

MONY GROUP INC
Form 10-Q
November 15, 2002
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**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 September 30, 2002

.. **TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGEACT OF 1934**

For the transition period from to

Commission file number: 1-14603

THE MONY GROUP INC.
(Exact name of Registrant as specified in its charter)

Delaware
(State or other jurisdiction of
incorporation or organization)

13-3976138
(I.R.S. Employer
Identification No.)

1740 Broadway
New York, New York 10019
(212) 708-2000

(Address, including zip code, and telephone number, including area code, of Registrant s principal executive offices)

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

As of November 6, 2002 there were 46,904,739 shares of the Registrant s common stock, par value \$0.01, outstanding.

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FORWARD-LOOKING STATEMENTS

The Company's management has made in this report, and from time to time may make in its public filings and press releases as well as in oral presentations and discussions, forward-looking statements concerning the Company's operations, economic performance, prospects and financial condition. Forward-looking statements include, among other things, discussions concerning the Company's potential exposure to market risks, as well as statements expressing management's expectations, beliefs, estimates, forecasts, projections and assumptions. The Company claims the protection afforded by the safe harbor for forward-looking statements as set forth in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to many risks and uncertainties. Actual results could differ materially from those anticipated by forward-looking statements due to a number of important factors including the following: we could have further venture capital losses; we could be subjected to further downgrades by rating agencies of our senior debt ratings and the claims-paying and financial-strength ratings of our insurance subsidiaries; we could be required to take a goodwill impairment charge relating to our investment in Advest if the market deteriorates further; we could have to accelerate amortization of deferred policy acquisition costs if market conditions continue to deteriorate; we could have to write off investments in certain securities if the issuers' financial condition deteriorates; actual death-claim experience could differ from our mortality assumptions; the Company could have liability from as-yet-unknown litigation and claims; larger settlements or judgments than we anticipate could result in pending cases due to unforeseen developments; and changes in laws, including tax laws, could affect the demand for the Company's products. The Company does not undertake to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.

Table of Contents**ITEM 1: FINANCIAL STATEMENTS****THE MONY GROUP INC. AND SUBSIDIARIES****UNAUDITED INTERIM CONDENSED CONSOLIDATED BALANCE SHEETS**

As of September 30, 2002 and December 31, 2001

	September 30, 2002	December 31, 2001
	(\$ in millions)	
ASSETS		
Investments:		
Fixed maturity securities available-for-sale, at fair value	\$ 7,854.6	\$ 6,976.0
Fixed maturity securities held to maturity, at amortized cost	0.1	0.1
Trading account securities, at fair value	851.0	378.5
Securities pledged as collateral		345.5
Equity securities available-for-sale, at fair value	252.4	299.2
Mortgage loans on real estate	1,741.3	1,809.7
Policy loans	1,206.7	1,229.0
Other invested assets	353.6	347.5
	<u>12,259.7</u>	<u>11,385.5</u>
Cash and cash equivalents	439.2	441.0
Accrued investment income	220.5	192.9
Debt service coverage account (Note 1):		
Sub-account OB	61.5	
Sub-account CBB	10.6	
Amounts due from reinsurers	589.3	595.8
Premiums receivable	6.8	11.1
Deferred policy acquisition costs	1,199.4	1,233.8
Securities borrowed	0.2	601.0
Receivable from brokerage customers, net		452.1
Other assets	894.5	897.8
Assets transferred in Group Pension Transaction (Note 4)	4,641.5	4,650.4
Separate account assets	4,018.6	5,195.2
	<u>\$ 24,341.8</u>	<u>\$ 25,656.6</u>
LIABILITIES AND SHAREHOLDERS EQUITY		
Future policy benefits	\$ 7,928.9	\$ 7,870.0
Policyholders' account balances	2,604.0	2,337.1
Other policyholders' liabilities	273.2	281.1
Amounts due to reinsurers	79.2	74.6
Securities loaned		392.4
Securities sold, not yet purchased, at fair value	638.5	539.2
Payable to brokerage customers		374.4
Accounts payable and other liabilities	1,016.0	867.8
Short term debt	7.0	320.0
Long term debt	883.2	583.1
Current federal income taxes payable	97.9	81.6
Deferred federal income taxes	166.9	93.7
Liabilities transferred in Group Pension Transaction (Note 4)	4,562.8	4,597.1
Separate account liabilities	4,015.8	5,192.3
	<u>22,273.4</u>	<u>23,604.4</u>
Commitments and contingencies (Note 5)		
Common stock, \$0.01 par value; 400 million shares authorized; 51.3 and 51.2 million shares issued at September 30, 2002 and December 31, 2001, respectively; 47.0 and 48.1 million shares outstanding at September 30, 2002 and December 31, 2001, respectively	0.5	0.5

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Capital in excess of par	1,761.4	1,760.3
Treasury stock at cost: 4.3 million and 3.1 million shares at September 30, 2002, and December 31, 2001 respectively	(134.7)	(104.7)
Retained earnings	332.4	359.3
Accumulated other comprehensive income	109.5	38.1
Unamortized restricted stock compensation	(0.7)	(1.3)
	<hr/>	<hr/>
Total shareholders' equity	2,068.4	2,052.2
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Total liabilities and shareholders' equity	\$ 24,341.8	\$ 25,656.6
	<hr/>	<hr/>

See accompanying notes to unaudited interim condensed consolidated financial statements.

Table of Contents**THE MONY GROUP INC. AND SUBSIDIARIES****UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME****For the Three-month Periods Ended September 30, 2002 and 2001**

	<u>2002</u>	<u>2001</u>
	(\$ in millions, except share data and per share amounts)	
Revenues:		
Premiums	\$ 160.5	\$ 162.0
Universal life and investment-type product policy fees	54.6	50.1
Net investment income	170.1	172.9
Net realized (losses) gains on investments	(41.2)	0.5
Group Pension Profits (Note 4)	6.8	8.0
Retail Brokerage and Investment Banking revenues	109.1	82.1
Other income	24.9	21.8
	<u>484.8</u>	<u>497.4</u>
Benefits and Expenses:		
Benefits to policyholders	195.3	203.9
Interest credited to policyholders' account balances	30.0	27.9
Amortization of deferred policy acquisition costs	49.7	32.9
Dividends to policyholders	53.5	54.5
Other operating costs and expenses	202.7	190.0
	<u>531.2</u>	<u>509.2</u>
Loss before income taxes	(46.4)	(11.8)
Income tax benefit	(16.2)	(3.1)
Net loss	(30.2)	(8.7)
Other comprehensive income, net	25.4	53.1
Comprehensive (loss)/income	<u>\$ (4.8)</u>	<u>\$ 44.4</u>
Net loss per share data:		
Basic loss per share	<u>\$ (0.64)</u>	<u>\$ (0.18)</u>
Diluted loss per share	<u>\$ (0.64)</u>	<u>\$ (0.18)</u>
Share Data:		
Weighted-average shares used in basic per share calculation	47,414,250	48,642,274
Plus: incremental shares from assumed conversion of dilutive securities		
Weighted-average shares used in diluted per share calculations	<u>47,414,250</u>	<u>48,642,274</u>

See accompanying notes to unaudited interim condensed consolidated financial statements.

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THE MONY GROUP INC. AND SUBSIDIARIES
UNAUDITED INTERIM CONDENSED CONSOLIDATED STATEMENTS OF INCOME
AND COMPREHENSIVE INCOME
For the Nine-month Periods Ended September 30, 2002 and 2001

	2002	2001
	(\$ in millions, except share data and per share amounts)	
Revenues:		
Premiums	\$ 494.8	\$ 500.5
Universal life and investment-type product policy fees	156.1	152.1
Net investment income	541.7	546.1
Net realized (losses) gains on investments	(69.1)	6.0
Group Pension Profits (Note 4)	22.0	27.2
Retail Brokerage and Investment Banking revenues	297.5	253.0
Other income	92.4	93.8
	1,535.4	1,578.7
Benefits and Expenses:		
Benefits to policyholders	585.5	596.1
Interest credited to policyholders' account balances	85.8	83.2
Amortization of deferred policy acquisition costs	120.5	