

AMERICAN FINANCIAL GROUP INC
Form 10-Q
November 08, 2012

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 September 30, 2012
Commission File No. 1-13653
AMERICAN FINANCIAL GROUP, INC.

Incorporated under
the Laws of Ohio

IRS Employer I.D.
No. 31-1544320

301 East Fourth Street, Cincinnati, Ohio 45202
(513) 579-2121

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 Accelerated Filer

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

As of November 1, 2012, there were 90,234,106 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)

	September 30, 2012	December 31, 2011 (as adjusted)
Assets:		
Cash and cash equivalents	\$ 1,626	\$1,324
Investments:		
Fixed maturities, available for sale at fair value (amortized cost – \$21,760 and \$20,562)	23,746	21,807
Fixed maturities, trading at fair value	309	440
Equity securities, at fair value (cost – \$825 and \$744)	1,031	928
Mortgage loans	566	401
Policy loans	229	252
Real estate and other investments	530	425
Total cash and investments	28,037	25,577
Recoverables from reinsurers	3,865	2,942
Prepaid reinsurance premiums	587	409
Agents' balances and premiums receivable	750	565
Deferred policy acquisition costs	621	901
Assets of managed investment entities	3,102	3,058
Other receivables	1,168	895
Variable annuity assets (separate accounts)	577	548
Other assets	741	757
Goodwill	185	186
Total assets	\$ 39,633	\$35,838
Liabilities and Equity:		
Unpaid losses and loss adjustment expenses	\$ 7,277	\$6,520
Unearned premiums	1,821	1,484
Annuity benefits accumulated	17,245	15,420
Life, accident and health reserves	1,699	1,727
Payable to reinsurers	656	475
Liabilities of managed investment entities	2,753	2,787
Long-term debt	966	934
Variable annuity liabilities (separate accounts)	577	548
Other liabilities	1,675	1,386
Total liabilities	34,669	31,281
Shareholders' equity:		
Common Stock, no par value		
- 200,000,000 shares authorized	91	98
- 90,846,962 and 97,846,402 shares outstanding		
Capital surplus	1,071	1,121
Retained earnings:		
Appropriated — managed investment entities	109	173
Unappropriated	2,577	2,439
Accumulated other comprehensive income, net of tax	931	580

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Total shareholders' equity	4,779	4,411
Noncontrolling interests	185	146
Total equity	4,964	4,557
Total liabilities and equity	\$ 39,633	\$35,838

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 AMERICAN FINANCIAL GROUP, INC. AND SUBSIDIARIES
 CONSOLIDATED STATEMENT OF EARNINGS (UNAUDITED)
 (In Millions, Except Per Share Data)

	Three months ended September 30,		Nine months ended September 30,	
	2012	2011 (as adjusted)	2012	2011 (as adjusted)
Revenues:				
Property and casualty insurance premiums	\$848	\$835	\$2,091	\$2,043
Life, accident and health premiums	80	107	290	324
Investment income	327	310	981	916
Realized gains (losses) on:				
Securities (*)	85	8	145	27
Subsidiaries	156	—	155	(3)
Income (loss) of managed investment entities:				
Investment income	31	27	92	78
Gain (loss) on change in fair value of assets/liabilities	(13)	1	(63)	(54)
Other income	49	47	135	136
Total revenues	1,563	1,335	3,826	3,467
Costs and Expenses:				
Property and casualty insurance:				
Losses and loss adjustment expenses	610	549	1,317	1,303
Commissions and other underwriting expenses	254	228	697	648
Annuity benefits	140	142	417	383
Life, accident and health benefits	68			