

LOEWS CORP  
Form 10-Q  
July 31, 2017  
Table of Contents

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**  
**WASHINGTON, D.C. 20549**  
**FORM 10-Q**  
**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF**  
**THE SECURITIES EXCHANGE ACT OF 1934**  
**For the quarterly period ended June 30, 2017**

**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)**

**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  
Common stock, \$0.01 par value

Outstanding at July 21, 2017  
336,601,242 shares

**Table of Contents**

**INDEX**

|   | <b><u>Page<br/>No.</u></b> |
|---|----------------------------|
| <b><u>Part I. Financial Information</u></b>   |                            |
| <b><u>Item 1. Financial Statements (unaudited)</u></b>  |                            |
| <u>Consolidated Condensed Balance Sheets</u><br><u>June 30, 2017 and December 31, 2016</u>  | 3                          |
| <u>Consolidated Condensed Statements of Income</u><br><u>Three and six months ended June 30, 2017 and 2016</u>                      | 4                          |
| <u>Consolidated Condensed Statements of Comprehensive Income (Loss)</u><br><u>Three and six months ended June 30, 2017 and 2016</u> | 5                          |
| <u>Consolidated Condensed Statements of Equity</u><br><u>Six months ended June 30, 2017 and 2016</u>                                | 6                          |
| <u>Consolidated Condensed Statements of Cash Flows</u><br><u>Six months ended June 30, 2017 and 2016</u>                            | 7                          |
| <u>Notes to Consolidated Condensed Financial Statements</u>   | 8                          |
| <u>Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations</u>                                | 39                         |
| <u>Item 3. Quantitative and Qualitative Disclosures about Market Risk</u>   | 58                         |
| <u>Item 4. Controls and Procedures</u>  | 58                         |
| <b><u>Part II. Other Information</u></b>  | 58                         |
| <u>Item 1. Legal Proceedings</u>  | 58                         |
| <u>Item 1A. Risk Factors</u>  | 58                         |
| <u>Item 2. Unregistered Sales of Equity Securities and Use of Proceeds</u>  | 60                         |
| <u>Item 6. Exhibits</u>   | 61                         |

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

|  | <b>June 30,<br/>2017</b> | December 31,<br>2016 |
|--|--------------------------|----------------------|
| <b>(Dollar amounts in millions, except per share data)</b> |                          |                      |
| <b>Assets:</b>   |                          |                      |
| Investments:   |                          |                      |
| Fixed maturities, amortized cost of \$38,982 and \$38,947  | \$ 42,065                | \$ 41,494            |
| Equity securities, cost of \$603 and \$571                 | 607                      | 549                  |
| Limited partnership investments                            | 3,254                    | 3,220                |
| Other invested assets, primarily mortgage loans            | 748                      | 683                  |
| Short term investments                                     | 4,932                    | 4,765                |
| Total investments  | 51,606                   | 50,711               |
| Cash   | 357                      | 327                  |
| Receivables  | 7,977                    | 7,644                |
| Property, plant and equipment                              | 15,447                   | 15,230               |
| Goodwill   | 647                      | 346                  |
| Other assets   | 2,420                    | 1,736                |
| Deferred acquisition costs of insurance subsidiaries       | 647                      | 600                  |
| Total assets   | \$ 79,101                | \$ 76,594            |

**Liabilities and Equity:**

|                                    |           |           |
|------------------------------------|-----------|-----------|
| Insurance reserves:                |           |           |
| Claim and claim adjustment expense | \$ 22,179 | \$ 22,343 |
| Future policy benefits             | 10,824    | 10,326    |
| Unearned premiums                  | 4,107     | 3,762     |
| Total insurance reserves           | 37,110    | 36,431    |
| Payable to brokers                 | 478       | 150       |
| Short term debt                    | 192       | 110       |
| Long term debt                     | 11,094    | 10,668    |
| Deferred income taxes              | 852       | 636       |
| Other liabilities                  | 5,269     | 5,238     |
| Total liabilities                  | 54,995    | 53,233    |

Commitments and contingent liabilities

Preferred stock, \$0.10 par value:

Edgar Filing: LOEWS CORP - Form 10-Q

|   |                  |           |
|---|------------------|-----------|
| Authorized 100,000,000 shares                 |                  |           |
| Common stock, \$0.01 par value:               |                  |           |
| Authorized 1,800,000,000 shares               |                  |           |
| Issued 336,724,742 and 336,621,358 shares     | <b>3</b>         | <b>3</b>  |
| Additional paid-in capital                    | <b>3,178</b>     | 3,187     |
| Retained earnings                             | <b>15,677</b>    | 15,196    |
| Accumulated other comprehensive loss          | <b>(36)</b>      | (223)     |
|   | <b>18,822</b>    | 18,163    |
| Less treasury stock, at cost (123,500 shares) | <b>(6)</b>       |           |
| Total shareholders' equity                    | <b>18,816</b>    | 18,163    |
| Noncontrolling interests                      | <b>5,290</b>     | 5,198     |
| Total equity                                  | <b>24,106</b>    | 23,361    |
| Total liabilities and equity                  | <b>\$ 79,101</b> | \$ 76,594 |

*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<br/>June 30,</b> |                  | <b>Six Months Ended<br/>June 30,</b> |                 |
|--|--|------------------|--------------------------------------|-----------------|
|  | <b>2017</b>                            | <b>2016</b>      | <b>2017</b>                          | <b>2016</b>     |
| <b>(In millions, except per share data)</b>          |  |                  |                                      |                 |
| <b>Revenues:</b>                                     |  |                  |                                      |                 |
| Insurance premiums                                   | \$ 1,734                               | \$ 1,730         | \$ 3,379                             | \$ 3,429        |
| Net investment income                                | 478                                    | 587              | 1,082                                | 1,009           |
| Investment gains (losses):                           |  |                  |                                      |                 |
| Other-than-temporary impairment losses               | (2)                                    | (15)             | (4)                                  | (38)            |
| Other net investment gains                           | 45                                     | 16               | 81                                   | 11              |
| Total investment gains (losses)                      | 43                                     | 1                | 77                                   | (27)            |
| Contract drilling revenues                           | 392                                    | 357              | 756                                  | 801             |
| Other revenues                                       | 712                                    | 632              | 1,365                                | 1,268           |
| Total  | 3,359                                  | 3,307            | 6,659                                | 6,480           |
| <b>Expenses:</b>                                     |  |                  |                                      |                 |
| Insurance claims and policyholders' benefits         | 1,280                                  | 1,339            | 2,573                                | 2,747           |
| Amortization of deferred acquisition costs           | 312                                    | 305              | 617                                  | 612             |
| Contract drilling expenses                           | 196                                    | 198              | 400                                  | 411             |
| Other operating expenses (Note 5)                    | 1,085                                  | 1,611            | 1,931                                | 2,518           |
| Interest   | 139                                    | 130              | 281                                  | 273             |
| Total  | 3,012                                  | 3,583            | 5,802                                | 6,561           |
| Income (loss) before income tax                      | 347                                    | (276)            | 857                                  | (81)            |
| Income tax expense                                   | (69)                                   | (12)             | (188)                                | (8)             |
| Net income (loss)                                    | 278                                    | (288)            | 669                                  | (89)            |
| Amounts attributable to noncontrolling interests     | (47)                                   | 223              | (143)                                | 126             |
| Net income (loss) attributable to Loews Corporation  | \$ 231                                 | \$ (65)          | \$ 526                               | \$ 37           |
| <b>Basic and diluted net income (loss) per share</b> | <b>\$ 0.69</b>                         | <b>\$ (0.19)</b> | <b>\$ 1.56</b>                       | <b>\$ 0.11</b>  |
| <b>Dividends per share</b>                           | <b>\$ 0.0625</b>                       | <b>\$ 0.0625</b> | <b>\$ 0.125</b>                      | <b>\$ 0.125</b> |
| <b>Weighted average shares outstanding:</b>          |  |                  |                                      |                 |
| Shares of common stock                               | 336.91                                 | 338.72           | 336.90                               | 338.91          |
| Dilutive potential shares of common stock            | 0.81                                   | 0.80             | 0.80                                 | 0.19            |
|  | 337.72                                 | 338.72           | 337.70                               | 339.10          |

Total weighted average shares outstanding assuming  
dilution

*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</b> |             | <b>Six Months Ended</b> |             |
|---|---------------------------|-------------|-------------------------|-------------|
|   | <b>June 30,</b>           |             | <b>June 30,</b>         |             |
|   | <b>2017</b>               | <b>2016</b> | <b>2017</b>             | <b>2016</b> |
| <b>(In millions)</b>  |                           |             |                         |             |
| Net income (loss)   | \$ 278                    | \$ (288)    | \$ 669                  | \$ (89)     |
| Other comprehensive income (loss), after tax  |                           |             |                         |             |
| Changes in:   |                           |             |                         |             |
| Net unrealized gains (losses) on investments with other- than-temporary impairments |                           | (1)         | (4)                     | 4           |
| Net other unrealized gains on investments   | 77                        | 321         | 144                     | 549         |
| Total unrealized gains on available-for-sale investments                            | 77                        | 320         | 140                     | 553         |
| Unrealized gains on cash flow hedges  |                           |             |                         | 1           |
| Pension liability   | 7                         | 5           | 15                      | 13          |
| Foreign currency translation  | 42                        | (48)        | 53                      | (34)        |
| Other comprehensive income  | 126                       | 277         | 208                     | 533         |
| Comprehensive income (loss)   | 404                       | (11)        | 877                     | 444         |
| Amounts attributable to noncontrolling interests                                    | (60)                      | 191         | (164)                   | 69          |
| Total comprehensive income attributable to Loews Corporation                        | \$ 344                    | \$ 180      | \$ 713                  | \$ 513      |

*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>Common</b>        |
|--|---------------------------------------|----------------|--------------------|----------------------|
|  | <b>Additional</b>                     |                | <b>Accumulated</b> | <b>Stock</b>         |
|  | <b>Common</b>                         | <b>Paid-in</b> | <b>Retained</b>    | <b>Other</b>         |
|  | <b>Common</b>                         | <b>Paid-in</b> | <b>Retained</b>    | <b>Comprehensive</b> |
|  |                                       |                |                    | <b>Held in</b>       |