S&P Global
Market Intelligence

American Financial Group, Inc. NYSE:AFG

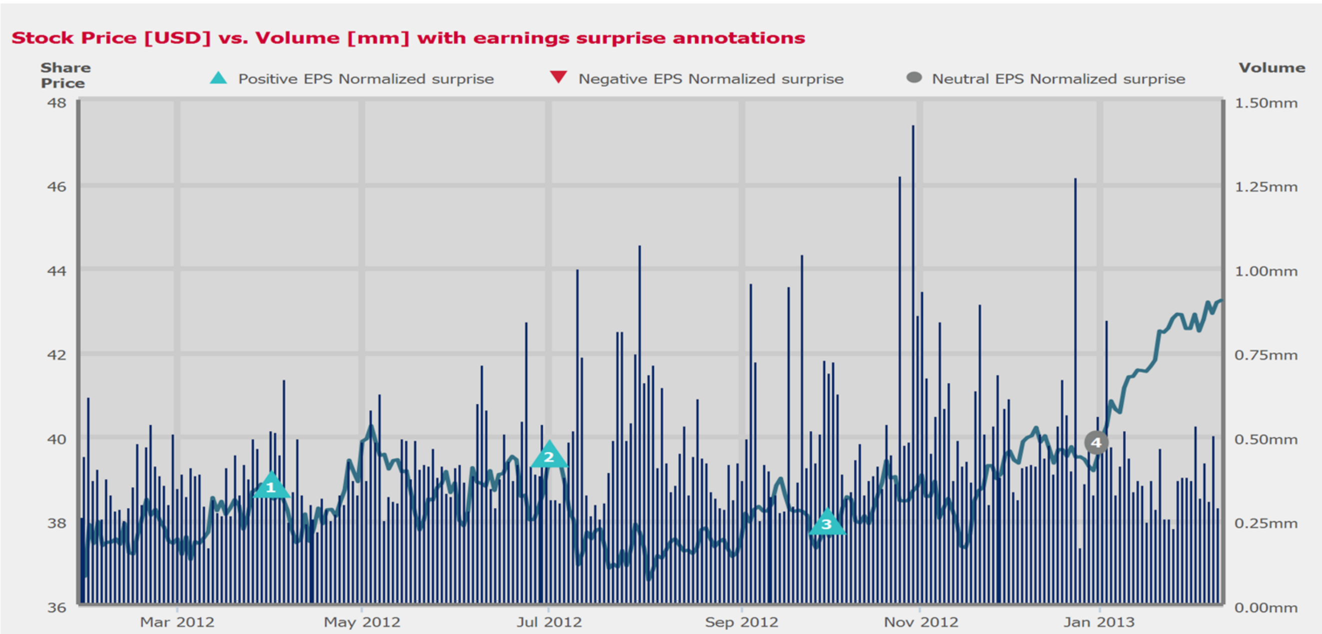
FQ1 2013 Earnings Call Transcripts

Thursday, May 09, 2013 3:30 PM GMT

S&P Global Market Intelligence Estimates

	-FQ1 2013-			-FQ2 2013-	-FY 2013-	-FY 2014-
	CONSENSUS	ACTUAL	SURPRISE	CONSENSUS	CONSENSUS	CONSENSUS
EPS Normalized	0.81	0.92	13.58	0.89	4.05	4.44
Revenue (mm)	650.00	687.00	5.69	756.00	3130.00	3294.85

Currency: USD
Consensus as of May-09-2013 3:16 PM GMT



- EPS NORMALIZED -

	CONSENSUS	ACTUAL	SURPRISE
FQ1 2012	0.78	0.86	10.26 %
FQ2 2012	0.79	0.91	15.19 %
FQ3 2012	0.60	0.82	36.67 %
FQ4 2012	0.67	0.67	0.00 %

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Call Participants

EXECUTIVES

Carl Henry Lindner
Co-President, Co-CEO & Director

Diane P. Weidner
Assistant Vice President of Investors Relations

Joseph E. Consolino
Executive VP, CFO, Principal Accounting Officer & Director

Stephen Craig Lindner
Co-President, Co-CEO & Director

ANALYSTS

Amit Kumar
Macquarie Research

Ryan J. Byrnes
Langen McAlenney

Presentation

Operator

Good morning. My name is Keenan, and I will be your conference operator today. At this time, I would like to welcome everyone to the American Financial Group 2013 First Quarter Results Conference Call. [Operator Instructions]

Diane Weidner, you may begin your conference.

Diane P. Weidner
Assistant Vice President of Investors Relations

Thank you, Keenan. Good morning, and welcome to American Financial Group's first quarter 2013 earnings results conference call. I am joined this morning by Carl Linder III; and Craig Lindner Co-CEOs of American Financial Group and Jeff Consolino AFG's Executive Vice President and Chief Financial Officer. If you're viewing the webcast from our website, you can follow along with the slide presentation if you'd like.

Certain statements made during this call are not historical facts and may be considered forward-looking statements and are based on estimates, assumptions and projection which management believes are reasonable, but by their nature subject to risks and uncertainties. The factors which could cause actual results and/or financial conditions to differ materially from those suggested by such forward-looking statements include, but are not limited to, those discussed or identified from time to time in AFG's filings with the Securities and Exchange Commission, including its Annual Report on Form 10-K, quarterly reports on Form 10-Q. We do not promise to update such forward-looking statements to reflect actual results or changes in assumptions or other factors which could affect these statements.

Core net operating earnings is a non-GAAP financial measure which sets aside significant items that are generally not considered to be part of the ongoing operations, such as net realized gain or losses, the effect of certain accounting changes, discontinued operations, and certain non-recurring items. AFG believes this non-GAAP measure to be a useful tool for analysts and investors in analyzing and understanding the ongoing operating trends and will be discussed for various portions of this call. A reconciliation of net earnings attributable to shareholders to core net operating earnings is included in our earnings release.

Now I'm pleased to turn the call over to Carl Lindner III to discuss our results.

Carl Henry Lindner
Co-President, Co-CEO & Director

As we begin this morning, Craig and I would like to extend the official welcome to Jeff Consolino. Jeff joined AFG in February and today marks his first earnings conference call as AFG's Chief Financial Officer. Jeff we're delighted that you joined AFG's executive leadership team and we're looking forward to your remarks later in the call. I'm assuming there are participants who have reviewed our earnings release and industrial supplement posted on our website. You'll notice that there our quarterly investor supplements have been combined into one document and expanded to include additional schedules and disclosures that we believe will be useful to you in analyzing AFG's results.

We released our 2013 first quarter results yesterday afternoon, we're pleased to report an adjusted book value per share of $43.94 as of March 31, 2013. This represents growth of 3% during the quarter. Net earnings were $1.32 per diluted share and include $0.40 per share realized gains. Annualized return on equity was 12.4% for the 2013 first quarter compared to 11.8% for the first quarter of 2012. Our core net operating earnings of $0.92 per share reflect a 27% increase in pretax core operating earnings in our Annuity segment and solid underwriting results in our Property and Casualty businesses.

Net written premiums in our Property and Casualty operations grew 16% overall when compared to 2012 first quarter with all 3 of our Specialty, Property and Casualty Groups reporting double digit premium growth during the quarter. Based on AFG's results in the first 3 months of the year we've increased our guidance for Property and Casualty net written premiums and core pretax operating earnings in our Annuity and Run-off Segments. The details of which Craig and I will share later in the call.

Our core operating earnings guidance for AFG remains unchanged from our previous estimated range of $3.60 to $4.00 per share, primarily as a result of the slower pace of anticipated share repurchase activity.

Let me begin with the review of our Specialty, Property and Casualty results summarized on slide 4 and 5 of the webcast. On slide 4 you will see summary results for Specialty, Property and Casualty Group. The Property, Casualty, Specialty Insurance operations recorded an underwriting profit of $48 million for the first quarter of 2013 and generated a combined operating ratio of 93.1%, a 1.20% increase from the first quarter of 2012. Higher profits in our Specialty and Casualty Group were offset by lower profitability in our Property & Transportation and Specialty Financial Groups.

Catastrophe losses were $10 million in the first quarter of 2013, primarily the result of March storms in the Southeastern United States.

Gross and net written premiums increased by approximately 12% and 16% respectively compared to the 2012 first quarter. Although premiums were higher in all our Specialty, Property and Casualty sub-segments, our Specialty Casualty Group was the driver of this growth.

We continue to see price strengthening in almost all the Property and Casualty businesses and achieved the 5% overall renewal rate increased in the fourth quarter. A sequential improvement in our overall pricing with nearly 3/4 of our Property and Casualty businesses reporting pricing increases. Price strengthening was mostly evident in our California workers comp, excess and surplus lines and executive liability businesses where we did achieve double digit rate increases.

Loss cost trends continue to be stable and appear to be benign across our portfolio of Property and Casualty businesses.

On slide 5 you'll see a few highlights from each of our Specialty, Property and Casualty business groups. Property and Transportation Group are larger sub-segment reported lower profitability in the 2013 first quarter primarily the result of lower earnings in our agricultural businesses and higher catastrophe losses.

Our overall strategy with regard to our crop insurance program is relatively unchanged from prior years. We are in the final stages of completing a 5 year full share reinsurance agreement with terms and conditions that are similar to our prior agreement. Additionally our excess of loss treaty was renewed at an incremental cost of about $2 million. Still it's too early to comment on Spring crop conditions or the outlook for harvest of our winter wheat book as conditions can vary considerably over the next month.

Gross and net written premiums were up 7% and 10% during the first quarter of 2013 primarily due to higher premiums in our Transportation businesses. Net written premiums also increased as a result of lower sessions of our winter wheat business. Overall renewal rates in this group increased 5% on average for the quarter following a 4% increase achieved in the fourth quarter of 2012.

Specialty and Casualty Group reported higher underlying profits during the first quarter reflecting a lower accident year loss ratio as well as increased favorable reserve development in our executive liability and excess liability businesses.

Gross and net written premiums grew by double-digit percentages in the first quarter of 2013. While nearly all businesses in this group reported growth, our workers compensation excess and surplus lines businesses were primary drivers for the higher premiums.

Increased exposures from higher payroll on existing accounts price increases and overall business growth that contributed to increases in our workers comp businesses. New business opportunities and general market hardening have generated increased premiums in several other excess surplus lines businesses. Pricing in this group was up approximately 6% on average for the quarter following a similar increase in the fourth quarter of 2012.

Specialty Financial Group reported slightly lower underwriting profits in the first quarter of 2013 and we're pleased with the results in the sub-segment of our Property and Casualty Business which produced the combined ratio of 88.5 for quarter. Businesses in this group have performed well achieving at overall combined ratio in the mid 70s to 80s over the past few years.

Gross and net written premiums increased by 11% and 22% respectively. Primarily as a result of growth and more of these protection insurance offered by our financial institutions business. Pricing in this group was 1% for the first quarter of 2013.

Now please turn to slide 6 for an overview of the 2013 outlook for the Specialty, Property and Casualty operations. Our objective is to achieve an increase of 46% in the Specialty Groups overall average renewal rates this year.

We continue to expect to achieve a combined ratio between 91% and 95%. We now estimate network premiums in our Spatiality, Property and Casualty operations to be 8% to 12% higher in 2012 levels as compared to our previous guidance of 6% to 10%.

Our 2013 expectations for the Property and Transportation Group remain unchanged. We expect this Group to produce a combined ratio in the 92% to 96% range. Guidance assume normalized crop earnings for the year. We estimate this Group's net written premiums to be up 3% to 7% reflecting expectations that crop premiums will be down slightly and also considers opportunities we see for growth in our Transportation Businesses. We expect the Specialty and Casualty Group to produce a combined ratio under 91% to 95% range. We now anticipate net written premiums will be up 13% to 17% based on the strong growth in the first quarter and indications of market hardening and continued growth in our workers comp and excess and surplus lines businesses and this is an increase from 10% to 14% increase in our previous guidance.

We expect the Specialty Financial Group combined ratio to be between 88% to 92% and we project net written premiums to be up 11% to 15% this group, up from our previous guidance of 0% to 4% primarily the result of growth in our Financial Institutions Business.

Additionally, we expect 2013 Property and Casualty investment income to be about 5% lower than in 2012.

Now I'll turn the discussion over to Craig to review the results in our Annuity Segment and investment performance.

Stephen Craig Lindner
Co-President, Co-CEO & Director

Thank you, Carl. The Annuity segment reported a record quarter pretax our operating and earnings ended 2013 first quarter that were 27% higher than the comparable 2012 period as we'll see on slide 7. The increase in pretax core earnings were primarily result of growth in AFGs annuity reserves had exceptionally strong investment results. Annuity premiums in the first quarter of 2013 were up more than 11% from the last quarter of 2012, but 22% lower than the first quarter of 2012. The decrease from the comparable prior year period was expected and continues to reflect actions taken during 2012 to reduce crediting rates and agent commissions and response to the exceptionally low interest rate environment that began in the second quarter of 2012.

The focus on our annuity business is to maintain the appropriate spreads on our base of invested assets. On slide 8 you'll find a comparison of average fixed annuity investments, average fixed annuity reserves, the net interest spread earned and the net spread earned over the last year. Fixed annuity investments had amortized cost have grown by 14% and fixed annuity reserves have grown by 13%.

Our net interest spread earned which represents the difference between net investment income earned and interest credited, was 299 basis points during the first 3 months of 2013, an improvement of 11 basis points from the comparable prior year period. The net spread earned represents our net interest spread plus other annuity benefit expenses, acquisition expenses and other operating expenses. For the first quarter of 2013 the net spread earned was 158 basis points, an improvement of 15 basis points from the first quarter of 2012. Additional information about the components of these spreads for AFGs fixed annuity operations can be found at AFGs quarterly investors' supplement posted on our website.

Please turn to slide 9 for overview of 2013 outlook for Annuity segments as well as the Run-Off Long-Term Care and Life Segment. Based on recent conditions and trends we expect 2013 full year core Pretax operating earnings and our Annuity and Run-Off Long-Term Care and Life Segments to 8% to 12% higher than the $252 million reported for the full year of 2012. We do not expect our Run-Off Long-Term Care and Life Segment to contribute material positive or negative results in 2013. We continue to expect the premiums will be flat to down slightly for the full year as compared to last year and we continue to maintain strict pricing discipline in the pricing of our products.

Please turn to slides 10 and 11 for few highlights regarding our investment portfolio. AFG recorded first quarter 2013 net realized gains of $36 million after tax and after deferred cost compared to $28 million in the comparable prior year period. Unrealized gains on fixed maturities were $719 after-tax, after-DAC at March 31, 2013; virtually unchanged since year end 2012.

Our portfolio continues to be high quality with 86% of fixed maturity portfolio rated investment grade and 97% with an NAIC designation of 1 or 2, the 2 highest categories. We provide additional detailed information of the various segments of our investment portfolio in the quarterly investor supplements on our website.

I will now turn the discussion over to Jeff to wrap up our comments with an overview of our 2013 consolidated first quarter results.

Joseph E. Consolino
Executive VP, CFO, Principal Accounting Officer & Director

Thank you, Craig. As Carl noted, this is my first earnings conference call as AFGs Chief Financial Officer. This is exciting for me. I’m going to try to match the high performance standards set by my predecessor Keith Jenson.

Slide 12 showed the highlights of consolidated income statement for the 3 months’ period ended March 31, 2013 and 2012. This will bridge the segment results Carl and Craig just reviewed with you to our consolidated results.

AFG reported 7% increase in core net operating earnings per diluted share, $0.92 in Q1 of 2013 as compared to $0.86 in Q1 2012. This is attributable to a lower average number of diluted shares. 91.0 million in the first quarter of 2013 as compared to 99.4 million in a year ago first quarter. Aggregate core net operating earnings were flat year-over-year at $84 million for the 3 month period ended March 31 2013 as compared to $85 million in the prior year quarter.

For our P&C segment, operating earnings were $96 million in the first quarter of 2013 compared to $100 million in the comparable 2012. Specialty P&C underwriting profits of $48 million were unchanged from the prior year period. P&C net investment income declined by $4 million year-over-year, in-line with our expectation as re-investment rates continue to decline.

As Craig described, a newly segment earnings were $16 million or 27% to a record $76 million. Earnings contributed by other operating segments declined year-over-year by $8 million.

As a remainder, the first quarter of 2012 included a $6 million in earnings from our Medicare supplement and critical illness business which we sold at 10th August 2012. As Craig noted earlier, we did not expect Run-off Long-Term Care and Life Segment to contribute materially to 2013 results. Interest expense is unchanged year-over-year at $17 million. Other expense increased by $5 million in the 2013 first quarter, reflecting higher holder company expenses related to an adjustment for certain equity compensation plans. Finally, annualized core operating return equity was 8.6% for the 2013 first quarter compared to 8.9% in the first quarter of 2012. This is not shown on your slide.

Turning the Slide 13. AFGs adjusted book value per share increased 3% in the quarter to $43.94 including the regular $0.195 dividend in the quarter, AFGs total value creation defined as growth in adjusted book value plus dividend, was 4%.

Tangible book value on an adjusted basis on March 31 2013 was $41.52. Our capital adequacy, financial condition and liquidity remain strong. AFG maintains sufficient capital in its insurance businesses to meet our commitments of the rating agencies. We are pleased to achieve the rating upgrade from Moody’s on April 23. Our excess capital was $620 million at March 31, 2013. This included cash at the parent company of $225 million.

During the first quarter of 2013, AFG repurchased 61,586 shares of common stock at an average price of $43.71 per share. AFG has been active repurchasing shares and returning capital to shareholders dividend. Returning $1.5 billion to shareholders over the preceding 5 calendar years. Repurchasing 31% of share outstanding at the outset of that market period. AFG also looks to invest in excess capital where we see potential for healthy, profitable, organic growth.

All opportunity to stand our specialty mix business through acquisitions and startups and meet our target and return thresholds. The growth in our annuity and P&C Specialty Casualty Business, as well as the launch of our professional liability division within our PNP operations in April, serve as examples.

On slide 14, you’ll find a recap of 2013 guidance for AFG’s core net operating earnings as well as guidance discussed earlier in the call for key financial measures in the Specialty, Property and Casualty Operations and the Annuity Segment, these 2013 expected results exclude non-core items such as realized gains and losses as well as other significant items that may not be indicative of ongoing operations.
Now we'd like to open the lines for any questions.

Question and Answer

Operator

[Operator Instructions] Your first question comes from Amit Kumar, Macquarie Capital.

Amit Kumar
Macquarie Research

My first question relates to the discussion on capital management. You've got a meaningful excess capital position. In the past you've mentioned that you'd like to keep $100 million to $200 million of it as dry powder. I am curious, with minimal buyback this quarter and with the stock is trading at, do you -- has the thought process changed as to how you view acquisitions going forward and maybe just talk about that process and also revisit what do you think, I think Jeff mentioned returns, what do you think are appropriate returns for you to be interested in an acquisition?

Carl Henry Lindner
Co-President, Co-CEO & Director

Amit, well, this Carl. On the acquisition side you know us, we're always out there you know starting businesses up looking for many small to medium sized acquisitions. And you know if there's an occasional larger opportunity you know we're always try to reserve horse power to do something like that. You know we are just starting our professional liability division. We're excited about starting that business, it's an E&E, E&O liability type of business. We don't -- we're not getting ready to announce any major transaction right this second but so really we've not really changed our approach or appetite from you know and how you looked at the world, you know the plans.

Amit Kumar
Macquarie Research

But has the pipeline changed?

Carl Henry Lindner
Co-President, Co-CEO & Director

I don't think pipe -- we're always looking at things, I think, I wouldn't say the pipelines changed, I think right now, I do view now, I'm going forward I do think we're going to get an opportunity to look at more things and particularly as we're looking to expand our business internationally, so. I think in this environment, I think there will be more opportunities.

Amit Kumar
Macquarie Research

In the past you've talked about not really increasing a PML and you just mentioned internationally, I mean are we talking about international sort of casualty type of operations or maybe just expand on that comment a bit.

Carl Henry Lindner
Co-President, Co-CEO & Director

I think there would be similar opportunities to the businesses that we're -- we're already in though if there is interesting opportunities so, we'll look at them.

Amit Kumar
Macquarie Research

And is it mostly on the primary side or would you even go on to the sort of the casualty reassurance side?

Carl Henry Lindner
Co-President, Co-CEO & Director

I think be focused on where we're focused today and that would be more on the primary side.

Amit Kumar
Macquarie Research

Got it, that's really helpful. The second question, I have is on the expanded, I guess, the annuity disclosure. We've talked about, I guess, the return on assets and you can compute it from slide 8. How would you -- what would be the -- the clean, I guess ROE of this business be?

Stephen Craig Lindner
Co-President, Co-CEO & Director

This is Craig. What I would tell you is in the first quarter the ROE was approximately 11%. It did include semi items that are potentially non recurring that added 1 point or 2 points to the return so. If we adjust out certain things that benefited us things like a little bit of investment income from prepayments, the very strong performance of the stock market exceeded our estimate or projection of 2% per quarter. That added $4 million to the earnings of the annuity business in the first quarter. If you adjust for a few things like that, that we didn't budget for, it brings that 11% number down to a little over 10%.

Amit Kumar
Macquarie Research

And when you said look forward, how does the dynamic of, I guess the older lower spread business which is running off and is being replaced by higher spread. I mean how does that impact that number going forward?

Stephen Craig Lindner
Co-President, Co-CEO & Director

That -- we think that the impact is a positive one certainly we're writing new business that were terms that are well above the 10% level. What I would tell you is just low interest rate environment, the old higher GMIR business isn't running off nearly as quickly as we would have expected. And we still have business on the books that was written in the 70s and 80s which we expected to be -- most of it to be long gone and it is sticking around.

Amit Kumar
Macquarie Research

Got it. That's helpful. The final question and then I'll stop here is you said it's too early for crop and you're in discussing the core 52.5% quota share. I guess separately when -- then you look at the mix of business, the corn is 1/2 of your book approximately. Based on the late planting or I guess farmers switching to soybean. How do -- how can your crop books sort of changed? Does it change materially if the switch happens or it's the change only on the margin if farmers do switch to another crop?

Carl Henry Lindner
Co-President, Co-CEO & Director

I don't think there'd be major changes that's been added. It's again our prospect to this is right now there's things that make you most both optimistic and things that concern you. The -- on the one hand the entire Midwest has received much needed precipitation over the last 4 to 6 weeks which has mitigated much of the draught concerns particularly in the eastern corn belt. We know have adequate top soil moisture to get the crops off to good start, however as you know the air and soil temperatures have remained unreasonably cool which is -- has to wait planting. So planting progress is behind last year's pace and a week or 2 behind the 5 year average. That said, I think if corn is planted by mid to late May, I think that things might be just fine. Soybean, usually if they're planted by mid to late June, things are okay too. So it's really kind of early. I know over the next 3 to 4 weeks, I think everybody will get a better feel of things as far as the drought, drought and the magnitude of the 2012 drought has some lingering effect on 2013 growing additions. However, when you look at historical data that would suggest that there really is a low correlation between prior year drought and poor yields the following year. The entire corn belt has seen significant rainfall over the past 6 weeks which has recharged soil moisture and much of the corn and soybean growing regions and this year's crop yields will be effected more by the amount of rainfall received in July and August then it will be I think from the lingering effects of last year's draught so. Again it's way too early to try to prognosticate that much.

Operator

The next question comes from Ryan Byrnes, Langen McAlenney.

Ryan J. Byrnes
Langen McAlenney

Let me quickly going back to the capital management discussion, I just wanted to get your thought process maybe on the devaluation have a factor as well in I guess a little bit slow down in the first quarter. Obviously, you have been trading at a premium to book ex-AOCI is that -- is that a way that you guys look at it as well?

Stephen Craig Lindner
Co-President, Co-CEO & Director

It is. As we've said in the past we're going to be opportunistic in every purchase of shares yet prices around book value or below, as you know, we have repurchased it a very large percent of our shares that are outstanding and that doesn't mean that we're not going to repurchase shares at current prices, we currently have a repurchase program in place. It just means that we're not going to aggressive as we would be at lower prices. We understand that return that's available to us from share we purchases and we also see attractive opportunities, as Carl talked, to investment capital on our existing businesses. And we have a responsibilities of management team to deploy that capital in areas that provide the highest return and will continue evaluating that.

Ryan J. Byrnes
Langen McAlenney

Okay. And then mixing up here a little bit to talk about -- you showed some strong growth in the PC business and you guys noted that some of it was in the -- the ENS market. . And obviously there's some headlines on that potential new very large player in this base, but I just wanted to see what your thoughts are I guess on the books entering the space and I guess -- is there any overlap in the lines of business that you guys do, just want to see what kind of impact do you guys expected in the market.

Stephen Craig Lindner
Co-President, Co-CEO & Director

We're used to competitors kind of coming and going. Berkshire with their resources clearly is in a position to have more meaningful impact on the market. That said, generative business, when you look at the business that we're targeting in that, it's more to small and medium size occasionally – occasional larger opportunities in that. I'm not sure we overlap quite as much as, where if think what Bershire is going to be targeting is what AIG and some of the other players do, so. Sure, they're -- they're very capable, it will have an impact. I think there are others that they'll overlap more with that will have a bigger impact than with us.

Operator

[Operator Instructions] We have a follow-up question from Amit Kumar, Macquarie Capital.

Amit Kumar
Macquarie Research

Quickly, just going back to the capital discussion. Maybe I am seeing too much into this, but you did not talk about revisiting the dividend down the road. Has anything changed on that process or are you still open to revisiting the dividend as you know, maybe 1 or 2 quarters down the road?

Stephen Craig Lindner
Co-President, Co-CEO & Director

I wouldn't take anything by us leaving that out. Our approach is we see value in building a predictable stream of increasing dividends over time. We think investors value that. That continues to be important in our consideration of using excess capital and as you know last year, our investors got a little kiss right at the end of the year, in our management, so I think dividends clearly continue to be part of our capital strategy.

Carl Henry Lindner
Co-President, Co-CEO & Director

And then as you know, AFG has increased its dividend each year of the past 7 years to elaborate on Carl's point.

Stephen Craig Lindner
Co-President, Co-CEO & Director

Yes, last 5 years we've had a 12.5% compounded annual increase in our dividends.

Amit Kumar
Macquarie Research

Got it, and then just going back, I guess to Republic Indemnity, in terms of when you sort of look at the lost cost trends and the pricing, has anything changed or are we still on the right track there? I mean we're getting more pricing, lost cost seem to have stabilized, has anything changed on that front from the last quarter?

Stephen Craig Lindner
Co-President, Co-CEO & Director

No. I think we continue to be more optimistic. We have a market that's firming. We're getting double-digit renewal price increase in the fourth quarter and the first quarter. Our expectations are that we'll get double-digit price increase for the year. Last year, probably our latest estimate of accident year for California comps, for us is, last year's probably 108%. That's a little better than the latest industry estimate of 127%. Republic's always been much better. So with a double-digit price increase, that gives us some optimism that we're moving back toward a business that can have a double-digit return. At about 4% interest rate, a 100-combined ratio, for instance, is equivalent to about a 10% return-on-equity. So we feel good about our reserves, adequacy, lost cost trends are low single-digit. So for all those reasons, the way some increase in business opportunities from the market, we are looking at long on double-digit growth for California comps this year.

Amit Kumar
Macquarie Research

Got it, and then I guess on the flip side, are there any areas where you would have expected rates to improve more relatively and which are still seeing competitive pressure?

Stephen Craig Lindner
Co-President, Co-CEO & Director

There aren't too many. I am liking what I am seeing in the DNO space today. We're getting double-digit increases there. That's been the laggard last year a little bit. It wasn't until latter part of the year that I think the market was seeing some significant increases in that. So I like what I am seeing there. So yes, I don't think there's any areas. If there was one in our Equine business that seems to be Equine Mortality, seems to be a little more competitive than what it should be in that. I would like to see us achieve a bit more rate there.

Amit Kumar
Macquarie Research

Got it, and then I guess final question would be, do you have the unrealized gains from your real estate holdings handy? Is that number available?

Stephen Craig Lindner
Co-President, Co-CEO & Director

I do not have that number.

Operator

There are no further questions at this time. Diane, are there any closing remarks?

Diane P. Weidner
Assistant Vice President of Investors Relations

Thank you, Keenan. I thank you all for joining us this morning. We look forward to speaking to you again when we report our second quarter results.

Operator
This concludes today's American Financial Group 2013 First Quarter Results Conference Call. You may now disconnect.