

LINCOLN NATIONAL CORP
Form 10-Q
October 29, 2015

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 September 30, 2015

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: 1-6028

LINCOLN NATIONAL CORPORATION

(Exact name of registrant as specified in its charter)

Indiana (State or other jurisdiction of incorporation or organization)	35-1140070 (I.R.S. Employer Identification No.)
150 N. Radnor Chester Road, Suite A305, Radnor, Pennsylvania (Address of principal executive offices)	19087 (Zip Code)

(484) 583-1400

(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 (Do not check if a smaller reporting company)

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

As of October 26, 2015, there were 247,470,994 shares of the registrant’s common stock outstanding.

Lincoln National Corporation

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PART I – FINANCIAL INFORMATION

Item 1. Financial Statements

LINCOLN NATIONAL CORPORATION

CONSOLIDATED BALANCE SHEETS

(in millions, except share data)

	As of September 30, 2015 (Unaudited)	As of December 31, 2014
ASSETS		
Investments:		
Available-for-sale securities, at fair value:		
Fixed maturity securities (amortized cost: 2015 – \$80,899; 2014 – \$78,609)	\$ 85,506	\$ 86,240
Variable interest entities' fixed maturity securities (amortized cost: 2015 – \$595; 2014 – \$587)	598	598
Equity securities (cost: 2015 – \$232; 2014 – \$216)	242	231
Trading securities	1,914	2,065
Mortgage loans on real estate	8,431	7,574
Real estate	21	20
Policy loans	2,647	2,670
Derivative investments	2,020	1,860
Other investments	1,820	1,709
Total investments	103,199	102,967
Cash and invested cash	3,772	3,919
Deferred acquisition costs and value of business acquired	8,866	8,207
Premiums and fees receivable	383	473
Accrued investment income	1,116	1,049
Reinsurance recoverables	5,559	5,730
Funds withheld reinsurance assets	639	649
Goodwill	2,273	2,273
Other assets	3,450	2,845
Separate account assets	120,275	125,265
Total assets	\$ 249,532	\$ 253,377
LIABILITIES AND STOCKHOLDERS' EQUITY		
Liabilities		
Future contract benefits	\$ 20,523	\$ 20,057
Other contract holder funds	76,451	75,512
Short-term debt	-	250
Long-term debt	5,604	5,270
Reinsurance related embedded derivatives	116	150
Funds withheld reinsurance liabilities	676	764

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Deferred gain on business sold through reinsurance	116	171
Payables for collateral on investments	5,297	4,409
Variable interest entities' liabilities	2	13
Other liabilities	6,071	5,776
Separate account liabilities	120,275	125,265
Total liabilities	235,131	237,637

Contingencies and Commitments (See Note 8)

Stockholders' Equity

Preferred stock – 10,000,000 shares authorized	-	-
Common stock – 800,000,000 shares authorized; 247,464,931 and 256,551,440 shares issued and outstanding as of September 30, 2015, and December 31, 2014, respectively	6,380	6,622
Retained earnings	6,358	6,022
Accumulated other comprehensive income (loss)	1,663	3,096
Total stockholders' equity	14,401	15,740
Total liabilities and stockholders' equity	\$ 249,532	\$ 253,377

See accompanying Notes to Consolidated Financial Statements

LINCOLN NATIONAL CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)

(Unaudited, in millions, except per share data)

	For the Three Months Ended September 30,		For the Nine Months Ended September 30,	
	2015	2014	2015	2014
Revenues				
Insurance premiums	\$ 825	\$ 741	\$ 2,398	\$ 2,236