

LOEWS CORP
Form 10-Q
April 29, 2019
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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, 2019

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 every Interactive Data File required to be submitted 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 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
Common stock, \$0.01 par value

Outstanding at April 19, 2019
304,887,983 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, December 31,
2019 2018****(Dollar amounts in millions, except per share data)****Assets:**

Investments:

Fixed maturities, amortized cost of \$37,985 and \$38,234	\$ 40,602	\$ 39,699
Equity securities, cost of \$1,376 and \$1,479	1,326	1,293
Limited partnership investments	2,120	2,424
Other invested assets, primarily mortgage loans	933	901
Short term investments	4,487	3,869
Total investments	49,468	48,186
Cash	339	405
Receivables	8,012	7,960
Property, plant and equipment	15,407	15,511
Goodwill	682	665
Deferred non-insurance warranty acquisition expenses	2,576	2,513
Deferred acquisition costs of insurance subsidiaries	664	633
Other assets	3,301	2,443
Total assets	\$ 80,449	\$ 78,316

Liabilities and Equity:

Insurance reserves:

Claim and claim adjustment expense	\$ 21,836	\$ 21,984
Future policy benefits	11,078	10,597
Unearned premiums	4,422	4,183
Total insurance reserves	37,336	36,764
Payable to brokers	307	42
Short term debt	132	17
Long term debt	11,229	11,359
Deferred income taxes	1,084	841
Deferred non-insurance warranty revenue	3,472	3,402
Other liabilities	4,987	4,505
Total liabilities	58,547	56,930

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 312,435,202 and 312,169,189 shares	3	3
Additional paid-in capital	3,607	3,627
Retained earnings	16,144	15,773
Accumulated other comprehensive loss	(390)	(880)
	19,364	18,523
Less treasury stock, at cost (6,929,267 and 100,000 shares)	(327)	(5)
Total shareholders' equity	19,037	18,518
Noncontrolling interests	2,865	2,868
Total equity	21,902	21,386
Total liabilities and equity	\$ 80,449	\$ 78,316

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	2019	2018
(In millions, except per share data)		
Revenues:		
Insurance premiums	\$ 1,803	\$ 1,785
Net investment income	657	506
Investment gains (losses):		
Other-than-temporary impairment losses	(14)	(6)
Other net investment gains	45	15
Total investment gains	31	9
Non-insurance warranty revenue	281	238
Operating revenues and other	985	1,043
Total	3,757	3,581
Expenses:		
Insurance claims and policyholders' benefits	1,357	1,339
Amortization of deferred acquisition costs	342	296
Non-insurance warranty expense	260	216
Operating expenses and other	1,149	1,184
Interest	141	141
Total	3,249	3,176
Income before income tax	508	405
Income tax expense	(112)	(25)
Net income	396	380
Amounts attributable to noncontrolling interests	(2)	(87)
Net income attributable to Loews Corporation	\$ 394	\$ 293
Basic and diluted net income per share	\$ 1.27	\$ 0.89
Weighted average shares outstanding:		
Shares of common stock	309.83	327.78
Dilutive potential shares of common stock	0.53	0.94
Total weighted average shares outstanding assuming dilution	310.36	328.72

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	2019	2018
(In millions)		
Net income	\$ 396	\$ 380
Other comprehensive income (loss), after tax		
Changes in:		
Net unrealized gains (losses) on investments with other-than-temporary impairments	4	(9)
Net other unrealized gains (losses) on investments	526	(429)
Total unrealized gains (losses) on investments	530	(438)
Unrealized gains (losses) on cash flow hedges	(6)	10
Pension liability	8	10
Foreign currency translation	17	11
Other comprehensive income (loss)	549	(407)
Comprehensive income (loss)	945	(27)
Amounts attributable to noncontrolling interests	(61)	(43)
Total comprehensive income (loss) attributable to Loews Corporation	\$ 884	\$ (70)

See accompanying Notes to Consolidated Condensed Financial Statements.

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

	Loews Corporation Shareholders						
	Total	Common Stock	Additional Paid-in Capital	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Common Stock Held in Treasury	Noncontrolling Interests
(In millions)							
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	(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 income	(407)				(363)		(44)
Dividends paid (\$0.0625 per share)	(98)			(20)			(78)
Purchases of Loews treasury stock	(497)					(497)	
Stock-based compensation	-		(7)				7
Other	(5)		(2)	(5)			2
Balance, March 31, 2018	\$ 23,848	\$ 3	\$ 3,142	\$ 16,321	\$ (417)	\$ (517)	\$ 5,316
Balance, January 1, 2019	\$ 21,386	\$ 3	\$ 3,627	\$ 15,773	\$ (880)		