

Edgar Filing: State Auto Financial CORP - Form 10-Q

State Auto Financial CORP

Form 10-Q

August 07, 2018

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stfc:BusinessInsuranceMember 2017-01-01 2017-06-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:InvestmentOperationsSegmentMember 2017-04-01 2017-06-30 0000874977

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us-gaap:MaterialReconcilingItemsMember 2018-01-01 2018-06-30 0000874977
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us-gaap:OperatingSegmentsMember stfc:InsuranceSegmentsMember 2017-04-01 2017-06-30 0000874977
stfc:CorporateAndReconcilingItemsMember 2018-01-01 2018-06-30 0000874977
stfc:CorporateAndReconcilingItemsMember 2017-04-01 2017-06-30 0000874977
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stfc:InvestmentOperationsSegmentMember 2018-01-01 2018-06-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:SpecialtyInsuranceMember 2018-04-01 2018-06-30 0000874977 us-gaap:IntersegmentEliminationMember
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2017-06-30 0000874977 us-gaap:IntersegmentEliminationMember 2018-01-01 2018-06-30 0000874977
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us-gaap:OperatingSegmentsMember stfc:PersonalInsuranceMember 2017-04-01 2017-06-30 0000874977
us-gaap:OperatingSegmentsMember stfc:SpecialtyInsuranceMember 2018-01-01 2018-06-30 0000874977
us-gaap:OperatingSegmentsMember stfc:SpecialtyInsuranceMember 2017-04-01 2017-06-30 0000874977
us-gaap:OperatingSegmentsMember stfc:BusinessInsuranceMember 2017-04-01 2017-06-30 0000874977
us-gaap:OperatingSegmentsMember stfc:SpecialtyInsuranceSegmentMember 2017-04-01 2017-06-30 xbrli:pure
xbrli:shares iso4217:USD xbrli:shares stfc:Agreement stfc:position iso4217:USD stfc:Segment
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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

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

For the quarterly period ended June 30, 2018

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 000-19289

STATE AUTO FINANCIAL CORPORATION

(Exact name of Registrant as specified in its charter)

Ohio

(State or other jurisdiction of
incorporation or organization)

31-1324304

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

518 East Broad Street, Columbus, Ohio 43215-3976

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (614) 464-5000

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.

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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, smaller reporting company, or an emerging growth company. See definition of "large accelerated filer", "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer

Accelerated filer

Non-accelerated filer

Smaller reporting company

(Do not check if a smaller reporting company) Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

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Indicate by check mark whether the Registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

On August 3, 2018, the Registrant had 43,069,268 Common Shares outstanding.

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STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

(a majority-owned subsidiary of State Automobile Mutual Insurance Company)

PART I – FINANCIAL STATEMENTS**Item 1. Condensed Consolidated Balance Sheets**

	June 30,	December
	2018	31, 2017
<i>(\$ and shares in millions, except per share amounts)</i>		
<i>(unaudited)</i>		
Assets		
Fixed maturities, available-for-sale, at fair value (amortized cost \$2,206.9 and \$2,173.1, respectively)	\$2,178.0	\$2,192.8
Equity securities	362.8	365.3
Other invested assets	54.1	56.0
Other invested assets, at cost	5.6	5.6
Notes receivable from affiliate	70.0	70.0
<i>Total investments</i>	2,670.5	2,689.7
Cash and cash equivalents	40.8	91.5
Accrued investment income and other assets	39.0	36.5
Deferred policy acquisition costs (affiliated net assumed \$52.2 and \$57.2, respectively)	104.6	110.3
Reinsurance recoverable on losses and loss expenses payable	5.1	3.1
Prepaid reinsurance premiums	6.9	6.4
Current federal income taxes	5.7	4.8
Net deferred federal income taxes	67.1	58.8
Property and equipment, at cost	7.1	7.3
Total assets	\$2,946.8	\$3,008.4
Liabilities and Stockholders' Equity		
Losses and loss expenses payable (affiliated net assumed \$646.0 and \$711.4, respectively)	\$1,234.5	\$1,255.6
Unearned premiums (affiliated net assumed \$135.9 and \$187.9, respectively)	590.1	611.8
Notes payable (affiliates \$15.2 and \$15.2, respectively)	122.0	122.1
Pension and postretirement benefits (affiliated net ceded \$31.2 and \$34.8, respectively)	57.9	64.5
Due to affiliate	7.1	2.7
Other liabilities (affiliated net assumed \$17.9 and \$15.5, respectively)	88.2	76.7
Total liabilities	2,099.8	2,133.4
Stockholders' equity:		
Class A Preferred stock (nonvoting), without par value. Authorized 2.5 shares; none issued	—	—
Class B Preferred stock, without par value. Authorized 2.5 shares; none issued	—	—
Common stock, without par value. Authorized 100.0 shares; 49.7 and 49.2 shares issued, respectively, at stated value of \$2.50 per share	124.1	123.0
Treasury stock, 6.8 and 6.8 shares, respectively, at cost	(116.9)	(116.8)
Additional paid-in capital	184.8	171.8
Accumulated other comprehensive (loss) income (affiliated net ceded \$48.7 and \$50.7, respectively)	(57.3)	36.7
Retained earnings	712.3	660.3
Total stockholders' equity	847.0	875.0
Total liabilities and stockholders' equity	\$2,946.8	\$3,008.4

See accompanying notes to condensed consolidated financial statements.

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STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

(a majority-owned subsidiary of State Automobile Mutual Insurance Company)

Condensed Consolidated Statements of Income

(\$ in millions, except per share amounts)

(unaudited)

	Three months ended June 30	
	2018	2017
Earned premiums (affiliated net assumed \$81.2 and \$118.1, respectively)	\$307.5	\$320.1
Net investment income (affiliates \$1.2 and \$1.2, respectively)	21.5	19.1
Net investment gain		
Total other-than-temporary impairment losses	—	(0.8)
Other investment gain	12.1	16.6
Total net investment gain	12.1	15.8
Other income from affiliates	0.6	0.7
Total revenues	341.7	355.7
Losses and loss expenses (affiliated net assumed \$24.5 and \$83.4, respectively)	217.8	230.4
Acquisition and operating expenses (affiliated net assumed \$35.7 and \$71.8, respectively)	111.3	109.9
Interest expense (affiliates \$0.3 and \$0.2, respectively)	1.7	1.5
Other expenses	3.2	2.0
Total expenses	334.0	343.8
Income before federal income taxes	7.7	11.9
Federal income tax expense:		
Current	—	0.2
Deferred	1.7	3.0
Total federal income tax expense	1.7	3.2
Net income	\$6.0	\$8.7
Earnings per common share:		
Basic	\$0.14	\$0.21
Diluted	\$0.14	\$0.21
Dividends paid per common share	\$0.10	\$0.10

See accompanying notes to condensed consolidated financial statements.

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STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

(a majority-owned subsidiary of State Automobile Mutual Insurance Company)

Condensed Consolidated Statements of Income

(\$ in millions, except per share amounts)

(unaudited)

	Six months ended June 30	
	2018	2017
Earned premiums (affiliated net assumed \$179.2 and \$233.7, respectively)	\$622.4	\$638.2
Net investment income (affiliates \$2.4 and \$2.4, respectively)	41.4	37.8
Net investment gain		
Total other-than-temporary impairment losses	—	(2.9)
Other investment gain	0.4	26.5
Total net investment gain	0.4	23.6
Other income from affiliates	1.2	1.2
Total revenues	665.4	700.8
Losses and loss expenses (affiliated net assumed \$70.7 and \$169.6, respectively)	430.1	464.7
Acquisition and operating expenses (affiliated net assumed \$79.1 and \$152.1, respectively)	222.1	221.4
Interest expense (affiliates \$0.5 and \$0.4, respectively)	3.3	2.9
Other expenses	5.5	3.9
Total expenses	661.0	692.9
Income before federal income taxes	4.4	7.9
Federal income tax (benefit) expense:		
Current	(1.0)	0.1
Deferred	1.5	2.4
Total federal income tax expense	0.5	2.5
Net income	\$3.9	\$5.4
Earnings per common share:		
Basic	\$0.09	\$0.13
Diluted	\$0.09	\$0.13
Dividends paid per common share	\$0.20	\$0.20

See accompanying notes to condensed consolidated financial statements.

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STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

(a majority-owned subsidiary of State Automobile Mutual Insurance Company)

Consolidated Statements of Comprehensive Income

	Three months ended June 30 2018
<i>(\$ in millions, except per share amounts)</i>	
<i>(unaudited)</i>	
Net income	\$ 6.0
Other comprehensive income, net of tax:	
Net unrealized holding losses on fixed maturities:	
Unrealized holding losses	(10.2)
Reclassification adjustments for gains realized in net income	(1.3)
Income tax benefit	2.4
<i>Total net unrealized holding losses on fixed maturities</i>	(9.1)
Net unrecognized benefit plan obligations:	
Reclassification adjustments for amortization to statements of income:	
Negative prior service cost	(1.3)
Net actuarial loss	2.0
Income tax expense	(0.1)
<i>Total net unrecognized benefit plan obligations</i>	0.6
<i>Other comprehensive loss</i>	(8.5)
Comprehensive loss	\$ (2.5)

	Three months ended June 30 2017
<i>(\$ in millions, except per share amounts)</i>	
<i>(unaudited)</i>	
Net income	\$ 8.7
Other comprehensive income, net of tax:	
Net unrealized holding gains on investments:	
Unrealized holding gains	23.8
Reclassification adjustments for gains realized in net income	(15.8)
Income tax expense	(2.8)
<i>Total net unrealized holding gains on investments</i>	5.2
Net unrecognized benefit plan obligations:	
Reclassification adjustments for amortization to statements of income:	
Negative prior service cost	(1.4)
Net actuarial loss	1.9
Income tax expense	(0.2)
<i>Total net unrecognized benefit plan obligations</i>	0.3
<i>Other comprehensive income</i>	5.5
Comprehensive income	\$ 14.2

See accompanying notes to condensed consolidated financial statements.

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STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

(a majority-owned subsidiary of State Automobile Mutual Insurance Company)

Consolidated Statements of Comprehensive Income

	Six months ended June 30 2018
<i>(\$ in millions, except per share amounts)</i>	
<i>(unaudited)</i>	
Net income	\$3.9
Other comprehensive income, net of tax:	
Net unrealized holding losses on fixed maturities:	
Unrealized holding losses	(46.9)
Reclassification adjustments for gains realized in net income	(1.7)
Income tax benefit	10.2
<i>Total net unrealized holding losses on fixed maturities</i>	(38.4)
Net unrecognized benefit plan obligations:	
Reclassification adjustments for amortization to statements of income:	
Negative prior service cost	(2.7)
Net actuarial loss	4.2
Income tax expense	(0.3)
<i>Total net unrecognized benefit plan obligations</i>	1.2
<i>Other comprehensive loss</i>	(37.2)
Comprehensive loss	\$(33.3)

	Six months ended June 30 2017
<i>(\$ in millions, except per share amounts)</i>	
<i>(unaudited)</i>	
Net income	\$ 5.4
Other comprehensive income, net of tax:	
Net unrealized holding gains on investments:	
Unrealized holding gains	54.6
Reclassification adjustments for gains realized in net income	(23.6)
Income tax expense	(10.8)
<i>Total net unrealized holding gains on investments</i>	20.2
Net unrecognized benefit plan obligations:	
Reclassification adjustments for amortization to statements of income:	
Negative prior service cost	(2.8)
Net actuarial loss	4.0
Income tax expense	(0.5)
<i>Total net unrecognized benefit plan obligations</i>	0.7
<i>Other comprehensive income</i>	20.9
Comprehensive income	\$ 26.3

See accompanying notes to condensed consolidated financial statements.

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STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

(a majority-owned subsidiary of State Automobile Mutual Insurance Company)

Condensed Consolidated Statements of Cash Flows

(\$ in millions)

(unaudited)

	Six months ended June 30	
	2018	2017
Cash flows from operating activities:		
Net income	\$3.9	\$5.4
Adjustments to reconcile net income to net cash (used in) provided by operating activities:		
Depreciation and amortization, net	4.6	6.1
Share-based compensation	—	2.8
Net investment gain	(0.4)	(23.6)
Changes in operating assets and liabilities:		
Deferred policy acquisition costs	5.7	4.2
Accrued investment income and other assets	(2.2)	0.1
Postretirement and pension benefits	(5.5)	(6.0)
Other liabilities and due to/from affiliates, net	16.2	(32.7)
Reinsurance recoverable on losses and loss expenses payable and prepaid reinsurance premiums	(2.5)	1.0
Losses and loss expenses payable	(21.1)	52.0
Unearned premiums	(21.7)	9.6
Deferred tax expense on share-based awards	0.2	1.3
Federal income taxes	0.6	1.2
Net cash (used in) provided by operating activities	(22.2)	21.4
Cash flows from investing activities:		
Purchases of fixed maturities available-for-sale	(207.9)	(244.5)
Purchases of equity securities	(78.4)	(69.0)
Purchases of other invested assets	(0.9)	(0.7)
Maturities, calls and pay downs of fixed maturities available-for-sale	110.2	94.5
Sales of fixed maturities available-for-sale	60.9	108.2
Sales of equity securities	81.8	91.9
Sales of other invested assets	0.7	0.5
Net cash used in investing activities	(33.6)	(19.1)
Cash flows from financing activities:		
Proceeds from issuance of common stock	14.3	4.1
Payments to acquire treasury stock	(0.1)	(0.2)
Payment of dividends	(8.7)	(8.5)
Payment of prepayment fee	(0.4)	—
Net cash provided by (used in) financing activities	5.1	(4.6)
Net decrease in cash and cash equivalents	(50.7)	(2.3)
Cash and cash equivalents at beginning of period	91.5	51.1
Cash and cash equivalents at end of period	\$40.8	\$48.8
<u>Supplemental disclosures:</u>		
Interest paid (affiliates \$0.5 and \$0.4, respectively)	\$3.3	\$2.8

See accompanying notes to condensed consolidated financial statements.

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STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

(a majority-owned subsidiary of State Automobile Mutual Insurance Company)

Notes to Condensed Consolidated Financial Statements (Unaudited)

1. Basis of Presentation

The accompanying unaudited condensed consolidated financial statements of State Auto Financial Corporation and Subsidiaries (“State Auto Financial” or the “Company”) have been prepared in accordance with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by U.S. generally accepted accounting principles (“GAAP”) for complete financial statements. In the opinion of the Company, all adjustments (consisting of normal, recurring accruals) considered necessary for a fair presentation have been included. Operating results for the three and six month period ended June 30, 2018, are not necessarily indicative of the results that may be expected for the year ending December 31, 2018. The balance sheet at December 31, 2017, has been derived from the audited financial statements at that date, but does not include all of the information and footnotes required by GAAP for complete financial statements.

For further information, refer to the consolidated financial statements and footnotes thereto included in the Company’s Annual Report on Form 10-K for the year ended December 31, 2017, (the “2017 Form 10-K”). Capitalized terms used herein and not otherwise defined shall have the meaning ascribed to them in the 2017 Form 10-K.

Adoption of Recent Accounting Pronouncements

Financial Instruments - Overall: Recognition and Measurement of Financial Assets and Financial Liabilities

In January 2016, the FASB issued ASU-2016-01 to improve certain aspects of recognition, measurement, presentation, and disclosure of financial instruments. Specifically the guidance (i) requires equity investments, including equity securities and limited partnership interests, that are not accounted for under the equity method of accounting or result in consolidation to be measured at fair value with changes in fair value recognized in earnings, (ii) simplifies the impairment assessment of equity investments without readily determinable fair values by requiring a qualitative assessment to identify impairment, (iii) eliminates the requirement to disclose the methods and significant assumptions used to estimate the fair value that is required to be disclosed for financial instruments measured at amortized cost, (iv) requires the use of the exit price notion when measuring the fair value of financial instruments for disclosure purposes, (v) requires an entity to present separately in other comprehensive income the portion of the total change in fair value of a liability resulting from a change in the instrument-specific credit risk when the entity has elected to measure the liability at fair value in accordance with the fair value option, (vi) requires separate presentation of financial assets and liabilities by measurement category and form on the balance sheet or the notes to the financial statements, and (vii) clarifies that the need for a valuation allowance on a deferred tax asset related to an available for sale security should be evaluated with other deferred tax assets. The guidance was effective beginning January 1, 2018. The adoption of this guidance resulted in the recognition of \$60.8 million of net unrealized gains (net of tax) as a cumulative effect adjustment that increased retained earnings as of January 1, 2018 and decreased accumulated other comprehensive income (“AOCI”) by the same amount. Changes in the fair value of equity securities and other invested assets previously identified as available-for-sale are reported in "net investment (loss) gain" in the condensed consolidated statements of income. At December 31, 2017, equity securities and other invested assets were classified as available-for-sale on the Company's balance sheet; however, upon adoption, the guidance eliminated the available-for-sale balance sheet classification for equity securities and other invested assets.

Reclassification of Certain Tax Effects from Accumulated Other Comprehensive Income

In February 2018, the FASB issued ASU 2018-02 that addresses certain stranded income tax effects in AOCI resulting from the Tax Cuts and Jobs Act of 2017 (“TCJA”). Current guidance requires the effect of a change in tax laws or rates on deferred tax balances to be reported in income from continuing operations in the accounting period that includes the period of enactment, even if the related income tax effects were originally charged or credited directly to AOCI. The amount of the reclassification would include the effect of the change in the U.S. federal corporate income tax rate on the gross deferred tax amounts and related valuation allowances, if any, at the date of the enactment of TCJA related to items in AOCI. The updated guidance is effective for reporting periods beginning after December 15, 2018

and is to be applied retrospectively to each period in which the effect of the TCJA related to items remaining in AOCI are recognized or at the beginning of the period of adoption. Early adoption is permitted. The Company adopted the updated guidance effective January 1, 2018 and elected to reclassify the income tax effects of the TCJA from AOCI to retained earnings as of January 1, 2018. This reclassification resulted in a decrease in retained earnings of \$4.0 million as of January 1, 2018 and an increase in AOCI by the same amount.

Revenue from Contracts with Customers

In May 2014, the FASB issued ASU 2014-09 that requires an entity to recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange

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STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

(a majority-owned subsidiary of State Automobile Mutual Insurance Company)

Notes to Condensed Consolidated Financial Statements, Continued (Unaudited)

for those goods or services. Insurance contracts do not fall within the scope of this new guidance. The guidance was effective for annual reporting periods beginning after December 15, 2017, with early adoption permitted. The Company adopted this guidance effective January 1, 2018. The adoption of the guidance did not impact how the Company recognizes revenue; thus, there was no impact to its results of operations or consolidated financial position.

Statement of Cash Flows - Classification of Certain Cash Receipts and Cash Payments

In August 2016, the FASB issued 2016-15 that addresses eight specific cash flow issues with the objective of reducing existing diversity in practice. The new guidance is effective beginning January 1, 2018. The Company adopted this guidance effective January 1, 2018 and it did not impact the Company's cash flows.

Improving the Presentation of Net Periodic Pension Cost and Net Periodic Postretirement Benefit Cost

In March 2017, the FASB issued ASU 2017-07 on how to present the components of net periodic benefit costs in the income statement for pension plans and other post-retirement benefit plans. The new guidance is effective for interim and annual reporting periods beginning after December 15, 2017. The Company adopted this guidance effective beginning January 1, 2018 and it did not have a material impact on the Company's results of operations, consolidated financial position, or cash flows.

Pending Adoption of Recent Accounting Pronouncements

Leases

In February 2016, the FASB issued guidance that amended previous guidance on lease accounting. The new guidance requires the recognition of lease assets and lease liabilities by lessees for those leases classified as operating leases under previous GAAP. The guidance is effective beginning January 1, 2019 and it is not expected to have a material impact on the Company's results of operations, consolidated financial position or cash flows.

For information regarding other accounting pronouncements that the Company has not yet adopted, see the "Pending Adoption of Recent Accounting Pronouncements" section of Note 1 of the Notes to Consolidated Financial Statements in the 2017 Form 10-K.

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STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

(a majority-owned subsidiary of State Automobile Mutual Insurance Company)

Notes to Condensed Consolidated Financial Statements, Continued (Unaudited)

2. Investments

The following tables set forth the cost or amortized cost and fair value of investments by lot at June 30, 2018 and December 31, 2017:

(\$ millions)

June 30, 2018

Available-for-sale fixed maturities:

	Cost or amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
U.S. treasury securities and obligations of U.S. government agencies	\$419.1	\$6.3	\$(10.1)	\$415.3
Obligations of states and political subdivisions	447.0	8.8	(1.3)	454.5
Corporate securities	536.3	1.7	(11.1)	526.9
U.S. government agencies mortgage-backed securities	804.5	2.3	(25.5)	781.3
<i>Total available-for-sale fixed maturities</i>	\$2,206.9	\$19.1	\$(48.0)	\$2,178.0

(\$ millions)

December 31, 2017

Fixed maturities:

	Cost or amortized cost	Gross unrealized holding gains	Gross unrealized holding losses	Fair value
U.S. treasury securities and obligations of U.S. government agencies	\$433.8	\$9.3	\$(6.2)	\$436.9
Obligations of states and political subdivisions	507.1	19.1	(0.4)	525.8
Corporate securities	527.5	4.5	(2.3)	529.7
U.S. government agencies mortgage-backed securities	704.7	7.1	(11.4)	700.4
<i>Total fixed maturities</i>	2,173.1	40.0	(20.3)	2,192.8
Equity securities:				
Large-cap securities	62.4	35.1	(0.7)	96.8
Mutual and exchange traded funds	256.2	21.6	(9.3)	268.5
<i>Total equity securities</i>	318.6	56.7	(10.0)	365.3
Other invested assets	25.8	30.2	—	56.0
<i>Total available-for-sale securities</i>	\$2,517.5	\$126.9	\$(30.3)	\$2,614.1

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STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

(a majority-owned subsidiary of State Automobile Mutual Insurance Company)

Notes to Condensed Consolidated Financial Statements, Continued (Unaudited)

The following tables set forth the Company's gross unrealized losses and fair value on its investments by lot, aggregated by investment category and length of time for individual securities that have been in a continuous unrealized loss position at June 30, 2018 and December 31, 2017:

(\$ millions, except # of positions)

	Less than 12 months			12 months or more			Total		
	Fair value	Unrealized losses	Number of positions	Fair value	Unrealized losses	Number of positions	Fair value	Unrealized losses	Number of positions
June 30, 2018									
Fixed maturities:									
U.S. treasury securities and obligations of U.S. government agencies	\$98.0	\$(1.9)	14	\$187.7	\$(8.2)	22	\$285.7	\$(10.1)	36
Obligations of states and political subdivisions	97.6	(1.2)	16	8.6	(0.1)	2	106.2	(1.3)	18
Corporate securities	385.9	(8.7)	56	70.5	\$(2.4)	12	456.4	\$(11.1)	68
U.S. government agencies mortgage-backed securities	433.0	(11.4)	58	236.6	(14.1)	43	669.6	(25.5)	101
<i>Total temporarily impaired securities</i>	\$1,014.5	\$(23.2)	144	\$503.4	\$(24.8)	79	\$1,517.9	\$(48.0)	223

(\$ millions, except # of positions)

	Less than 12 months			12 months or more			Total		
	Fair value	Unrealized losses	Number of positions	Fair value	Unrealized losses	Number of positions	Fair value	Unrealized losses	Number of positions
December 31, 2017									
Fixed maturities:									
U.S. treasury securities and obligations of U.S. government agencies	\$102.4	\$(0.6)	18	\$196.1	\$(5.6)	22	\$298.5	\$(6.2)	40
Obligations of states and political subdivisions	58.6	(0.4)	10	—	—	—	58.6	(0.4)	10
Corporate securities	153.2	(1.3)	23	67.3	(1.0)	10	220.5	(2.3)	33
U.S. government agencies mortgage-backed securities	188.6	(2.9)	31	252.2	(8.5)	41	440.8	(11.4)	72
<i>Total fixed maturities</i>	502.8	(5.2)							