

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

State Auto Financial CORP

Form 10-Q

November 07, 2016

false--12-31Q3201610-Q0000874977Accelerated FilerState Auto Financial

CORP4930000052800000P3Y67400000200900000100900000281400000500000600000100000200000532400000606700000

0000874977 2016-01-01 2016-09-30 0000874977 2016-10-28 0000874977 2016-09-30 0000874977

us-gaap:PreferredClassAMember 2016-09-30 0000874977 2015-12-31 0000874977 us-gaap:PreferredClassBMember

2015-12-31 0000874977 us-gaap:PreferredClassBMember 2016-09-30 0000874977 us-gaap:PreferredClassAMember

2015-12-31 0000874977 2016-07-01 2016-09-30 0000874977 2015-07-01 2015-09-30 0000874977 2015-01-01

2015-09-30 0000874977 2015-09-30 0000874977 2014-12-31 0000874977 us-gaap:DebtSecuritiesMember

2015-01-01 2015-09-30 0000874977 us-gaap:EquitySecuritiesMember 2016-01-01 2016-09-30 0000874977

us-gaap:EquitySecuritiesMember stfc:OtherThanTemporaryImpairmentsMember 2015-07-01 2015-09-30

0000874977 us-gaap:DebtSecuritiesMember 2015-07-01 2015-09-30 0000874977 us-gaap:EquitySecuritiesMember

us-gaap:SalesMember 2016-07-01 2016-09-30 0000874977 stfc:OtherInvestedAssetsMember 2015-07-01 2015-09-30

0000874977 us-gaap:EquitySecuritiesMember 2015-01-01 2015-09-30 0000874977 us-gaap:DebtSecuritiesMember

2016-01-01 2016-09-30 0000874977 us-gaap:DebtSecuritiesMember stfc:OtherThanTemporaryImpairmentsMember

2016-01-01 2016-09-30 0000874977 us-gaap:DebtSecuritiesMember 2016-07-01 2016-09-30 0000874977

us-gaap:EquitySecuritiesMember 2015-07-01 2015-09-30 0000874977 us-gaap:EquitySecuritiesMember

stfc:OtherThanTemporaryImpairmentsMember 2016-07-01 2016-09-30 0000874977

stfc:OtherInvestedAssetsMember 2015-01-01 2015-09-30 0000874977 stfc:OtherInvestedAssetsMember 2016-01-01

2016-09-30 0000874977 stfc:OtherInvestedAssetsMember 2016-07-01 2016-09-30 0000874977

us-gaap:EquitySecuritiesMember stfc:OtherThanTemporaryImpairmentsMember 2015-01-01 2015-09-30

0000874977 us-gaap:EquitySecuritiesMember 2016-07-01 2016-09-30 0000874977 us-gaap:DebtSecuritiesMember

stfc:OtherThanTemporaryImpairmentsMember 2015-01-01 2015-09-30 0000874977

us-gaap:EquitySecuritiesMember stfc:OtherThanTemporaryImpairmentsMember 2016-01-01 2016-09-30

0000874977 us-gaap:DebtSecuritiesMember stfc:OtherThanTemporaryImpairmentsMember 2015-07-01 2015-09-30

0000874977 us-gaap:EquitySecuritiesMember us-gaap:SalesMember 2015-07-01 2015-09-30 0000874977

us-gaap:DebtSecuritiesMember stfc:OtherThanTemporaryImpairmentsMember 2016-07-01 2016-09-30 0000874977

us-gaap:EquitySecuritiesMember us-gaap:SalesMember 2016-01-01 2016-09-30 0000874977

us-gaap:EquitySecuritiesMember us-gaap:SalesMember 2015-01-01 2015-09-30 0000874977

us-gaap:DebtSecuritiesMember us-gaap:CorporateDebtSecuritiesMember 2015-12-31 0000874977

us-gaap:EquitySecuritiesMember stfc:LargeCapSecuritiesMember 2016-09-30 0000874977

us-gaap:DebtSecuritiesMember us-gaap:CorporateDebtSecuritiesMember 2016-09-30 0000874977

us-gaap:EquitySecuritiesMember 2016-09-30 0000874977 stfc:OtherInvestedAssetsMember 2016-09-30 0000874977

us-gaap:DebtSecuritiesMember 2016-09-30 0000874977 us-gaap:DebtSecuritiesMember

us-gaap:USStatesAndPoliticalSubdivisionsMember 2016-09-30 0000874977 us-gaap:DebtSecuritiesMember

us-gaap:USTreasuryAndGovernmentMember 2016-09-30 0000874977 us-gaap:DebtSecuritiesMember

us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2015-12-31 0000874977

us-gaap:EquitySecuritiesMember stfc:SmallCapSecuritiesMember 2015-12-31 0000874977

us-gaap:DebtSecuritiesMember us-gaap:USTreasuryAndGovernmentMember 2015-12-31 0000874977

us-gaap:DebtSecuritiesMember 2015-12-31 0000874977 us-gaap:EquitySecuritiesMember

stfc:LargeCapSecuritiesMember 2015-12-31 0000874977 us-gaap:EquitySecuritiesMember 2015-12-31 0000874977

us-gaap:DebtSecuritiesMember us-gaap:USStatesAndPoliticalSubdivisionsMember 2015-12-31 0000874977

stfc:OtherInvestedAssetsMember 2015-12-31 0000874977 us-gaap:EquitySecuritiesMember

stfc:SmallCapSecuritiesMember 2016-09-30 0000874977 us-gaap:DebtSecuritiesMember

us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2016-09-30 0000874977

us-gaap:FederalHomeLoanBankOfCincinnatiMember 2016-09-30 0000874977 us-gaap:DebtSecuritiesMember

us-gaap:DebtSecuritiesMember 2016-07-01 2016-09-30 0000874977 us-gaap:DebtSecuritiesMember

us-gaap:DebtSecuritiesMember 2015-07-01 2015-09-30 0000874977 us-gaap:EquitySecuritiesMember

stfc:LargeCapSecuritiesMember 2016-07-01 2016-09-30 0000874977 us-gaap:EquitySecuritiesMember

stfc:LargeCapSecuritiesMember 2015-01-01 2015-09-30 0000874977 us-gaap:EquitySecuritiesMember

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

stfc:SmallCapSecuritiesMember 2016-07-01 2016-09-30 0000874977 us-gaap:EquitySecuritiesMember
stfc:SmallCapSecuritiesMember 2015-01-01 2015-09-30 0000874977 us-gaap:EquitySecuritiesMember
stfc:LargeCapSecuritiesMember 2015-07-01 2015-09-30 0000874977 us-gaap:EquitySecuritiesMember
stfc:LargeCapSecuritiesMember 2016-01-01 2016-09-30 0000874977 us-gaap:EquitySecuritiesMember
stfc:SmallCapSecuritiesMember 2015-07-01 2015-09-30 0000874977 us-gaap:EquitySecuritiesMember
stfc:SmallCapSecuritiesMember 2016-01-01 2016-09-30 0000874977 us-gaap:CashAndCashEquivalentsMember
2015-07-01 2015-09-30 0000874977 us-gaap:CashAndCashEquivalentsMember 2016-07-01 2016-09-30 0000874977
us-gaap:CashAndCashEquivalentsMember 2015-01-01 2015-09-30 0000874977
us-gaap:CashAndCashEquivalentsMember 2016-01-01 2016-09-30 0000874977 stfc:LargeCapSecuritiesMember
2015-12-31 0000874977 stfc:SmallCapSecuritiesMember 2015-12-31 0000874977 stfc:LargeCapSecuritiesMember
2016-09-30 0000874977 us-gaap:FairValueInputsLevel2Member
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:AffiliatedEntityMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel2Member us-gaap:EstimateOfFairValueFairValueDisclosureMember
us-gaap:AffiliatedEntityMember 2016-09-30 0000874977 us-gaap:FairValueInputsLevel2Member
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:AffiliatedEntityMember 2015-12-31
0000874977 us-gaap:FairValueInputsLevel2Member us-gaap:AffiliatedEntityMember 2016-01-01 2016-09-30
0000874977 us-gaap:FairValueInputsLevel2Member us-gaap:CarryingReportedAmountFairValueDisclosureMember
us-gaap:AffiliatedEntityMember 2016-09-30 0000874977 us-gaap:FairValueInputsLevel2Member
us-gaap:AffiliatedEntityMember 2015-01-01 2015-12-31 0000874977
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SubordinatedDebtMember 2016-09-30
0000874977 us-gaap:CarryingReportedAmountFairValueDisclosureMember 2015-12-31 0000874977
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:SubordinatedDebtMember 2016-09-30
0000874977 us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:SubordinatedDebtMember
2015-12-31 0000874977 us-gaap:EstimateOfFairValueFairValueDisclosureMember 2015-12-31 0000874977
us-gaap:FederalHomeLoanBankAdvancesMember 2016-09-30 0000874977
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FederalHomeLoanBankOfCincinnatiMember
2016-09-30 0000874977 us-gaap:EstimateOfFairValueFairValueDisclosureMember
us-gaap:FederalHomeLoanBankOfCincinnatiMember 2015-12-31 0000874977
us-gaap:FederalHomeLoanBankAdvancesMember 2015-12-31 0000874977
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FederalHomeLoanBankOfCincinnatiMember
2016-09-30 0000874977 us-gaap:CarryingReportedAmountFairValueDisclosureMember
us-gaap:FederalHomeLoanBankAdvancesMember 2016-09-30 0000874977
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FederalHomeLoanBankAdvancesMember
2016-09-30 0000874977 us-gaap:FederalHomeLoanBankOfCincinnatiMember 2015-12-31 0000874977
us-gaap:SubordinatedDebtMember 2015-12-31 0000874977 us-gaap:SubordinatedDebtMember 2016-09-30
0000874977 us-gaap:CarryingReportedAmountFairValueDisclosureMember 2016-09-30 0000874977
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FederalHomeLoanBankAdvancesMember
2015-12-31 0000874977 us-gaap:EstimateOfFairValueFairValueDisclosureMember 2016-09-30 0000874977
us-gaap:FederalHomeLoanBankOfCincinnatiMember 2016-09-30 0000874977
us-gaap:EstimateOfFairValueFairValueDisclosureMember us-gaap:FederalHomeLoanBankAdvancesMember
2015-12-31 0000874977 us-gaap:EstimateOfFairValueFairValueDisclosureMember
us-gaap:SubordinatedDebtMember 2015-12-31 0000874977
us-gaap:CarryingReportedAmountFairValueDisclosureMember us-gaap:FederalHomeLoanBankOfCincinnatiMember
2015-12-31 0000874977 us-gaap:FairValueMeasurementsRecurringMember
us-gaap:AvailableforsaleSecuritiesMember 2016-01-01 2016-03-31 0000874977
us-gaap:FairValueMeasurementsRecurringMember us-gaap:AvailableforsaleSecuritiesMember 2016-07-01
2016-09-30 0000874977 us-gaap:FairValueMeasurementsRecurringMember
us-gaap:AvailableforsaleSecuritiesMember 2014-12-31 0000874977
us-gaap:FairValueMeasurementsRecurringMember us-gaap:AvailableforsaleSecuritiesMember 2016-04-01
2016-06-30 0000874977 us-gaap:FairValueMeasurementsRecurringMember
us-gaap:AvailableforsaleSecuritiesMember 2015-12-31 0000874977

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

us-gaap:FairValueMeasurementsRecurringMember us-gaap:AvailableforsaleSecuritiesMember 2015-01-01
2015-12-31 0000874977 us-gaap:FairValueMeasurementsRecurringMember
us-gaap:AvailableforsaleSecuritiesMember 2016-09-30 0000874977
us-gaap:FairValueMeasurementsRecurringMember us-gaap:AvailableforsaleSecuritiesMember 2016-06-30
0000874977 us-gaap:FairValueMeasurementsRecurringMember us-gaap:AvailableforsaleSecuritiesMember
2016-03-31 0000874977 us-gaap:USStatesAndPoliticalSubdivisionsMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel2Member stfc:SmallCapSecuritiesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel1Member us-gaap:EquitySecuritiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel3Member stfc:SmallCapSecuritiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel3Member stfc:LargeCapSecuritiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel2Member
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel1Member stfc:SmallCapSecuritiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel2Member us-gaap:CorporateDebtSecuritiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel3Member
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel2Member stfc:SmallCapSecuritiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel2Member us-gaap:USTreasuryAndGovernmentMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel2Member us-gaap:USStatesAndPoliticalSubdivisionsMember 2016-09-30 0000874977
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel3Member us-gaap:USStatesAndPoliticalSubdivisionsMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel1Member us-gaap:USStatesAndPoliticalSubdivisionsMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel1Member stfc:OtherInvestedAssetsMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel1Member us-gaap:FixedMaturitiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel3Member us-gaap:EquitySecuritiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel3Member stfc:LargeCapSecuritiesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel1Member stfc:LargeCapSecuritiesMember 2016-09-30 0000874977
us-gaap:USStatesAndPoliticalSubdivisionsMember 2016-09-30 0000874977 us-gaap:EquitySecuritiesMember
2015-12-31 0000874977 us-gaap:FairValueInputsLevel2Member
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel2Member us-gaap:FixedMaturitiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel2Member stfc:OtherInvestedAssetsMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel3Member 2016-09-30 0000874977 stfc:OtherInvestedAssetsMember 2016-09-30
0000874977 us-gaap:USTreasuryAndGovernmentMember 2015-12-31 0000874977 us-gaap:FixedMaturitiesMember
2016-09-30 0000874977 us-gaap:FairValueInputsLevel1Member us-gaap:USTreasuryAndGovernmentMember
2015-12-31 0000874977 us-gaap:FairValueInputsLevel2Member us-gaap:USTreasuryAndGovernmentMember
2016-09-30 0000874977 us-gaap:FairValueInputsLevel3Member us-gaap:USTreasuryAndGovernmentMember
2015-12-31 0000874977 us-gaap:FairValueInputsLevel2Member us-gaap:CorporateDebtSecuritiesMember
2015-12-31 0000874977 us-gaap:FairValueInputsLevel2Member stfc:OtherInvestedAssetsMember 2015-12-31
0000874977 us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2016-09-30
0000874977 us-gaap:FairValueInputsLevel1Member us-gaap:USTreasuryAndGovernmentMember 2016-09-30
0000874977 us-gaap:FairValueInputsLevel3Member us-gaap:USStatesAndPoliticalSubdivisionsMember 2015-12-31
0000874977 us-gaap:CorporateDebtSecuritiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel1Member us-gaap:EquitySecuritiesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel2Member us-gaap:EquitySecuritiesMember 2016-09-30 0000874977
stfc:OtherInvestedAssetsMember 2015-12-31 0000874977 us-gaap:USTreasuryAndGovernmentMember 2016-09-30
0000874977 us-gaap:FairValueInputsLevel2Member us-gaap:USStatesAndPoliticalSubdivisionsMember 2015-12-31
0000874977 us-gaap:EquitySecuritiesMember 2016-09-30 0000874977 us-gaap:FairValueInputsLevel1Member
us-gaap:CorporateDebtSecuritiesMember 2015-12-31 0000874977 us-gaap:FairValueInputsLevel3Member
us-gaap:USTreasuryAndGovernmentMember 2016-09-30 0000874977 us-gaap:FairValueInputsLevel3Member
stfc:OtherInvestedAssetsMember 2015-12-31 0000874977 us-gaap:FixedMaturitiesMember 2015-12-31 0000874977

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

us-gaap:FairValueInputsLevel1Member us-gaap:FixedMaturitiesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel3Member us-gaap:EquitySecuritiesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel3Member us-gaap:FixedMaturitiesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel3Member 2015-12-31 0000874977 us-gaap:FairValueInputsLevel2Member
us-gaap:FixedMaturitiesMember 2015-12-31 0000874977 us-gaap:FairValueInputsLevel2Member
stfc:LargeCapSecuritiesMember 2015-12-31 0000874977 us-gaap:FairValueInputsLevel1Member 2015-12-31
0000874977 us-gaap:FairValueInputsLevel1Member stfc:SmallCapSecuritiesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel3Member us-gaap:CorporateDebtSecuritiesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel1Member
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel1Member stfc:LargeCapSecuritiesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel2Member 2015-12-31 0000874977 us-gaap:FairValueInputsLevel3Member
us-gaap:FixedMaturitiesMember 2016-09-30 0000874977 us-gaap:FairValueInputsLevel2Member
us-gaap:EquitySecuritiesMember 2015-12-31 0000874977 us-gaap:FairValueInputsLevel1Member
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel1Member us-gaap:CorporateDebtSecuritiesMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel1Member stfc:OtherInvestedAssetsMember 2015-12-31 0000874977
us-gaap:CorporateDebtSecuritiesMember 2015-12-31 0000874977 us-gaap:FairValueInputsLevel2Member
stfc:LargeCapSecuritiesMember 2016-09-30 0000874977 us-gaap:FairValueInputsLevel2Member 2016-09-30
0000874977 stfc:SmallCapSecuritiesMember 2016-09-30 0000874977 us-gaap:FairValueInputsLevel1Member
2016-09-30 0000874977 us-gaap:FairValueInputsLevel1Member us-gaap:USStatesAndPoliticalSubdivisionsMember
2015-12-31 0000874977 us-gaap:FairValueInputsLevel3Member
us-gaap:MortgageBackedSecuritiesIssuedByUSGovernmentSponsoredEnterprisesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel3Member stfc:SmallCapSecuritiesMember 2015-12-31 0000874977
us-gaap:FairValueInputsLevel3Member stfc:OtherInvestedAssetsMember 2016-09-30 0000874977
us-gaap:FairValueInputsLevel3Member us-gaap:CorporateDebtSecuritiesMember 2016-09-30 0000874977
us-gaap:AffiliatedEntityMember 2016-09-30 0000874977 stfc:InternationalfundsMember 2015-12-31 0000874977
stfc:InternationalfundsMember 2016-09-30 0000874977 2009-05-01 2009-05-31 0000874977 2016-09-02
0000874977 2016-09-02 2016-09-03 0000874977 us-gaap:PensionPlansDefinedBenefitMember 2016-07-01
2016-09-30 0000874977 us-gaap:PensionPlansDefinedBenefitMember 2016-01-01 2016-09-30 0000874977
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2015-07-01 2015-09-30 0000874977
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2016-01-01 2016-09-30 0000874977
us-gaap:PensionPlansDefinedBenefitMember 2015-01-01 2015-09-30 0000874977
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2015-01-01 2015-09-30 0000874977
us-gaap:OtherPostretirementBenefitPlansDefinedBenefitMember 2016-07-01 2016-09-30 0000874977
us-gaap:PensionPlansDefinedBenefitMember 2015-07-01 2015-09-30 0000874977
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2015-01-01 2015-09-30 0000874977
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-01-01 2016-09-30 0000874977
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-06-30 0000874977
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-01-01 2016-09-30 0000874977
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-07-01 2016-09-30 0000874977
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2015-06-30 0000874977
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2015-06-30 0000874977
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-06-30 0000874977
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-09-30 0000874977
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2015-07-01 2015-09-30 0000874977
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2015-01-01 2015-09-30 0000874977
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2015-12-31 0000874977 2016-06-30 0000874977
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2014-12-31 0000874977
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2014-12-31 0000874977
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2015-12-31 0000874977

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

us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-09-30 0000874977 2015-06-30 0000874977
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-07-01 2016-09-30 0000874977
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2015-09-30 0000874977
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2015-07-01 2015-09-30 0000874977
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2015-09-30 0000874977
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-07-01 2016-09-30 0000874977
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2016-01-01 2016-09-30 0000874977
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-01-01 2016-09-30 0000874977
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2016-07-01 2016-09-30 0000874977
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2015-01-01 2015-09-30 0000874977
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2015-07-01 2015-09-30 0000874977
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember 2016-07-01 2016-09-30
0000874977 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedDefinedBenefitPlansAdjustmentMember 2015-01-01 2015-09-30 0000874977
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
us-gaap:AccumulatedNetUnrealizedInvestmentGainLossMember 2015-07-01 2015-09-30 0000874977
us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember 2015-07-01 2015-09-30
0000874977 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember 2016-01-01
2016-09-30 0000874977 us-gaap:ReclassificationOutOfAccumulatedOtherComprehensiveIncomeMember
2015-01-01 2015-09-30 0000874977 us-gaap:OperatingSegmentsMember 2015-07-01 2015-09-30 0000874977
us-gaap:OperatingSegmentsMember stfc:InvestmentOperationsSegmentMember
stfc:NetRealizedCapitalGainsMember 2015-07-01 2015-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:InvestmentOperationsSegmentMember stfc:NetRealizedCapitalGainsMember 2015-01-01 2015-09-30
0000874977 us-gaap:OperatingSegmentsMember stfc:PersonalInsuranceSegmentsMember 2016-07-01 2016-09-30
0000874977 stfc:CorporateAndReconcilingItemsMember 2015-01-01 2015-09-30 0000874977
us-gaap:OperatingSegmentsMember us-gaap:AllOtherSegmentsMember 2016-07-01 2016-09-30 0000874977
us-gaap:OperatingSegmentsMember stfc:PersonalInsuranceMember 2016-01-01 2016-09-30 0000874977
stfc:CorporateAndReconcilingItemsMember 2015-07-01 2015-09-30 0000874977
us-gaap:MaterialReconcilingItemsMember 2015-01-01 2015-09-30 0000874977
us-gaap:MaterialReconcilingItemsMember us-gaap:MaterialReconcilingItemsMember 2016-01-01 2016-09-30
0000874977 us-gaap:OperatingSegmentsMember stfc:PersonalInsuranceMember 2015-01-01 2015-09-30
0000874977 us-gaap:OperatingSegmentsMember stfc:NetInvestmentIncomeMember 2016-01-01 2016-09-30
0000874977 us-gaap:MaterialReconcilingItemsMember us-gaap:MaterialReconcilingItemsMember 2015-07-01
2015-09-30 0000874977 us-gaap:OperatingSegmentsMember stfc:PersonalInsuranceSegmentsMember 2016-01-01
2016-09-30 0000874977 us-gaap:OperatingSegmentsMember stfc:InvestmentOperationsSegmentMember 2016-07-01
2016-09-30 0000874977 us-gaap:MaterialReconcilingItemsMember 2016-01-01 2016-09-30 0000874977
us-gaap:MaterialReconcilingItemsMember 2015-07-01 2015-09-30 0000874977 us-gaap:OperatingSegmentsMember
2016-07-01 2016-09-30 0000874977 us-gaap:OperatingSegmentsMember 2016-01-01 2016-09-30 0000874977
us-gaap:OperatingSegmentsMember stfc:InvestmentOperationsSegmentMember
stfc:NetRealizedCapitalGainsMember 2016-07-01 2016-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:BusinessInsuranceSegmentsMember 2016-07-01 2016-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:InvestmentOperationsSegmentMember 2016-01-01 2016-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:SpecialtyInsuranceSegmentMember 2015-01-01 2015-09-30 0000874977
us-gaap:IntersegmentEliminationMember 2016-07-01 2016-09-30 0000874977 us-gaap:OperatingSegmentsMember
2015-01-01 2015-09-30 0000874977 stfc:CorporateAndReconcilingItemsMember 2016-01-01 2016-09-30

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

0000874977 us-gaap:MaterialReconcilingItemsMember us-gaap:MaterialReconcilingItemsMember 2016-07-01
2016-09-30 0000874977 us-gaap:OperatingSegmentsMember stfc:InvestmentOperationsSegmentMember 2015-01-01
2015-09-30 0000874977 us-gaap:OperatingSegmentsMember stfc:NetInvestmentIncomeMember 2015-01-01
2015-09-30 0000874977 us-gaap:OperatingSegmentsMember stfc:SpecialtyInsuranceMember 2015-01-01
2015-09-30 0000874977 us-gaap:IntersegmentEliminationMember 2016-01-01 2016-09-30 0000874977
us-gaap:OperatingSegmentsMember us-gaap:AllOtherSegmentsMember 2015-07-01 2015-09-30 0000874977
us-gaap:OperatingSegmentsMember stfc:SpecialtyInsuranceSegmentMember 2015-07-01 2015-09-30 0000874977
us-gaap:MaterialReconcilingItemsMember 2016-07-01 2016-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:InsuranceSegmentsMember 2015-07-01 2015-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:SpecialtyInsuranceSegmentMember 2016-01-01 2016-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:NetInvestmentIncomeMember 2016-07-01 2016-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:PersonalInsuranceMember 2015-07-01 2015-09-30 0000874977 us-gaap:MaterialReconcilingItemsMember
us-gaap:MaterialReconcilingItemsMember 2015-01-01 2015-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:BusinessInsuranceMember 2016-01-01 2016-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:PersonalInsuranceSegmentsMember 2015-07-01 2015-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:BusinessInsuranceSegmentsMember 2015-07-01 2015-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:InvestmentOperationsSegmentMember stfc:NetRealizedCapitalGainsMember 2016-01-01 2016-09-30
0000874977 us-gaap:OperatingSegmentsMember stfc:BusinessInsuranceMember 2015-01-01 2015-09-30
0000874977 us-gaap:OperatingSegmentsMember stfc:BusinessInsuranceMember 2015-07-01 2015-09-30
0000874977 us-gaap:OperatingSegmentsMember stfc:InsuranceSegmentsMember 2016-01-01 2016-09-30
0000874977 us-gaap:OperatingSegmentsMember stfc:SpecialtyInsuranceMember 2016-07-01 2016-09-30
0000874977 us-gaap:OperatingSegmentsMember stfc:InvestmentOperationsSegmentMember 2015-07-01 2015-09-30
0000874977 us-gaap:OperatingSegmentsMember us-gaap:AllOtherSegmentsMember 2016-01-01 2016-09-30
0000874977 us-gaap:OperatingSegmentsMember stfc:InsuranceSegmentsMember 2016-07-01 2016-09-30
0000874977 us-gaap:OperatingSegmentsMember stfc:PersonalInsuranceMember 2016-07-01 2016-09-30
0000874977 us-gaap:OperatingSegmentsMember us-gaap:AllOtherSegmentsMember 2015-01-01 2015-09-30
0000874977 stfc:CorporateAndReconcilingItemsMember 2016-07-01 2016-09-30 0000874977
us-gaap:OperatingSegmentsMember stfc:BusinessInsuranceSegmentsMember 2016-01-01 2016-09-30 0000874977
us-gaap:OperatingSegmentsMember stfc:BusinessInsuranceSegmentsMember 2015-01-01 2015-09-30 0000874977
us-gaap:OperatingSegmentsMember stfc:SpecialtyInsuranceMember 2016-01-01 2016-09-30 0000874977
us-gaap:OperatingSegmentsMember stfc:NetInvestmentIncomeMember 2015-07-01 2015-09-30 0000874977
us-gaap:OperatingSegmentsMember stfc:SpecialtyInsuranceSegmentMember 2016-07-01 2016-09-30 0000874977
us-gaap:OperatingSegmentsMember stfc:BusinessInsuranceMember 2016-07-01 2016-09-30 0000874977
us-gaap:IntersegmentEliminationMember 2015-01-01 2015-09-30 0000874977
us-gaap:IntersegmentEliminationMember 2015-07-01 2015-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:InsuranceSegmentsMember 2015-01-01 2015-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:PersonalInsuranceSegmentsMember 2015-01-01 2015-09-30 0000874977 us-gaap:OperatingSegmentsMember
stfc:SpecialtyInsuranceMember 2015-07-01 2015-09-30 xbrli:pure iso4217:USD xbrli:shares iso4217:USD
xbrli:shares stfc:position stfc:Agreement stfc:Segment

[Table of Contents](#)

**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, 2016

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.

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

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

On October 28, 2016, the Registrant had 41,742,438 Common Shares outstanding.

Table of Contents

Index to Form 10-Q Quarterly Report for the three and nine month periods ended September 30, 2016

Part I. Financial Information

Item 1.	<u>Financial Statements (Unaudited)</u>	
	<u>Condensed consolidated balance sheets – September 30, 2016 and December 31, 2015</u>	<u>1</u>
	<u>Condensed consolidated statements of income – Three months ended September 30, 2016 and 2015</u>	<u>2</u>
	<u>Condensed consolidated statements of income – Nine months ended September 30, 2016 and 2015</u>	<u>3</u>
	<u>Condensed consolidated statements of comprehensive income – Three months ended September 30, 2016 and 2015</u>	<u>4</u>
	<u>Condensed consolidated statements of comprehensive income – Nine months ended September 30, 2016 and 2015</u>	<u>5</u>
	<u>Condensed consolidated statements of cash flows – Nine months ended September 30, 2016 and 2015</u>	<u>6</u>
	<u>Notes to condensed consolidated financial statements – September 30, 2016</u>	<u>7</u>
Item 2.	<u>Management’s Discussion and Analysis of Financial Condition and Results of Operations</u>	<u>25</u>
Item 3.	<u>Quantitative and Qualitative Disclosures About Market Risk</u>	<u>49</u>
Item 4.	<u>Controls and Procedures</u>	<u>50</u>

Part II. Other Information

Item 1.	<u>Legal Proceedings</u>	<u>51</u>
Item 1A.	<u>Risk Factors</u>	<u>51</u>
Item 2.	<u>Unregistered Sales of Equity Securities and Use of Proceeds</u>	<u>51</u>
Item 4.	<u>Mine Safety Disclosures</u>	<u>51</u>
Item 5.	<u>Other Information</u>	<u>51</u>
Item 6.	<u>Exhibits</u>	<u>52</u>
	<u>Signatures</u>	<u>53</u>

Table of Contents

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**

(\$ and shares in millions, except per share amounts)

	September 30, 2016	December 31, 2015
	(unaudited)	
Assets		
Fixed maturities, available-for-sale, at fair value (amortized cost \$2,061.0 and \$1,972.9, respectively)	\$ 2,143.3	\$2,000.7
Equity securities, available-for-sale, at fair value (cost \$246.1 and \$265.2, respectively)	297.5	310.6
Other invested assets, available-for-sale, at fair value (cost \$57.1 and \$56.9, respectively)	89.7	85.1
Other invested assets	5.4	5.3
Notes receivable from affiliate	70.0	70.0
<i>Total investments</i>	2,605.9	2,471.7
Cash and cash equivalents	69.5	58.1
Accrued investment income and other assets	39.0	35.7
Deferred policy acquisition costs (affiliated net assumed \$52.8 and \$49.3, respectively)	133.8	129.1
Reinsurance recoverable on losses and loss expenses payable	4.1	5.9
Prepaid reinsurance premiums	6.1	6.8
Due from affiliate	21.2	5.9
Current federal income taxes	6.4	4.9
Net deferred federal income taxes	76.6	102.5
Property and equipment, at cost	7.4	7.6
Total assets	\$ 2,970.0	\$2,828.2
Liabilities and Stockholders' Equity		
Losses and loss expenses payable (affiliated net assumed \$606.7 and \$532.4, respectively)	\$ 1,165.6	\$1,053.0
Unearned premiums (affiliated net assumed \$227.0 and \$214.2, respectively)	634.2	616.3
Notes payable (affiliates \$15.2 and \$15.2, respectively)	122.1	100.5
Postretirement and pension benefits (affiliated net ceded \$38.4 and \$56.0, respectively)	71.4	104.0
Other liabilities (affiliated net assumed \$10.5 and affiliated net ceded \$8.4, respectively)	68.9	69.8
Total liabilities	2,062.2	1,943.6
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; 48.4 and 48.1 shares issued, respectively, at stated value of \$2.50 per share	121.1	120.4
Treasury stock, 6.8 and 6.8 shares, respectively, at cost	(116.5)	(116.3)
Additional paid-in capital	156.0	153.5
Accumulated other comprehensive income (affiliated net ceded \$53.3 and \$56.7, respectively)	81.7	37.6
Retained earnings	665.5	689.4
Total stockholders' equity	907.8	884.6
Total liabilities and stockholders' equity	\$ 2,970.0	\$2,828.2

See accompanying notes to condensed consolidated financial statements.

Table of Contents

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

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

Condensed Consolidated Statements of Income

	Three months ended September 30	
	2016	2015
<i>(\$ in millions, except per share amounts)</i>		
(unaudited)		
Earned premiums (affiliated net assumed \$121.4 and \$112.2, respectively)	\$325.8	\$319.7
Net investment income (affiliates \$1.3 and \$1.3, respectively)	17.6	18.7
Net realized gains on investments:		
Total other-than-temporary impairment losses	(1.1)	(3.5)
Portion of loss recognized in other comprehensive income	—	—
Other net realized investment gains	9.9	14.3
Total net realized gains on investments	8.8	10.8
Other income from affiliates	0.6	0.5
Total revenues	352.8	349.7
Losses and loss expenses (affiliated net assumed \$100.9 and \$67.4, respectively)	232.3	207.5
Acquisition and operating expenses (affiliated net assumed \$73.9 and \$52.8, respectively)	109.9	109.4
Interest expense (affiliates \$0.2 and \$0.1, respectively)	1.4	1.3
Other expenses	1.8	1.6
Total expenses	345.4	319.8
Income before federal income taxes	7.4	29.9
Federal income tax (benefit) expense:		
Current	(1.5)	2.7
Deferred	(1.2)	6.5
Total federal income tax (benefit) expense	(2.7)	9.2
Net income	\$10.1	\$20.7
Earnings per common share:		
Basic	\$0.24	\$0.50
Diluted	\$0.24	\$0.50
Dividends paid per common share	\$0.10	\$0.10

See accompanying notes to condensed consolidated financial statements.

Table of Contents

STATE AUTO FINANCIAL CORPORATION AND SUBSIDIARIES

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

Condensed Consolidated Statements of Income

	Nine months ended September 30	
<i>(\$ in millions, except per share amounts)</i>	2016	2015
(unaudited)		
Earned premiums (affiliated net assumed \$352.4 and \$320.5, respectively)	\$968.1	\$946.5
Net investment income (affiliates \$3.7 and \$3.7, respectively)	54.1	53.9
Net realized gains on investments:		
Total other-than-temporary impairment losses	(5.4)	(4.8)
Portion of loss recognized in other comprehensive income	—	—
Other net realized investment gains	22.0	24.8
Total net realized gains on investments		