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Unum Group  
Form 10-Q  
April 28, 2016

UNITED STATES  
SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D. C. 20549  
FORM 10-Q  
(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934  
For the quarterly period ended March 31, 2016

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 1-11294

Unum Group  
(Exact name of registrant as specified in its charter)

Delaware 62-1598430  
(State or other jurisdiction of incorporation or organization) (I.R.S. Employer Identification No.)

1 FOUNTAIN SQUARE  
CHATTANOOGA, TENNESSEE 37402  
(Address of principal executive offices) (Zip Code)

423.294.1011  
(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

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

237,758,775 shares of the registrant's common stock were outstanding as of April 26, 2016.

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### Cautionary Statement Regarding Forward-Looking Statements

The Private Securities Litigation Reform Act of 1995 (the Act) provides a "safe harbor" to encourage companies to provide prospective information, as long as those statements are identified as forward-looking and are accompanied by meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those included in the forward-looking statements. Certain information contained in this Quarterly Report on Form 10-Q (including certain statements in the consolidated financial statements and related notes and Management's Discussion and Analysis), or in any other written or oral statements made by us in communications with the financial community or contained in documents filed with the Securities and Exchange Commission (SEC), may be considered forward-looking statements within the meaning of the Act. Forward-looking statements are those not based on historical information, but rather relate to our outlook, future operations, strategies, financial results, or other developments. Forward-looking statements speak only as of the date made. We undertake no obligation to update these statements, even if made available on our website or otherwise. These statements may be made directly in this document or may be made part of this document by reference to other documents filed by us with the SEC, a practice which is known as "incorporation by reference." You can find many of these statements by looking for words such as "will," "may," "should," "could," "believes," "expects," "anticipates," "estimates," "plans," "assumes," "intends," "projects," "goals," "objectives," or similar expressions in this document or in documents incorporated herein.

These forward-looking statements are subject to numerous assumptions, risks, and uncertainties, many of which are beyond our control. We caution readers that the following factors, in addition to other factors mentioned from time to time, may cause actual results to differ materially from those contemplated by the forward-looking statements:

• Sustained periods of low interest rates.

• Fluctuation in insurance reserve liabilities and claim payments due to changes in claim incidence, recovery rates, mortality and morbidity rates, and policy benefit offsets due to, among other factors, the rate of unemployment and consumer confidence, the emergence of new diseases, epidemics, or pandemics, new trends and developments in medical treatments, the effectiveness of our claims operational processes, and changes in government programs.

• Unfavorable economic or business conditions, both domestic and foreign.

• Legislative, regulatory, or tax changes, both domestic and foreign, including the effect of potential legislation and increased regulation in the current political environment.

• Investment results, including, but not limited to, changes in interest rates, defaults, changes in credit spreads, impairments, and the lack of appropriate investments in the market which can be acquired to match our liabilities.

• A cyber attack or other security breach could result in the unauthorized disclosure of confidential data.

• The failure of our business recovery and incident management processes to resume our business operations in the event of a natural catastrophe, cyber attack, or other event.

• Increased competition from other insurers and financial services companies due to industry consolidation, new entrants to our markets, or other factors.

• Execution risk related to our technology needs.

• Changes in our financial strength and credit ratings.

• Damage to our reputation due to, among other factors, regulatory investigations, legal proceedings, external events, and/or inadequate or failed internal controls and procedures.

• Actual experience that deviates from our assumptions used in pricing, underwriting, and reserving.

• Actual persistency and/or sales growth that is higher or lower than projected.

• Changes in demand for our products due to, among other factors, changes in societal attitudes, the rate of unemployment, consumer confidence, and/or legislative and regulatory changes, including healthcare reform.

• Effectiveness of our risk management program.

• Contingencies and the level and results of litigation.

• Availability of reinsurance in the market and the ability of our reinsurers to meet their obligations to us.

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Ineffectiveness of our derivatives hedging programs due to changes in the economic environment, counterparty risk, ratings downgrades, capital market volatility, changes in interest rates, and/or regulation.

• Changes in accounting standards, practices, or policies.

• Fluctuation in foreign currency exchange rates.

• Ability to generate sufficient internal liquidity and/or obtain external financing.

• Recoverability and/or realization of the carrying value of our intangible assets, long-lived assets, and deferred tax assets.

• Terrorism, both within the U.S. and abroad, ongoing military actions, and heightened security measures in response to these types of threats.

For further discussion of risks and uncertainties which could cause actual results to differ from those contained in the forward-looking statements, see Part 1, Item 1A of our annual report on Form 10-K for the year ended December 31, 2015.

All subsequent written and oral forward-looking statements attributable to us or any person acting on our behalf are expressly qualified in their entirety by the cautionary statements contained or referred to in this section.

## PART I - FINANCIAL INFORMATION

## ITEM 1. FINANCIAL STATEMENTS

## CONSOLIDATED BALANCE SHEETS (UNAUDITED)

## Unum Group and Subsidiaries

	March 31 2016	December 31 2015
	(in millions of dollars)	
	As Adjusted	
Assets		
Investments		
Fixed Maturity Securities - at fair value (amortized cost: \$39,804.7; \$39,658.7)	\$44,699.2	\$43,354.4
Mortgage Loans	1,881.3	1,883.6
Policy Loans	3,343.9	3,395.4
Other Long-term Investments	572.2	583.0
Short-term Investments	743.3	807.3
Total Investments	51,239.9	50,023.7
Other Assets		
Cash and Bank Deposits	120.7	112.9
Accounts and Premiums Receivable	1,661.0	1,598.4
Reinsurance Recoverable	4,798.5	4,725.1
Accrued Investment Income	754.5	702.8
Deferred Acquisition Costs	2,015.4	2,008.5
Goodwill	229.8	230.9
Property and Equipment	515.2	523.9
Other Assets	632.9	637.4
Total Assets	\$61,967.9	\$60,563.6

See notes to consolidated financial statements.

## CONSOLIDATED BALANCE SHEETS (UNAUDITED) - Continued

## Unum Group and Subsidiaries

	March 31 2016 (in millions)	December 31 2015 (in millions of dollars) As Adjusted
Liabilities and Stockholders' Equity		
Liabilities		
Policy and Contract Benefits	\$1,462.2	\$1,484.6
Reserves for Future Policy and Contract Benefits	44,446.6	43,540.6
Unearned Premiums	433.8	384.2
Other Policyholders' Funds	1,672.9	1,674.6
Income Tax Payable	54.1	6.0
Deferred Income Tax	233.3	91.8
Short-term Debt	351.4	352.0
Long-term Debt	2,442.5	2,449.4
Payables for Collateral on Investments	425.9	415.4
Other Liabilities	1,524.9	1,501.1
Total Liabilities	53,047.6	51,899.7
Commitments and Contingent Liabilities - Note 10		
Stockholders' Equity		
Common Stock, \$0.10 par		
Authorized: 725,000,000 shares		
Issued: 303,176,096 and 302,702,811 shares	30.3	30.3
Additional Paid-in Capital	2,253.6	2,247.2
Accumulated Other Comprehensive Income	200.7	16.1
Retained Earnings	8,160.6	7,995.2
Treasury Stock - at cost: 65,442,566 and 61,785,466 shares	(1,724.9 )	(1,624.9 )
Total Stockholders' Equity	8,920.3	8,663.9
Total Liabilities and Stockholders' Equity	\$61,967.9	\$60,563.6

See notes to consolidated financial statements.



## CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

## Unum Group and Subsidiaries

	Three Months Ended March 31	
	2016	2015
	(in millions of dollars, except share data)	
Revenue		
Premium Income	\$2,087.5	\$2,006.3
Net Investment Income	606.4	602.0
Realized Investment Gain (Loss)		
Other-Than-Temporary Impairment Loss on Fixed Maturity Securities	(21.1 )	(4.5 )
Net Realized Investment Gain (Loss), Excluding Other-Than-Temporary Impairment Loss on Fixed Maturity Securities	0.6	(10.8 )
Net Realized Investment Loss	(20.5 )	(15.3 )
Other Income	52.0	54.4
Total Revenue	2,725.4	2,647.4
Benefits and Expenses		
Benefits and Change in Reserves for Future Benefits	1,729.8	1,653.9
Commissions	259.9	256.9
Interest and Debt Expense	38.6	37.8
Deferral of Acquisition Costs	(152.5 )	(145.0 )
Amortization of Deferred Acquisition Costs	132.2	134.3
Compensation Expense	207.6	213.1
Other Expenses	205.6	193.4
Total Benefits and Expenses	2,421.2	2,344.4
Income Before Income Tax	304.2	303.0
Income Tax		
Current	51.0	40.6
Deferred	42.6	49.5
Total Income Tax	93.6	90.1
Net Income	\$210.6	\$212.9
Net Income Per Common Share		
Basic	\$0.88	\$0.85
Assuming Dilution	\$0.88	\$0.84

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (UNAUDITED)

## Unum Group and Subsidiaries

	Three Months Ended March 31	
	2016	2015
	(in millions of dollars)	
Net Income	\$210.6	\$212.9
Other Comprehensive Income (Loss)		
Change in Net Unrealized Gain on Securities Before Adjustment (net of tax expense of \$414.3; \$182.8)	800.1	350.2
Change in Adjustment to Deferred Acquisition Costs and Reserves for Future Policy and Contract Benefits, Net of Reinsurance (net of tax benefit of \$287.7; \$120.3)	(566.0 )	(226.2 )
Change in Net Gain on Cash Flow Hedges (net of tax expense (benefit) of \$(13.6); \$9.0)	(26.2 )	20.9
Change in Foreign Currency Translation Adjustment (net of tax benefit of \$0.0; \$0.1)	(26.4 )	(54.0 )
Change in Unrecognized Pension and Postretirement Benefit Costs (net of tax expense of \$1.6; \$1.5)	3.1	3.1
Total Other Comprehensive Income	184.6	94.0
Comprehensive Income	\$395.2	\$306.9

See notes to consolidated financial statements.

## CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (UNAUDITED)

## Unum Group and Subsidiaries

	Three Months Ended March 31	
	2016	2015
	(in millions of dollars)	
<b>Common Stock</b>		
Balance at Beginning of Year and End of Period	\$30.3	\$ 30.2
<b>Additional Paid-in Capital</b>		
Balance at Beginning of Year	2,247.2	2,221.2
Common Stock Activity	6.4	9.5
Balance at End of Period	2,253.6	2,230.7
<b>Accumulated Other Comprehensive Income</b>		
Balance at Beginning of Year	16.1	166.4
Other Comprehensive Income	184.6	94.0
Balance at End of Period	200.7	260.4
<b>Retained Earnings</b>		
Balance at Beginning of Year	7,995.2	7,302.3
Net Income	210.6	212.9
Dividends to Stockholders (per common share: \$0.185; \$0.165)	(45.2 )	(42.3 )
Balance at End of Period	8,160.6	7,472.9
<b>Treasury Stock</b>		
Balance at Beginning of Year	(1,624.9 )	(1,198.2 )
Purchases of Treasury Stock	(100.0 )	(108.1 )
Balance at End of Period	(1,724.9 )	(1,306.3 )
<b>Total Stockholders' Equity at End of Period</b>	<b>\$8,920.3</b>	