

AMERICAN FINANCIAL GROUP INC
Form 10-Q
August 08, 2013

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

Quarterly Report Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

For the Quarterly Period Ended June 30, 2013

Commission File No. 1-13653

AMERICAN FINANCIAL GROUP, INC.

Incorporated under the Laws of Ohio

301 East Fourth Street, Cincinnati, Ohio 45202

(513) 579-2121

IRS Employer I.D. No. 31-1544320

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, 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 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:

Large Accelerated Filer Accelerated Filer Non-Accelerated Filer Smaller Reporting Company

Indicate by check mark whether the Registrant is a shell company. Yes No

As of August 1, 2013, there were 88,968,433 shares of the Registrant's Common Stock outstanding, excluding 14.9 million shares owned by subsidiaries.

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PART I

ITEM I — FINANCIAL STATEMENTS

AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEET (UNAUDITED)

(Dollars in Millions)

	June 30, 2013	December 31, 2012
Assets:		
Cash and cash equivalents	\$1,271	\$ 1,705
Investments:		
Fixed maturities, available for sale at fair value (amortized cost — \$23,740 and \$22,083)	25,035	24,118
Fixed maturities, trading at fair value	293	321
Equity securities, at fair value (cost — \$984 and \$778)	1,199	939
Mortgage loans	599	607
Policy loans	242	228
Real estate and other investments	623	531
Total cash and investments	29,262	28,449
Recoverables from reinsurers	3,044	3,750
Prepaid reinsurance premiums	520	471
Agents' balances and premiums receivable	754	636
Deferred policy acquisition costs	818	550
Assets of managed investment entities	2,973	3,225
Other receivables	422	539
Variable annuity assets (separate accounts)	608	580
Other assets	828	786
Goodwill	185	185
Total assets	\$39,414	\$ 39,171
Liabilities and Equity:		
Unpaid losses and loss adjustment expenses	\$6,098	\$ 6,845
Unearned premiums	1,789	1,651
Annuity benefits accumulated	18,848	17,609
Life, accident and health reserves	2,017	2,059
Payable to reinsurers	367	475
Liabilities of managed investment entities	2,603	2,892
Long-term debt	949	953
Variable annuity liabilities (separate accounts)	608	580
Other liabilities	1,497	1,359
Total liabilities	34,776	34,423
Shareholders' equity:		
Common Stock, no par value		
— 200,000,000 shares authorized	89	89
— 88,820,940 and 88,979,303 shares outstanding		
Capital surplus	1,088	1,063
Retained earnings:		
Appropriated — managed investment entities	33	75
Unappropriated	2,664	2,520
Accumulated other comprehensive income, net of tax	599	831

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Total shareholders' equity	4,473	4,578
Noncontrolling interests	165	170
Total equity	4,638	4,748
Total liabilities and equity	\$39,414	\$ 39,171

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AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF EARNINGS (UNAUDITED)

(In Millions, Except Per Share Data)

	Three months ended June 30,		Six months ended June 30,		
	2013	2012	2013	2012	
Revenues:					
Property and casualty insurance net earned premiums	\$709	\$640	\$1,396	\$1,243	
Life, accident and health net earned premiums	28	105	58	210	
Net investment income	332	329	658	646	
Realized gains (losses) on:					
Securities (*)	41	16	98	60	
Subsidiaries	—	(1) —	(1)
Income (loss) of managed investment entities:					
Investment income	32	32	66	61	
Loss on change in fair value of assets/liabilities	(28) (21) (36) (50)
Other income	25	24	47	42	
Total revenues	1,139	1,124	2,287	2,211	
Costs and Expenses:					
Property and casualty insurance:					
Losses and loss adjustment expenses	430	363	823	707	
Commissions and other underwriting expenses	260	232	511	443	
Annuity benefits					