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AFG.N - Q4 2024 American Financial Group Inc Earnings Call

EVENT DATE/TIME: FEBRUARY 05, 2025 / 4:30PM GMT

OVERVIEW:

Company Summary

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PRESENTATION

Operator

Good day, and thank you for standing by. Welcome to American Financial Group's 2024 quarter results conference call. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to turn the conference over to Diane Weidner. Please go ahead.

Diane Weidner - *American Financial Group Inc - Vice President - Investor Relations*

Good morning, and welcome to American Financial Group's fourth quarter 2024 earnings results conference call. We released our 2024 fourth quarter and full year results yesterday afternoon. Our press release, investor supplement, and webcast presentation are posted on AFG's website under the Investor Relations section. These materials will be referenced during portions of today's call.

I'm joined this morning by Carl Lindner III and Craig Lindner, Co-CEOs of American Financial Group, and Brian Hertzman, AFG's CFO. Before I turn the discussion over to Carl, I would like to draw your attention to the notes on slide 2 of our webcast. Some of the matters to be discussed today are forward-looking. These forward-looking statements involve certain risks and uncertainties that could cause our actual results and/or financial condition to differ materially from these statements. A detailed description of these risks and uncertainties can be found in AFG's filings with the Securities and Exchange Commission, which are also available on our website. We may include references to core net operating earnings, a non-GAAP financial measure, in our remarks or responses to questions. A reconciliation of net earnings to core net operating earnings is included in our earnings release.

And finally, if you're reading a transcript of this call, please note that it may not be authorized or reviewed for accuracy, and as a result, it may contain factual or transcription errors that could materially alter the intent or meaning of our statements.

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

Carl Lindner - American Financial Group Inc - Co-Chief Executive Officer, Director

Good morning. As we begin our remarks, it's important to acknowledge that our thoughts and prayers continue to include those who have been impacted by the devastation caused by the wildfires in Southern California. We're grateful to our claims professionals and insurance specialists who are helping our policyholders recover, restore their businesses, and rebuild their communities.

Now turning to our results, I'll begin by sharing a few highlights of AFG's 2024 fourth quarter and full year results, after which Craig and I will walk through more details. We'll then open it up for Q&A, where Craig, Brian, and I would be happy to respond to your questions.

The fourth quarter was a strong ending to a great year for AFG. In addition to producing an annual core operating return on equity in excess of 19% in 2024, net written premiums grew by 7% during the year, and we continued to create value for our shareholders through effective capital management. Our compelling mix of specialty insurance businesses, entrepreneurial culture, disciplined operating philosophy, and an astute team of in-house investment professionals collectively have enabled us to outperform many of our peers over time. Craig and I thank God, our talented management team, and our great employees for helping us to achieve these results.

I'll now turn the discussion over to Craig to walk us through some of these details.

S. Craig Lindner - American Financial Group Inc - Co-Chief Executive Officer, Director

Thanks, Carl. As you will see on slide, 3 AFG's core net operating earnings were \$10.75 per share for the full year 2024, generating a core operating return on equity of 19.3%. This ROE is calculated using an average of the five most recent quarter end balances of shareholders' equity, excluding AOCI.

As Carl noted, capital management is one of our highest priorities. Returning capital to our shareholders is an important component of our capital management strategy and reflects our strong financial position and our confidence in AFG's financial future. We returned \$791 million to shareholders during 2024, including \$545 million or \$6.50 per share in special dividends and \$246 million in regular common stock dividends. Dividend payments and share repurchases totaled \$6.3 billion over the last five years, including \$50 per share in special dividends since the beginning of 2021, and our quarterly dividend was increased by 12.7% to an annual rate of \$3.20 per share beginning in October of 2024. Growth in book value per share excluding AOCI plus dividends was 19.6% in 2024. We're proud of the value we've created for shareholders over time.

As Carl noted, we closed out the year with a strong fourth quarter. As you'll see on slides 4 and 5, fourth quarter 2024 core net operating earnings per share of \$3.12 produced an annualized fourth quarter core return on equity of 21.9%.

Now, I'd like to turn to an overview of AFG's investment performance and financial position and share a few comments about AFG's capital and liquidity. The details surrounding our \$15.9 billion dollar investment portfolio are presented on slides 6 and 7. Looking at results for the fourth quarter, property and casualty net investment income was approximately 21% higher than the comparable 2023 period as a result of improved returns on alternative investments and the impact of strong reinvestment rate opportunities and higher balances of invested assets.

For the twelve months ended December 31, 2024, P&C net investment income was \$784 million, approximately 8% higher than 2023, and a new record for AFG. Excluding alternative investments, net investment income in our P&C insurance operations for 2024 increased 11% year-over-year.

As you'll see on slide 7, approximately 66% of our portfolio is invested in fixed maturities. In the current interest rate environment, we're able to invest in fixed maturity securities at yields of approximately 5.75%. Current reinvestment rates compare favorably to the 5% yield earned on fixed maturities in our P&C portfolio during the fourth quarter of 2024. The duration of our P&C fixed maturity portfolio, including cash and cash equivalents, was 2.8 years at December 31, 2024.

The annualized return on alternative investments in our P&C portfolio was approximately 4.9% for the 2024 fourth quarter, compared to 0.8% for the prior year quarter. Our business plan for 2025 assumes an 8% return on alternative investments. Longer term, we continue to remain optimistic

regarding the prospects of attractive returns from our alternative investment portfolio, with an expectation of annual returns averaging 10% or better.

Please turn to slide 8, where you'll find a summary of AFG's financial position at December 31, 2024. During the quarter, we returned \$404 million to our shareholders through the payment of a \$4.00 per share special dividend in November and our regular \$0.80 per share quarterly dividend. AFG ended the year in a strong capital position, and we expect our operations to continue to generate significant excess capital in 2025, which provides ample opportunity for acquisitions, special dividends, or share repurchases. We evaluate the best alternatives for capital deployment including the timing and amount of special dividends on a quarterly basis. Our current capital position and expectations give us the flexibility to pay a special dividend in the first half of the year.

We continue to view total value creation, as measured by growth in book value per share plus dividends, as an important measure of performance over the long term. For the three and twelve months ended December 31, 2024, AFG's growth in book value per share excluding AOCI plus dividends was 5.4% and 19.6%, respectively. Our strong operating results, coupled with effective capital management and our entrepreneurial, opportunistic culture and disciplined operating philosophy, enable us to continue to create value for our shareholders.

I'll now turn the call over to Carl to discuss the results of our P&C operations and our business plan assumptions for 2025.

Carl Lindner - American Financial Group Inc - Co-Chief Executive Officer, Director

Thank you, Craig. Please turn to slides 9 and 10 of the webcast, which include an overview of our fourth quarter results. Our Property and Transportation, Specialty Casualty, and Specialty Financial groups, as well as AFG overall, reported fourth quarter calendar year combined ratios below 90%. In addition to these strong underwriting margins, we're finding opportunities to grow through new business opportunities, a continued favorable pricing environment and increased exposures. Nearly all the businesses in our diversified Specialty Property and Casualty portfolio continue to meet or exceed targeted returns, and we set new records for premium production in 2024.

As you'll see on slide 9, our Specialty Property and Casualty businesses reported a strong finish to a successful year, with an overall 89.0% combined ratio in the fourth quarter of 2024, albeit 1.3 points higher than the 87.7% reported in the prior year fourth quarter. Results for the 2024 fourth quarter include 1.1 points of catastrophe losses, primarily the result of Hurricane Milton, compared to 1.4 points in the 2023 fourth quarter and 1.8 points of adverse prior year development, compared to 3.3 points of favorable prior year development in the fourth quarter of 2023.

We are pleased to report \$70 million in overall favorable prior year reserve development in our Specialty P&C businesses for the full year. Adverse prior year development in some of the social inflation-exposed businesses within our Specialty Casualty Group led to the overall adverse development in the fourth quarter for that Group and for AFG overall. This reserve strengthening is consistent with the commentary we've shared throughout 2024. We continued to have a good amount of favorable development from our workers' compensation businesses in the fourth quarter of 2024.

In the fourth quarter, the favorable development in workers' comp was more than offset by adverse development in our social inflation-exposed umbrella and excess liability businesses. The adverse development reflects higher than previously anticipated severity across several accident years. For the full year 2024, the Casualty Group reported \$10 million in net favorable prior year development, as net favorable development from our workers' comp businesses was substantially offset by adverse development in our social inflation-exposed umbrella and excess liability and social services businesses. This was primarily due to higher than previously anticipated severity across several accident years.

We continue to feel confident in the strength of our reserves and remain relentless in our focus on rate adequacy. Our insurance professionals are working collaboratively across our own operations and across the industry to address this. I'm pleased that despite the adverse development, the businesses in our Specialty Casualty Group reported a combined ratio of below 90% for the fourth quarter and for the full year of 2024.

For this group of long-tailed lines of business, that equates to a return on equity of around 30%. So overall, this is an enviable result given the pressures of social inflation on some of these businesses.

Fourth quarter 2024 gross and net written premiums were up 3% and 1%, respectively, when compared to the same period in 2023. Gross and net written premiums increased 9% and 7%, respectively, for the full year in 2024. Average renewal pricing across our Property and Casualty Group, excluding our workers' comp business, was up 8% in the fourth quarter, and up 7% approximately overall. Both measures were in line with renewal rates in the previous quarter. We have reported overall renewal rate increases for 34 consecutive quarters, and we believe we're achieving overall renewal rate increases in excess of prospective loss ratio trends to meet or exceed targeted returns.

Now I'd like to turn to slide 10 to review a few highlights from each of our Specialty Property and Casualty business groups. Details are included in our earnings release, so I'll focus on summary results here.

The businesses in the Property and Transportation Group achieved a strong 89.2% calendar year combined ratio overall in the fourth quarter of 2024, an improvement of 1.1 points over the 90.3% reported in the comparable 2023 period. The improvement was attributable to higher year-over-year underwriting profitability in our crop insurance operations.

Coming into the fourth quarter, we were optimistic about the potential for an above-average crop year in 2024. While decreases in commodity pricing throughout the growing season were generally within insureds' deductibles, the impact of abnormally dry conditions in certain states reduced yields, particularly soybean yields, from what industry models were projecting, and this resulted in an average crop year for AFG.

Fourth quarter 2024 gross and net written premiums in this group were both down 6% from the comparable prior year period. The decrease was primarily due to the impact of lower year-over-year commodity pricing on winter wheat premiums, coupled with elevated pricing competition and the non-renewal of certain underperforming accounts in our transportation businesses. Overall renewal rates in this group increased 7% on average in the fourth quarter of 2024, in line with pricing the previous quarter. Pricing for the full year for this group was up 8% overall. We continue to remain focused on rate adequacy, particularly in our commercial auto line of business, where rates were up approximately 20% in the fourth quarter. This is our 13th year of rate increases in this line.

The businesses in our Specialty Casualty Group achieved a very strong 89.0% calendar year combined ratio overall in the fourth quarter, 4.4 points higher than the excellent 84.6% reported in the comparable period in 2023. Higher year-over-year underwriting profits in our targeted markets business were more than offset by lower underwriting profit in our excess liability, workers' compensation, and executive liability businesses. Underwriting profitability in our workers' compensation and executive liability businesses continues to be excellent despite the lower year-over-year profitability in these businesses.

Fourth quarter 2024 gross and net written premiums increased 5% and 4%, respectively, when compared to the same prior year period. The primary drivers of growth were new business opportunities and favorable renewal pricing in several of our targeted markets businesses and our excess and surplus lines business.

Our mergers and acquisition business also benefited from an increase in M&A activity. This growth was tempered by lower year-over-year workers' compensation premiums. Excluding workers' comp, fourth quarter gross and net written premiums in this group both grew 8% year-over-year. Excluding our workers' comp businesses, renewal rates for this group were approximately up 11% in the fourth quarter, an improvement of about one point from the previous quarter. Pricing in this group, including workers' comp, was up 8%, in line with the third quarter.

For the full year, pricing in this group excluding comp was 9%. I am pleased that we continued to achieve renewal rate increases of 10% or better during the quarter in several of our social inflation-exposed businesses, including our social services, excess liability, and public entity businesses.

The Specialty Financial Group continued to achieve excellent underwriting margins and reported an outstanding 80.7% combined ratio for the fourth quarter of 2024, an improvement of six-tenths of a point over the prior year period. Fourth quarter 2024 gross and net premiums were up 11% and 12%, respectively, when compared to the prior year period, due primarily to the growth in our financial institutions business. Renewal pricing in this group was up 3% in the fourth quarter and up 6% for the full year.

Now as we look to 2025, in lieu of providing formal earnings guidance, we have provided several key assumptions underlying our 2025 business plan, which you'll see summarized on slide 11. These assumptions for 2025 include growth in net written premiums of 5% from the \$7.1 billion

reported last year, a combined ratio of approximately 92.5%, a reinvestment rate of approximately 5.75%, and an annual return of approximately 8% on our \$2.7 billion portfolio of alternative investments.

We expect that performance in line with these assumptions would result in core net operating earnings per share of approximately \$10.50 in 2025 and generate a core operating return on equity excluding AOCI of approximately 18%.

Our estimate for losses related to the Southern California wildfires, based on what we know currently, is \$60 million to \$70 million, acknowledging that this remains a developing situation. This range is embedded in our 2025 assumptions.

The combined ratio of 92.5% included in our 2025 business plan compared to the 91.2% achieved in 2024 reflects anticipated improved loss experience in our social inflation-exposed businesses, optimism for the potential overall company for net favorable reserve development in the overall company, which we expect to be substantially offset by lower but still strong workers' comp profitability, and higher catastrophe losses primarily due to the California wildfires. Growth in certain product offerings that pay higher broker commissions and modestly lower ceding commissions from certain reinsurers are expected to elevate the expense ratio in 2025 relative to 2024 also. We believe that the combination of our reserve strength, the continued healthy rate environment, prudent growth, and the ability to invest at a rate that exceeds our current portfolio yield positions us well for continued strong results in 2025 and beyond.

Craig and I are pleased to report these exceptionally strong results for the fourth quarter and full year. We're proud of our proven track record of long-term value creation. Our insurance professionals have exercised their specialty P&C knowledge and experience to skillfully navigate the marketplace, and our in-house investment team has been both strategic and opportunistic in the management of our \$15.9 billion investment portfolio. We look forward to continuing to build long-term value for our shareholders in 2025 and beyond.

We'll now open the lines for a Q&A portion of our call today. Craig, Brian, and I would be happy to respond to your questions.

QUESTIONS AND ANSWERS

Operator

Thank you. (Operator Instructions) The first question that we have today will be coming from Gregory Peters of Raymond James.

Greg Peters - Raymond James - Analyst

Good morning, everyone. I guess I'd like to just start with a question on your disclosure around the California wildfires. Maybe you can give us a sense of where the losses are coming from for you? Is this within the Specialty Financial business and financial institutions? Is it the Property side and the property transportation business. Just give us some added color and the type of exposures that resulted in the \$60 million to \$70 million estimated loss.

Carl Lindner - American Financial Group Inc - Co-Chief Executive Officer, Director

Yeah. Greg. It comes from our property-oriented businesses, the lender-placed property, sure, that will have losses there. Things like property and inland marine, our nonprofit business, our businesses that have property exposures in California would be the exposed businesses generally.

Greg Peters - Raymond James - Analyst

Okay. And then you mentioned in your comments about some expense ratio pressures. Wondering if you could just revisit those comments and just give us a little extra detail about the lines of business that are driving the higher expense ratio. Maybe it's surety-related, I'm not sure, but maybe you could just give us some color, that would be helpful.

Brian Hertzman - *American Financial Group Inc - Chief Financial Officer, Senior Vice President*

Hi Greg, this is Brian. So when we're looking at our business opportunities, we're always looking at things from an overall return perspective, so not just the loss ratio or the expense ratio in isolation but also the investment income opportunity. So in some cases, if we're growing a business, for example, our financial institutions business that runs at a higher commission ratio than, say, our workers' comp business that runs lower, that can impact the ratio. So when you look at the businesses, it's really spanning across the board of businesses where, when we look at the overall economics of the transaction, paying a higher commission makes sense.

Greg Peters - *Raymond James - Analyst*

Got it. Well, congratulations on the year, and thanks for answering my questions.

Operator

Our next question will be coming from the line of Jon Newsome of Piper Sandler.

Jon Paul Newsome - *Piper Sandler - Analyst*

Good morning. I wanted to see if you can give a little bit more color on the Casualty reserve development in the quarter. In particular, I'm curious what's sort of underneath some of the excess pieces? Is it general liability under there? Is it commercial auto? Those seem to be kind of the hot button areas industry-wide that have had some issues. Just sort of what we can think about sort of what the sources of those trends on an underlying basis might be?

Carl Lindner - *American Financial Group Inc - Co-Chief Executive Officer, Director*

Yeah. Predominantly, the adverse development is coming from an excess liability writing unit of ours that focuses on kind of the Fortune 500, Fortune 1000, larger entities. Our other excess liability entity, profitability is very good in that. So it's really focused on kind of on one of our business units focused on larger companies.

Jon Paul Newsome - *Piper Sandler - Analyst*

Well, that makes sense. That's interesting. And also thinking about that, maybe kind of philosophical thoughts on how you think about taking or reacting to the trend line in these issues. It looks like you're kind of taking a little bit every quarter kind of thing approach. But I'm curious if there's sort of anything that triggers a more aggressive or a less aggressive approach to reserves when you're thinking about changing trend.

Carl Lindner - *American Financial Group Inc - Co-Chief Executive Officer, Director*

Yeah, Brian, you can weigh in also. But again, historically, we look at every one of our businesses, both from a reserving actuarially quarter by quarter in that. And we look for trends, the loss ratio trends. If we see changes in loss ratio trends, then that impacts our decision on reserving. This quarter, we reacted to the facts that were before us and particularly around one of the businesses, the Fortune 500 and 1000 excess liability business in that. So we try to be prudent and really look at all of our businesses every quarter in that. Brian?

Brian Hertzman - American Financial Group Inc - Chief Financial Officer, Senior Vice President

To add to that, so when we're looking at our businesses, for example, in the business that Carl mentioned, the Fortune 500 excess business and across all our businesses, when we're looking at that each quarter, we're reacting to increased severity in the older years. So we're seeing actual increased severity in the years say, 2019 and before, but then also acknowledging that that trend would continue and adjusting our loss picks in the later years, even though we haven't experienced that yet. So we're trying to react across all years to the information that we see each quarter. So we're not -- even though it sounds like maybe you're saying we're taking a little each quarter, we really are taking a holistic approach and attempting to get to the best place based on what we know at the time each review.

Jon Paul Newsome - Piper Sandler - Analyst

Great. Thank you very much. Appreciate the help, as always.

Operator

(Operator Instructions) Our next question is coming from the line of Andrew Andersen of Jefferies.

Andrew Andersen - Jefferies - Analyst

Hey, good morning. Just wanted to go back to the 92.5% combined ratio guide for 2025, and I guess it would be an expectation of average crop, which was the case in 2024. But if we also maybe strip out the California wildfires as part of the guide, it sounds like you're booking to a higher workers' comp loss ratio next year. I guess, one, is that the case? And two, are you also booking to a higher Casualty loss ratio in 2025.

Brian Hertzman - American Financial Group Inc - Chief Financial Officer, Senior Vice President

So without going into too much detail by business unit, what I would say is, you've said that correctly, that we had an average crop year in 2024, and embedded in our plan would be an average crop year in 2025. And we do have the higher cat exposure from the California wildfires in there. And then when you look at the workers' comp overall through accident year picks and sort of tempered view of the potential for favorable development, we will have a higher pick in workers' comp. So you're correct there, too. But what's offsetting that is in the other Casualty businesses and our social inflation-exposed businesses, where we've been taking underwriting actions, whether it's rate increases or moving up higher in the tower or non-renewing underperforming accounts, all of those things, we're expecting our loss ratio outside of the cats and the workers' comp to be better. So we're seeing improvement in our loss ratio outside of workers' comp and the catastrophes overall.

So on the expense ratio side, that's more of the driver of the increase. That is mix of business and then, to a lesser extent, the ceding commission from reinsurers, which are still good ceding commissions, just not as high as they have been kind of for the same reasons as we're seeing the adverse development.

Andrew Andersen - Jefferies - Analyst

Okay, thank you for the detail there. Maybe on Specialty Casualty, some good rate in the quarter 11%, and seems like it has been accelerating throughout the year and recognizing there's a 5% consolidated guide. But how should we think about maybe Specialty Casualty here? Could growth pick up a little bit, just given where the rate level is or are you more focused on maintaining margins here?

Carl Lindner - American Financial Group Inc - Co-Chief Executive Officer, Director

Well, excluding workers' comp, I think we are growing kind of high-single digit, which I think is solid. I think at some point here, we could get helped also by workers' comp pricing kind of bottoming out. In California, I think our pricing has increased a little bit. In our Summit business, after a 15% rate decline in January last year, I think this year, I think it's like a one percent change. So I think that may help us on the workers' comp side also.

Andrew Andersen - Jefferies - Analyst

Great. Thank you for the color.

Operator

Our next question will be coming from the line of Michael Zaremski of BMO Capital Markets.

Daniel Cohen - BMO Capital Markets - Analyst

Hi. This is Dan on for Mike. Maybe just going back to the Specialty Casualty underlying improvement year-over-year, just to clarify, so is the improvement there coming from moving up in the tower in terms and condition changes? And then maybe just what inning would you say you are for the underwriting actions there? Thanks.

Brian Hertzman - American Financial Group Inc - Chief Financial Officer, Senior Vice President

So we've also been getting good price increases there as well. So between the price increases, the underwriting actions, and the moving up in the tower, all of that helps to improve our expectations around profitability from those business units. We're keeping an eye on those things going forward. And we'll be careful in our picks to not reflect any kind of favorable impact until we actually see it. So we hope that we'll be conservative in our picks just because we're hoping to see those things come through. But ultimately, we're looking at improvement there from those things.

Daniel Cohen - BMO Capital Markets - Analyst

Thanks. Then maybe just going back to the crop that changed and how you're viewing that year, just how that, maybe if you could size up the impact of how that changed your 2025 guide and specifically the releases from the 2024 accident year.

Carl Lindner - American Financial Group Inc - Co-Chief Executive Officer, Director

Yeah. I think we're still continuing to settle claims, some claims also in crop from last year also. So I think the big change was really around a few states like Ohio and Minnesota, where the soybean yields were substantially different than what the industry was modeling and what we were modeling in that. The corn prices and soybean prices were down, I think, 11% and 13% or something like that for corn and soybeans. That was because our average deductible farmers was about 22%. I think as we were in the summer and in the fall, reflecting on that, we felt very optimistic we were headed towards a better year. I think that it's the yield variability state by state that you don't know about until you actually get the claims, and you settle them. So I think that was probably the biggest difference that has really happened through year-end and early on this year.

Operator

Our next question will be coming from the line of Meyer Shields of Keefe, Bruyette & Woods.

Meyer Shields - Keefe, Bruyette & Woods North America - Analyst

Great. Thanks so much. I want to go back to Brian's comments earlier where you talked about sort of extrapolating worst severity from older accident years to more recent accident years. And I guess, obviously, we look at things on a high level in the reported financials, but it doesn't seem like we're seeing that level of increased severity baked into Specialty Casualty, and I was hoping you could walk through the offsets there?

Brian Hertzman - American Financial Group Inc - Chief Financial Officer, Senior Vice President

I think I am understanding your question. So in the Casualty, so for example, business we wrote in 2023 would have started off at a loss pick based on our experience through that date. So as we're getting iterative experience, we are reacting to that in our later years. The reason why it may not be that impactful is because it's being used by all the positive things on the underwriting side. So the underwriting actions we're taking would cause you to think we should have a lower loss pick than we actually have, but that's because of the offsetting impact of this increased severity and us picking up some of those more recent accident year loss picks based on that experience.

Meyer Shields - Keefe, Bruyette & Woods North America - Analyst

Okay. Perfect. That's helpful. And I was hoping we could turn to commercial auto because in general, that's a line that seems to face some social inflation. And again, you didn't mention any particular problems now. I was hoping you just give us an update of where, I'll call it the transportation book is in terms of targeted profitability?

Carl Lindner - American Financial Group Inc - Co-Chief Executive Officer, Director

Yeah. I think really, when you look at our overall commercial auto business overall, we're making a small accident year and calendar year underwriting profit in commercial auto overall with a solid return on equity and a small underwriting loss in commercial auto liability. And as I've mentioned in previous calls, we're working hard to get that to an underwriting profit in that. Our transportation businesses write workers' comp also. And when you add the comp, we're making very solid underwriting profits and really solid, good returns on equity. But just focused on commercial auto, we want to get to an underwriting profit in commercial auto liability in a stronger ROE and stronger overall commercial auto underwriting profit.

As I mentioned in the call, we got 20% in price increase in the fourth quarter in commercial auto liability. That was about 16% during the whole year. It's pretty strong. So I think between that and since 70% of our business, National Interstate, is in alternative vehicles, we also have the ability to increase the captive retentions if it makes sense in certain captives and change our share premium. So we're doing all of those things in order to achieve an underwriting profit in commercial auto liability and that.

Clearly, commercial auto liability for the industry and us is one of the areas that's impacted on social inflation on that, particularly the commercial auto liability part of that, with part of the industry seeing 10% plus loss ratio trends in that. Yeah, I think for the whole year, we grew about mid-single digit in that. We write some large accounts in the fourth quarter. We weren't -- because of our focus on price and terms in that, we lost some large accounts, so that had some impact on the business. Though, overall for the year, again, we grew mid-single digits, so that. I mean, we're focused on margin improvement in this business in that.

So obviously, a few other competitors took some large accounts. And I don't know if it may be non-intelligent competition versus more competition. I don't know. We specialize in this business. Again, where overall in commercial auto, we're at solid returns and small underwriting profits. Our guys would tell me that's probably about five points-plus better than our competitors. So I'm very pleased with how we're positioned. And who knows, maybe as others come to grips and try to improve this business as a part of their portfolio, they will provide some more growth opportunities for us.

Meyer Shields - Keefe, Bruyette & Woods North America - Analyst

Okay, great. Thank you so much.

Operator

Thank you. And that does conclude today's Q&A session. I would like to go ahead and turn the call back over to Diane for closing remarks. Please go ahead.

Diane Weidner - American Financial Group Inc - Vice President - Investor Relations

Thank you, and thank you all for participating this morning and for the great discussion. We look forward to talking with you all again next quarter.

Operator

Thank you all for joining today's conference call. This does conclude today's meeting. You may all disconnect.

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