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Unum Group Q4 2008 Earnings Call Transcript

Question-and-Answer Session

Operator

(Operator instructions) We'll go first to Darin Arita at Deutsche Bank.

Darin Arita – Deutsche Bank

Hi, good morning.

Tom Watjen

Good morning, Darin.

Darin Arita – Deutsche Bank

A couple of questions here, the first one is on the – on U.S. group long term disability. I was just wondering if you could talk about any changes in claims trends that you are seeing across industries, if you look at the spectrum of lower risk to higher risk sectors?

Tom Watjen

Sure, and maybe I'll ask Kevin to address that one, Darin.

Kevin McCarthy

Good morning, Darin.

Darin Arita – Deutsche Bank

Good morning.

Kevin McCarthy

As Tom mentioned, we saw a slight uptick in incidence during the fourth quarter, but most of that was what I'll call sort of normal noise. We didn't see any uptick, for example, in education or finance. We saw a mild uptick in manufacturing, transportation and utilities, which we normally see. But then we look at incidence in STD or IDI or waiver premium in life and in fact, if anything, we saw slight improvements in incidence there. So, overall, it was kind of a pretty normal and stable quarter in terms of incidence and no particular trend to point to

Darin Arita – Deutsche Bank

Okay, great. And turning to the UK, I mean the competitive environment still seems difficult there. I was just wondering how quickly do you think claims trends could increase as unemployment rises, so some of your more aggressive competitor feel some pain.

Tom Watjen

It's a good question. Susan, you want to take that one?

Susan Ring

Yes, sure, thanks Darin. As you say, it is quite a hostile competitive environment in the U.K. at the moment and has been pretty much throughout 2008. And in terms of claims trends we have seen an increase in incidence and during the fourth quarter, so that was primarily from our banking sector and primarily for psychological claims reasons. So – and we have already seen that come through. Having said that, we have an increase in the cap rates, which has more than offset that. So our claims run off experience has been continually very strong. And so that has already come through. And we also have a very strong investment in our return-to-work assets. So, we are seeing consistent and favorable performance on that front. So, I think that provides us some additional resilience in terms of the operating environment that we are operating in.

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