

HANOVER INSURANCE GROUP, INC.

Form 10-Q

July 30, 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 June 30, 2015

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 1-13754

THE HANOVER INSURANCE GROUP, INC.

(Exact name of registrant as specified in its charter)

Delaware 04-3263626
(State or other jurisdiction of (I.R.S. Employer

incorporation or organization) Identification No.)
440 Lincoln Street, Worcester, Massachusetts 01653

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(Address of principal executive offices) (Zip Code)

(508) 855-1000

(Registrant's telephone number, including area code)

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.

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

The number of shares outstanding of the registrant's common stock was 44,193,261 as of July 28, 2015.

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PART I - FINANCIAL INFORMATION
ITEM 1 - FINANCIAL STATEMENTS

THE HANOVER INSURANCE GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME (UNAUDITED)

Three Months Ended Six Months Ended

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(In millions, except per share data)	June 30, 2015	2014	June 30, 2015	2014
Revenues				
Premiums	\$ 1,205.8	\$ 1,174.7	\$ 2,416.8	\$ 2,337.7
Net investment income	70.7	67.0	140.8	134.0
Net realized investment gains (losses):				
Net realized gains from sales and other	14.5	22.3	26.6	26.7
Net other-than-temporary impairment losses on investments recognized in earnings	(1.9)	(0.1)	(4.6)	(0.1)
Total net realized investment gains	12.6	22.2	22.0	26.6
Fees and other income	8.0	9.1	16.2	18.6
Total revenues	1,297.1	1,273.0	2,595.8	2,516.9
Losses and expenses				
Losses and loss adjustment expenses	744.9	725.5	1,518.0	1,476.0
Amortization of deferred acquisition costs	262.0	259.6	522.6	513.3
Interest expense	14.9	16.3	30.8	32.6
Gain on disposal of U.K. motor business	(37.7)	-	(37.7)	-
Other operating expenses	160.4	163.9	332.5	315.2
Total losses and expenses	1,144.5	1,165.3	2,366.2	2,337.1
Income before income taxes	152.6	107.7	229.6	179.8
Income tax expense (benefit):				
Current	5.7	(1.6)	34.9	7.6
Deferred	26.0	26.8	18.9	35.0
Total income tax expense	31.7	25.2	53.8	42.6
Income from continuing operations	120.9	82.5	175.8	137.2
Net (loss) gain from discontinued operations (net of tax benefit of \$0.1 for the three months ended June 30, 2015 and June 30, 2014 and \$0.2 for the six months ended June 30, 2015 and June 30, 2014)	(0.2)	0.1	(0.2)	-
Net income	\$ 120.7	\$ 82.6	\$ 175.6	\$ 137.2
Earnings per common share:				
Basic:				
Income from continuing operations	\$ 2.74	\$ 1.87		