

UNITRIN INC
Form 424B8
November 24, 2010
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Filed Pursuant to Rule 424(b)(8)
Registration No. 333-170297

PROSPECTUS SUPPLEMENT

(To Prospectus Dated November 2, 2010)

\$250,000,000

6.000% Senior Notes due November 30, 2015

The notes will bear interest at the rate of 6.000% per year. Interest on the notes is payable on May 30 and November 30 of each year, beginning May 30, 2011. The notes will mature on November 30, 2015. We may redeem the notes at any time prior to maturity, in whole or in part, at redemption prices described in this prospectus supplement.

The notes are unsecured and rank equally with all of our other existing and future senior unsecured and unsubordinated debt. The notes will be issued only in registered book-entry form in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.

Investing in the notes involves risks. See Risk Factors beginning on page S-6 of this prospectus supplement and the Risk Factors sections in our Annual Report on Form 10-K for the year ended December 31, 2009 and our Quarterly Reports on Form 10-Q for the periods ended March 31, 2010, June 30, 2010 and September 30, 2010, which are incorporated by reference herein, for a discussion of certain risks that you should consider in connection with an investment in the notes.

None of the Securities and Exchange Commission, any state securities commission or any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus are truthful or complete. Any representation to the contrary is a criminal offense.

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	Price to Investors(1)	Underwriting Discount	Proceeds, Before Expenses, to Unitrin
Per Note	99.998%	0.600%	99.398%
Total	\$ 249,995,000	\$ 1,500,000	\$ 248,495,000

(1) Plus accrued interest from November 24, 2010, if settlement occurs after that date.

The notes are expected to be delivered in book-entry form through the delivery system of The Depository Trust Company for the benefit of its participants, including Euroclear Bank S.A./N.V. and Clearstream Banking, *société anonyme*, on or about November 24, 2010.

Joint Book-Running Managers

J.P. Morgan

Wells Fargo Securities

Co-Managers

BNY Mellon Capital Markets, LLC

Fifth Third Securities, Inc.

Goldman, Sachs & Co.

Macquarie Capital

Raymond James

The Williams Capital Group, L.P.

US Bancorp

The date of this prospectus supplement is November 19, 2010.

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ABOUT THIS PROSPECTUS SUPPLEMENT

Unless otherwise stated or the context otherwise requires, references in this prospectus supplement to we, our, us, the Company, or Unitrin, to Unitrin, Inc.

This prospectus supplement describes the specific terms of the notes we are offering and certain other matters relating to us and our financial condition. The accompanying prospectus provides you with a general description of the securities we may offer from time to time, some of which may not apply to the notes offered hereby. This prospectus supplement may also add, update or change information contained in the accompanying prospectus. You should read both this prospectus supplement and the accompanying prospectus together with additional information described under the heading **Where You Can Find More Information**. If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement and accompanying prospectus or any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide you with different or additional information. Neither we nor the underwriters take any responsibility for, nor can we provide any assurance as to the reliability of, any different or additional information that others may give you. We are not, and the underwriters are not, making an offer to sell the notes in any jurisdiction where the offer or sale is not permitted.

You should not assume that the information contained in this prospectus supplement, the accompanying prospectus or any free writing prospectus is accurate on any date other than the date on the front cover of such document or that any information we have incorporated by reference is correct on any date subsequent to the date of the document incorporated by reference, even though this prospectus supplement or the accompanying prospectus is delivered or securities are sold on a later date. Neither the delivery of this prospectus supplement or the accompanying prospectus nor any distribution of securities pursuant to such documents shall, under any circumstances, create any implication that there has been no change in the information set forth in such documents or in our affairs since the date of this prospectus supplement or the accompanying prospectus. Our business, financial condition, results of operations and prospects may have changed since those dates.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This prospectus supplement, the accompanying prospectus and the documents incorporated by reference herein and in the accompanying prospectus may contain information that includes or is based on forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements give expectations or forecasts of future events. The reader can identify these statements by the fact that they do not relate strictly to historical or current facts. They use words such as believe(s), goal(s), target(s), estimate(s), anticipate(s), forecast(s), project(s), plan(s), intend(s), expect(s), might, may a of similar meaning in connection with a discussion of future operating, financial performance or financial condition. Forward-looking statements, in particular, include statements relating to future actions, prospective services or products, future performance or results of current and anticipated services or products, sales efforts, expenses, the outcome of contingencies such as legal proceedings, trends in operations and financial results.

Any or all forward-looking statements may turn out to be wrong, and, accordingly, readers are cautioned not to place undue reliance on such statements, which speak only as of the date of this prospectus supplement. These statements are based on current expectations and the current economic environment. They involve a number of risks and uncertainties that are difficult to predict. These statements are not guarantees of future performance; actual results could differ materially from those expressed or implied in the forward-looking statements.

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Forward-looking statements can be affected by inaccurate assumptions or by known or unknown risks and uncertainties. Many such factors will be important in determining our actual future results and financial condition. The reader should consider the following list of general factors that could affect our future results and financial condition, as well as those discussed under Item 1A., Risk Factors, in our 2009 Annual Report on Form 10-K, as updated by Item 1A., Risk Factors, to Part II Other Information of our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010.

Among the general factors that could cause actual results and financial condition to differ materially from estimated results and financial condition are:

- (i) the incidence, frequency, and severity of catastrophes occurring in any particular reporting period or geographic concentration, including natural disasters, pandemics and terrorist attacks or other man-made events;
- (ii) the number and severity of insurance claims (including those associated with catastrophe losses) and their impact on the adequacy of loss reserves;
- (iii) changes in facts and circumstances affecting assumptions used in determining loss and loss adjusting expense reserves;
- (iv) the impact of inflation on insurance claims, including, but not limited to, the effects attributed to scarcity of resources available to rebuild damaged structures, including labor and materials and the amount of salvage value recovered for damaged property;
- (v) changes in the pricing or availability of reinsurance, or in the financial condition of reinsurers and amounts recoverable therefrom;
- (vi) orders, interpretations or other actions by regulators that impact the reporting, adjustment and payment of claims;
- (vii) the impact of residual market assessments and assessments for insurance industry insolvencies;
- (viii) changes in industry trends and significant industry developments;
- (ix) uncertainties related to regulatory approval of insurance rates, policy forms, license applications and similar matters;
- (x) developments related to insurance policy claims and coverage issues including, but not limited to, interpretations or decisions by courts or regulators that may govern or influence insurance policy coverage issues arising with respect to losses incurred in connection with hurricanes and other catastrophes;
- (xi) changes in ratings of Unitrin or its subsidiaries and affiliates by credit rating agencies including A.M. Best Co., Inc;
- (xii) adverse outcomes in litigation or other legal or regulatory proceedings involving Unitrin or its subsidiaries or affiliates;

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- (xiii) regulatory, accounting or tax changes that may affect the cost of, or demand for, the products or services of Unitrin's subsidiaries and affiliates;
- (xiv) governmental actions, including, but not limited to, implementation of the provisions of the Patient Protection and Affordable Care Act, the Health Care and Education Reconciliation Act of 2010 and the Dodd-Frank Act, new laws or regulations or court decisions interpreting existing laws and regulations or policy provisions;
- (xv) changes in distribution channels, methods or costs resulting from changes in laws or regulations, lawsuits or market forces;

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- (xvi) changes in laws or regulations governing or affecting the regulatory status of industrial banks, such as our Fireside Bank subsidiary, and their parent companies, including minimum capital requirements and restrictions on the non-financial activities and equity investments of companies that acquire control of industrial banks;
- (xvii) changes in the estimated rates of automobile loan receivables net charge-off used to estimate Fireside Bank's reserve for loan losses, including, but not limited to, changes in general economic conditions, unemployment rates and the impact of changes in the value of collateral held;
- (xviii) the degree of success in effecting an orderly wind-down of the operations of Fireside Bank and the recovery of Unitrin's investment in Fireside Bank;
- (xix) the degree of success in identifying a buyer for Reserve National Insurance Company and effecting a sale or, at a minimum, a sale that results in a complete recovery of our investment in our subsidiary, Reserve National Insurance Company;
- (xx) changes in general economic conditions, including performance of financial markets, interest rates, unemployment rates and fluctuating values of particular investments held by Unitrin or its subsidiaries or affiliates;
- (xxi) the level of success and costs expended in realizing economies of scale and implementing significant business consolidations and technology initiatives;
- (xxii) heightened competition, including, with respect to pricing, entry of new competitors and the development of new products by new and existing competitors;
- (xxiii) increased costs and risks related to data security;
- (xxiv) absolute and relative performance of the products or services of Unitrin's subsidiaries and affiliates; and
- (xxv) other risks and uncertainties described from time to time in Unitrin's filings with the Securities and Exchange Commission (the SEC).

While we believe that the assumptions underlying such forward-looking statements are reasonable, there can be no assurance that the results contemplated in any forward-looking statements will be achieved or will be achieved in any particular timetable or that future events or developments will not cause such statements to be inaccurate. All forward-looking statements contained in this prospectus supplement and the documents we incorporate by reference in this prospectus supplement are qualified in their entirety by this cautionary statement. We expressly disclaim any obligation or undertaking to update or revise any forward-looking statements for any changes in events or circumstances or in our expectations or results.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights selected information about us and this offering. It does not contain all of the information that may be important to you in deciding whether to purchase the notes. We encourage you to read the entire prospectus supplement, the accompanying prospectus and the documents that we have filed with the SEC that are incorporated by reference herein.

Unitrin, Inc.

We are a holding company whose primary source of funds for the payment of interest on our obligations or dividends to our shareholders is dividends from our subsidiaries. The amount of dividend distributions to us from our insurance and banking subsidiaries may be restricted, respectively, by state insurance laws and regulations as administered by state insurance departments and by banking laws and regulations as administered by applicable governmental agencies. We were incorporated in Delaware in 1990.

Through our subsidiaries, we are engaged in the property and casualty insurance, life and health insurance and automobile finance businesses. We conduct our continuing operations through five operating segments: Kemper^{®1}, Unitrin Specialty, Unitrin Direct, Life and Health Insurance and Fireside Bank.

Our property and casualty insurance business operations are primarily conducted through the Kemper, Unitrin Specialty and Unitrin Direct segments. The Kemper segment provides preferred and standard risk personal automobile insurance, homeowners insurance and other personal insurance through independent agents. The Unitrin Specialty segment provides automobile insurance to individuals and businesses in the non-standard and specialty market through independent agents. The non-standard automobile insurance market consists of individuals and companies that have difficulty obtaining standard or preferred risk insurance, usually because of their adverse driving records or claim or credit histories. Unitrin Direct markets personal automobile and homeowners insurance through direct mail and the Internet through web insurance portals, click-thrus and its own website and through employer-sponsored voluntary benefit programs and other affinity relationships. The Life and Health Insurance segment provides individual life, accident, health and property insurance. The Fireside Bank segment formerly made sub-prime automobile loans primarily for the purchase of pre-owned automobiles and offered certificates of deposits. On March 24, 2009, Fireside Bank suspended all new lending activity and ceased opening new certificate of deposit accounts as part of a plan to exit the automobile finance business.

Our principal executive offices are located at One East Wacker Drive, Chicago, Illinois 60601, and our telephone number is (312) 661-4600. Our website is www.unitrin.com. The content of our website is not incorporated by reference in this prospectus supplement or the accompanying prospectus, and you should not consider it a part of such documents.

¹ Kemper[®] is a registered service mark of Unitrin, Inc.

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Summary of the Offering

The summary below sets forth some of the principal terms of the notes. Please read the "Description of Notes" section of this prospectus supplement and the "Description of Debt Securities" section of the accompanying prospectus for a more detailed description of the terms and conditions of the notes.

Issuer	Unitrin, Inc.
Securities Offered	\$250,000,000 aggregate principal amount of 6.000% Senior Notes due November 30, 2015.
Maturity	The notes will mature on November 30, 2015.
Interest Rate	6.000% per year.
Interest Payment Dates	Interest on the notes will be payable on May 30 and November 30 of each year, beginning on May 30, 2011. Interest will accrue from November 24, 2010.
Ranking	The notes are unsecured and will rank equally with all of our other unsecured and unsubordinated indebtedness.
Optional Redemption	We may redeem the notes in whole or in part at any time at our option at a redemption price equal to accrued and unpaid interest on the notes being redeemed plus the greater of (a) 100% of the principal amount of the notes to be redeemed and (b) the sum of the present values of the remaining scheduled payments of principal and interest on the notes to be redeemed (not including any portion of such payments of interest accrued to the date of redemption) discounted to the date of redemption on a semiannual basis (assuming a 360-day year consisting of twelve 30-day months) at the Adjusted Treasury Rate (as defined herein) plus 60 basis points.
Form and Denomination	The notes will be issued as book-entry notes in the form of one or more registered global securities deposited with a custodian for The Depository Trust Company. The notes will be issued only in denominations of \$2,000 and integral multiples of \$1,000 in excess thereof.
Use of Proceeds	We estimate that the net proceeds from the sale of the notes will be approximately \$247,770,000 after deducting underwriting discounts and our estimated expenses related to the offering. We intend to use the net proceeds of this offering to repay borrowings of \$140 million under our credit facility, to make a capital contribution of \$60 million to Unitrin's subsidiary, United Insurance Company of America, and for working capital and other general corporate purposes. See "Use of Proceeds" in this prospectus supplement.

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Additional Notes	We may, from time to time, without the consent of the existing holders of the notes, issue additional notes of the same series under the indenture having the same terms as the notes in all respects, except for the issue date, the issue price and the initial interest payment date.
Conflicts of Interest	Affiliates of BNY Mellon Capital Markets, LLC, Fifth Third Securities, Inc., J.P. Morgan Securities LLC, U.S. Bancorp Investments, Inc. and Wells Fargo Securities, LLC are lenders under our revolving credit facility. Because the net proceeds from the offering of the notes will be used to repay indebtedness under our revolving credit facility, we expect that more than 5% of the net proceeds will be directed to one or more of such underwriters (or their affiliates), which would be considered a conflict of interest under NASD Rule 2720. As such, the offering is being conducted in accordance with NASD Conduct Rule 2720 of the Financial Regulatory Authority, Inc. The Bank of New York Mellon Trust Company, N.A., an affiliate of The Bank of New York Mellon, is the trustee under the indenture for this offering. BNY Mellon Capital Markets, LLC, an affiliate of The Bank of New York Mellon, is an underwriter of this offering. The Bank of New York Mellon is a lender under our existing credit facility. Pursuant to the Trust Indenture Act of 1939, if an event of default were to occur with respect to the notes, The Bank of New York Mellon Trust Company, N.A. would be deemed to have conflicting interests, by virtue of being an affiliate of a lender under the credit facility and an affiliate of one of the underwriters of the notes. In that event, The Bank of New York Mellon Trust Company, N.A. would be required to resign as trustee or eliminate the conflicting interests. See Conflicts of Interest in this prospectus supplement.
Trustee	The Bank of New York Mellon Trust Company, N.A.
Governing Law	The notes and the indenture under which they will be issued will be governed by the laws of the State of New York.
Risk Factors	Investing in the notes involves risk. See Risk Factors on page S-6 of this prospectus supplement, in the accompanying prospectus and in the documents incorporated by reference for a discussion of risks you should consider in connection with an investment in the notes.

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The following tables set forth summary consolidated financial information concerning Unitrin and its subsidiaries as of and for the five years ended December 31, 2009 and as of and for the nine months ended September 30, 2009 and 2010. You should refer to the consolidated financial statements in our Annual Report on Form 10-K for the fiscal year ended December 31, 2009 and our Quarterly Reports on Form 10-Q for the quarters ended March 31, 2010, June 30, 2010 and September 30, 2010, which are incorporated by reference into this prospectus supplement. See [Where You Can Find More Information](#). The consolidated financial information for the nine-month periods ended and as of September 30, 2010 and 2009 is unaudited; however, management believes the results include all adjustments, consisting only of normal recurring adjustments, necessary for a fair statement. The interim consolidated results of operations may not be indicative of the results for the full year.

	Nine Months Ended September,			Years Ended December 31,			
	2010	2009	2009	2008	2007	2006	2005
	(unaudited)			(audited)			
	(in millions)						
Consolidated Statement of Operations Data:							
REVENUES							
Earned Premiums	\$ 1,727.8	\$ 1,855.0	\$ 2,455.5	\$ 2,376.6	\$ 2,286.9	\$ 2,290.5	\$ 2,287.7
Automobile Finance Revenues	79.9	142.4	178.5	242.3	260.2	245.0	217.6
Net Investment Income	242.5	234.7	322.7	212.9	289.9	286.0	258.4
Other Income	1.0	2.0	2.5	4.1	3.5	14.4	9.5
Net Realized Gains on Sales of Investments	14.6	17.6	24.6	59.2	95.5	29.3	67.2
Other-than-temporary Impairment Losses:							
Total Other-than-temporary Impairment Losses	(13.9)	(49.9)	(50.6)	(152.9)	(33.0)	(2.8)	(10.3)
Portion of Losses Recognized in Other Comprehensive Income	1.2	0.7	0.2				
Net Impairment Losses Recognized in Earnings	(12.7)	(49.2)	(50.4)	(152.9)	(33.0)	(2.8)	(10.3)
Total Revenues	2,053.1	2,202.5	2,933.4	2,742.2	2,903.0	2,862.4	2,830.1
EXPENSES							
Policyholders' Benefits and Incurred Losses and Loss Adjustment Expenses	1,240.1	1,328.3	1,739.5	1,765.2	1,572.3	1,508.7	1,548.7
Insurance Expenses	506.8	543.7	721.2	736.5	705.8	712.0	736.6
Automobile Finance Expenses	44.9	111.6	136.2	204.1	272.5	154.2	130.5
Interest Expense on Certificates of Deposits	21.8	34.6	43.5	58.7	58.7	49.8	37.9
Write-off of Goodwill	14.8	1.5	1.5	9.2			
Interest and Other Expenses	49.9	47.5	61.9	58.5	66.9	62.5	64.0
Total Expenses	1,878.3						