

AFLAC INC
Form 10-Q
August 03, 2012

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, 2012

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: 001-07434

Aflac Incorporated

(Exact name of registrant as specified in its charter)

Georgia

(State or other jurisdiction of incorporation or organization)

58-1167100

(I.R.S. Employer Identification No.)

1932 Wynnton Road, Columbus, Georgia

(Address of principal executive offices)

706.323.3431

(Registrant's telephone number, including area code)

31999

(ZIP Code)

(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.

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

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date.

Class

July 27, 2012

Common Stock, \$.10 Par Value

468,271,629

Aflac Incorporated and Subsidiaries
 Quarterly Report on Form 10-Q
 For the Quarter Ended June 30, 2012
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PART I. FINANCIAL INFORMATION

Item 1. Financial Statements.

Review by Independent Registered Public Accounting Firm

The June 30, 2012, and 2011, consolidated financial statements included in this filing have been reviewed by KPMG LLP, an independent registered public accounting firm, in accordance with established professional standards and procedures for such a review.

The report of KPMG LLP commenting upon its review is included on the following page.

1

Report of Independent Registered Public Accounting Firm

The Board of Directors and Shareholders
Aflac Incorporated:

We have reviewed the consolidated balance sheet of Aflac Incorporated and subsidiaries (the Company) as of June 30, 2012, and the related consolidated statements of earnings and comprehensive income (loss) for the three-month and six-month periods ended June 30, 2012 and 2011, and the consolidated statements of shareholders' equity and cash flows for the six-month periods ended June 30, 2012 and 2011. These consolidated financial statements are the responsibility of the Company's management.

We conducted our reviews in accordance with the standards of the Public Company Accounting Oversight Board (United States). A review of interim financial information consists principally of applying analytical procedures and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with the standards of the Public Company Accounting Oversight Board (United States), the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with U.S. generally accepted accounting principles.

We have previously audited, in accordance with standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheet of Aflac Incorporated and subsidiaries as of December 31, 2011, and the related consolidated statements of earnings, shareholders' equity, cash flows and comprehensive income (loss) for the year then ended (not presented herein); and in our report dated February 24, 2012, we expressed an unqualified opinion on those consolidated financial statements. Our report refers to a change in the method of evaluating the consolidation of variable interest entities (VIEs) and qualified special purpose entities (QSPEs) in 2010 and a change in the method of evaluating other-than-temporary impairments of debt securities in 2009. As described in Note 1, on January 1, 2012, the Company adopted amended accounting guidance on accounting for costs associated with acquiring or renewing insurance contracts on a retrospective basis resulting in a revision of the December 31, 2011, consolidated balance sheet. We have not audited and reported on the revised balance sheet reflecting the adoption of this new guidance.

Atlanta, Georgia
August 3, 2012

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Aflac Incorporated and Subsidiaries
Consolidated Statements of Earnings

(In millions, except for share and per-share amounts - Unaudited)	Three Months Ended		Six Months Ended	
	June 30, 2012	2011	June 30, 2012	2011
Revenues:				
Premiums, principally supplemental health insurance	\$5,467	\$4,956	\$10,845	\$9,828
Net investment income	845	784	1,728	1,579
Realized investment gains (losses):				
Other-than-temporary impairment losses realized	(343)	(528)	(546)	(933)
Sales and redemptions	(8)	(182)	70)	(326)
Derivative and other gains (losses)	(67)	42)	13)	12)
Total realized investment gains (losses)	(418)	(668)	(463)	(1,247)
Other income	8	16	32	44
Total revenues	5,902	5,088	12,142	10,204
Benefits and expenses:				
Benefits and claims	3,763	3,310	7,409	6,532
Acquisition and operating expenses:				
Amortization of deferred policy acquisition costs	269	251	557	511
Insurance commissions	432	427	867	849
Insurance expenses	587	565	1,150	1,098
Interest expense	62	46	119	92
Other operating expenses	48	45	97	86
Total acquisition and operating expenses	1,398	1,334	2,790	2,636
Total benefits and expenses	5,161	4,644	10,199	9,168
Earnings before income taxes	741	444	1,943	1,036
Income taxes	258	170	675	373
Net earnings	\$483	\$274	\$1,268	\$663
Net earnings per share:				
Basic	\$1.04	\$.59	\$2.72	\$1.42
Diluted	1.03	.58	2.71	1.41
Weighted-average outstanding common shares used in computing earnings per share (In thousands):				
Basic	466,788	466,498	466,337	467,317
Diluted	468,590	469,752	468,561	470,990