<b>\$ 3</b>	<b>\$ 3,184</b>	<b>\$ 14,731</b>	<b>\$ (357)</b>	<b>\$ -</b>	<b>\$ 5,249</b>
<b>Net income (loss)</b>	<b>(89)</b>			<b>37</b>			<b>(126)</b>
<b>Other comprehensive income</b>	<b>533</b>				<b>476</b>		<b>57</b>
<b>Dividends paid</b>	<b>(136)</b>			<b>(42)</b>			<b>(94)</b>
<b>Purchases of subsidiary stock from noncontrolling interests</b>	<b>(9)</b>		<b>3</b>				<b>(12)</b>
<b>Purchases of Loews treasury stock</b>	<b>(98)</b>					<b>(98)</b>	
<b>Stock-based compensation</b>	<b>24</b>		<b>23</b>				