FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

Filing Date: **1994-05-13** | Period of Report: **1994-03-31**
SEC Accession No. 0000894651-94-000021

(HTML Version on secdatabase.com)

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AMERICAN ANNUITY GROUP INC

CIK:**894651**| IRS No.: **061356481** | State of Incorp.:**DE** | Fiscal Year End: **1231**
Type: **10-Q** | Act: **34** | File No.: **001-11632** | Film No.: **94528203**
SIC: **6399** Insurance carriers, nec

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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 March 31, 1994	Commission File No. 1-11632

AMERICAN ANNUITY GROUP, INC.

Incorporated under I.D. the Laws of Delaware	IRS Employer No. 06-1356481

250 East Fifth Street, Cincinnati, Ohio 45202
(513) 333-5300

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months, and (2) has been subject to such filing requirements for the past 90 days. Yes X No

As of May 1, 1994, there were 39,141,080 shares of the Registrant's Common Stock outstanding.

AMERICAN ANNUITY GROUP, INC. 10-Q
PART I
FINANCIAL INFORMATION

AMERICAN ANNUITY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEET
(Dollars in millions)

<TABLE>
<CAPTION>

	March 31, 1994	December 31, 1993
<S>	<C>	<C>
ASSETS		
Investments:		
Fixed maturities:		
Held to maturity - at amortized cost (market - $2,865.3 and $2,751.9)	$2,880.2	$2,633.2
Available for sale - at market (amortized cost - $1,494.8 and $1,667.0)	1,524.6	1,754.5
Equity securities - at market (cost - $12.3 and $12.8)	23.8	25.9
Investment in affiliate	25.6	25.2
Mortgage loans on real estate	44.2	52.1
Real estate, net of accumulated depreciation of $4.4 and $4.6	27.8	26.1
Policy loans	168.3	166.6
Short-term investments	15.5	57.0
Total investments	4,710.0	4,740.6
Cash	6.1	15.0
Marketable securities, restricted in use	3.7	4.4
Accrued investment income	75.6	66.9
Deferred policy acquisition costs, net	45.3	39.2
Other assets	65.2	47.7
Total assets	$4,905.9	$4,913.8
LIABILITIES AND STOCKHOLDERS' EQUITY		
Annuity policyholders' funds accumulated	$4,315.6	$4,256.7
Long-term debt	221.8	225.9
Payable for securities purchased	44.3	68.0
Payable to affiliates, net	16.0	28.3
Accounts payable, accrued expenses and other		

liabilities	74.7	84.6
Total liabilities	4,672.4	4,663.5
Series A Preferred Stock	-	29.9
Common Stock, $1 par value		
-100,000,000 shares authorized		
-39,141,080 and 35,097,447 shares outstanding	39.1	35.1
Capital surplus	333.1	301.0
Retained earnings (deficit)	(163.4)	(172.6)
Unrealized gain on marketable securities, net of deferred income taxes and insurance adjustments	24.7	56.9
Total stockholders' equity	233.5	250.3
Total liabilities and stockholders' equity	$4,905.9	$4,913.8

</TABLE>

AMERICAN ANNUITY GROUP, INC. 10-Q

AMERICAN ANNUITY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED INCOME STATEMENT
(In millions, except per share amounts)

	Three months ended March 31, 1994	1993
Revenues:		
Net investment income	$ 90.4	$ 86.4
Realized gains on sales of investments	0.6	13.5
Equity in net earnings of affiliate	1.6	1.3
Other income	0.3	0.2
	92.9	101.4
Costs and Expenses:		
Benefits to annuity policyholders	59.2	59.2
Interest on borrowings and other debt expenses	6.3	5.3
Amortization of deferred policy acquisition costs	1.7	4.1
Provision for GALIC relocation expenses	-	8.0
Other operating and general expenses	9.0	7.4
	76.2	84.0
Income before taxes, extraordinary items		

and accounting change	16.7	17.4
Provision for income taxes	5.9	5.9
Income before extraordinary items and accounting change	10.8	11.5
Extraordinary items, net of tax	(1.1)	-
Cumulative effect of accounting change	(0.5)	-
Net Income	$ 9.2	$ 11.5
Preferred dividend requirement	0.9	0.9
Net income applicable to Common Stock	$ 8.3	$ 10.6
Average Common Shares outstanding	35.1	35.1
Earnings (loss) per share:		
Income from operations	$0.28	$0.30
Extraordinary items	(0.03)	-
Cumulative effect of accounting change	(0.01)	-
Net income	$0.24	$0.30

AMERICAN ANNUITY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(In millions)

	Three months ended March 31, 1994	1993
Preferred Stock:		
Balance at beginning of period	$ 29.9	$ 29.4
Exchanged for Common Stock	(30.0)	-
Accretion of discount	0.1	0.1
Balance at end of period	$ -	$ 29.5
Common Stock:		
Balance at beginning of period	$ 35.1	$ 35.1
Issued during the period	4.0	-
Balance at end of period	$ 39.1	$ 35.1
Capital Surplus:		
Balance at beginning of period	$301.0	$306.3
Common Stock issuance	33.0	-
Preferred dividends declared	(0.8)	-
Accretion of preferred stock discount	(0.1)	(0.1)
Balance at end of period	$333.1	$306.2
Retained Earnings (Deficit):		
Balance at beginning of period	($172.6)	($212.6)
Net Income	9.2	11.5
Balance at end of period	($163.4)	($201.1)
Unrealized Gains, Net:		
Balance at beginning of period	$ 56.9	$ 28.4
Change during period	(32.2)	21.2
Balance at end of period	$ 24.7	$ 49.6

AMERICAN ANNUITY GROUP, INC. 10-Q

AMERICAN ANNUITY GROUP, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
(In millions)

<TABLE>
<CAPTION>

	Three months ended March 31, 1994	1993
<S>	<C>	<C>
Operating activities:		
Net income	$ 9.2	$ 11.5
Adjustments:		
Extraordinary losses on retirement of debt	1.1	-
Cumulative effect of accounting change	0.5	-
Benefits to annuity policyholders	59.2	59.2
Provision for GALIC relocation expenses	-	8.0
Amortization of deferred policy acquisition costs	1.7	4.1
Equity in net earnings of affiliate	(1.6)	(1.3)
Depreciation and amortization	(2.2)	1.3
Realized gains on investing activities	(0.6)	(13.5)
Increase in accrued investment income	(8.7)	(15.4)
Increase in deferred policy acquisition costs	(6.4)	(3.5)
Decrease in accounts payable, accrued expenses and other liabilities	(6.0)	(6.1)
Other, net	(0.5)	(2.1)
	45.7	42.2
Investing activities:		
Purchases of:		
Fixed maturity investments	(408.7)	(695.9)
Real estate, mortgage loans and other assets	(3.1)	(0.2)
Maturities and paydowns of fixed maturity investments	53.6	67.8

Sales of:		
Fixed maturity investments	241.8	304.1
Equity securities	0.5	15.6
Real estate, mortgage loans and other assets	9.9	0.4
Increase in policy loans	(1.6)	(3.0)
	(107.6)	(311.2)
Financing activities:		
Annuity receipts	94.9	106.8
Annuity benefits and withdrawals	(86.4)	(71.0)
Additions to long-term debt	3.0	125.0
Reductions of long-term debt	-	(120.5)
	11.5	40.3
Net decrease in cash and short-term investments	(50.4)	(228.7)
Cash and short-term investments at beginning of period	72.0	256.5
Cash and short-term investments at end of period	$ 21.6	$ 27.8

</TABLE>

AMERICAN ANNUITY GROUP, INC. 10-Q

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

A. Accounting Policies

Basis of Presentation The accompanying consolidated financial statements for American Annuity Group, Inc. ("AAG" or the "Company") and subsidiaries are unaudited, but management believes that all adjustments (consisting only of normal recurring accruals unless otherwise disclosed herein) necessary for fair presentation have been made. The results of operations for interim periods are not necessarily indicative of results to be expected for the year. The financial statements have been prepared in accordance with the instructions to Form 10-Q and therefore do not include all information and footnotes necessary to be in conformity with generally accepted accounting principles. Certain reclassifications have been made to prior periods to conform to the current year's presentation.

American Financial Corporation and subsidiaries ("AFC") owned 31,319,629 shares (80%) of AAG's Common Stock at March 31, 1994.

Investments When available, fair values for investments are based on prices quoted in the most active market for each security. If quoted prices are not available, fair value is estimated based on present values, fair values of comparable securities, or similar methods.

AAG implemented Statement of Financial Accounting Standards ("SFAS") No. 115, "Accounting for Certain Investments in Debt and Equity Securities", beginning December 31, 1993. This standard requires that (i) debt securities be classified as "held to maturity" and reported at amortized cost if AAG has the positive intent and ability to hold them to maturity, (ii) debt and equity securities be classified as "trading" and reported at fair value, with unrealized gains and losses included in earnings, if they are bought and held principally for selling in the near term and (iii) debt and equity securities not classified as held to maturity or trading be classified as "available for sale" and reported at fair value, with unrealized gains and losses reported as a separate component of stockholders' equity. Only in certain limited circumstances, such as significant issuer credit deterioration or if required by insurance or other regulators, may a company change its intent to hold a certain security to maturity without calling into question its intent to hold other debt securities to maturity in the future.

Short-term investments are carried at cost; mortgage loans on real estate are generally carried at amortized cost; policy loans are stated at the aggregate unpaid balance. Carrying amounts of these investments approximate their fair value.

Gains or losses on sales of securities are recognized at the time of disposition with the amount of gain or loss determined on the specific identification basis. When a decline in the value of a specific investment is considered to be other than temporary, a provision for impairment is charged to earnings and the carrying value of that investment is reduced. Premiums and discounts on CMOs are amortized over their expected average lives using the interest method.

Investment in Affiliates AAG's investments in equity securities of companies that are 20% to 50% owned by AFC and its subsidiaries are carried at cost, adjusted for a proportionate share of their undistributed earnings or losses.

Deferred Policy Acquisition Costs ("DPAC") DPAC (principally new commissions, advertising, underwriting, policy issuance and sales expenses that vary with and are primarily related to the production of new business) are deferred and amortized, with interest, in relation to the present value of expected gross profits on the policies. These gross profits consist principally of net investment income and future surrender charges, less interest on policyholders' funds and future policy administration expenses. DPAC is reported net of unearned revenue relating to certain policy charges that represent compensation for future services. These unearned revenues are recognized as income using the same assumptions and factors used to amortize DPAC.

Beginning with the implementation of SFAS No. 115 in 1993, to the extent that unrealized gains from securities classified as "available for sale" would result in adjustments to DPAC, unearned revenues and policyholder liabilities had those gains actually been realized, such balance sheet amounts are adjusted, net of deferred taxes.

Annuity Policyholders' Funds Accumulated Annuity premium deposits and benefit payments are generally recorded as increases or decreases in "annuity policyholders' funds accumulated" rather than as revenue and expense. Increases in this liability for interest credited are charged to expense and decreases for surrender charges are credited to other income.

The fair value of the liability for annuities in the payout phase is assumed to be the present value of the anticipated cash flows, discounted at current interest rates. Fair value of annuities in the accumulation phase is assumed to be the policyholders' cash surrender amount.

Income Taxes As of December 31, 1992, AAG and its 80%-owned subsidiaries were consolidated with AFC for federal income tax purposes.

AAG and GALIC have separate tax allocation agreements with AFC which designate how tax payments are shared by members of the tax group. In general, both companies compute taxes on a separate return basis. GALIC is obligated to make payments to (or receive benefits from) AFC based on taxable income without regard to temporary differences. In accordance with terms of AAG's indentures, AAG receives GALIC's tax allocation payments for the benefit of AAG's deductions arising from current operations. If GALIC's taxable income (computed on a statutory accounting basis) exceeds a current period net operating loss of AAG, the taxes payable by GALIC associated with the excess are payable to AFC. If the AFC tax group utilizes any of AAG's net operating losses or deductions that originated prior to 1993, AFC will pay to AAG an amount equal to the benefit received.

The Company recognizes deferred tax assets if it is more likely than not that a benefit will be realized. Deferred income tax assets and liabilities are determined based on differences between financial reporting and tax bases and are measured using enacted tax rates. Current and deferred tax assets and liabilities are aggregated with other amounts receivable or payable to affiliates.

Debt Issuance Costs Debt expenses are amortized over the terms of the respective borrowings on the interest method.

Statement of Cash Flows For cash flow purposes, "investing activities" are defined as making and collecting loans and acquiring and disposing of debt or equity instruments and property and equipment. "Financing activities" include annuity receipts, surrenders and withdrawals and obtaining resources from owners and providing them with a return on their investments. All other activities are considered "operating". For purposes of the Statement of Cash Flows, all unrestricted, highly liquid investments with a maturity of three months or less at time of purchase are classified as short-term investments.

Benefit Plans AAG and certain of its subsidiaries provide certain benefits to former employees. Effective January 1, 1994, AAG implemented SFAS No. 112, "Employers' Accounting for Postemployment Benefits".

AAG participates in an Employee Stock Ownership Retirement Plan ("ESORP") covering all employees who are qualified as to age and length of service. The ESORP is a trusteed, noncontributory plan which invests in securities of AAG for the benefit of the employees of AAG and its subsidiaries. Contributions are discretionary by the directors of AAG and are charged against earnings in the year for which they are declared. Qualified employees having vested rights in the plan are entitled to benefit payments at age 60.

B. Investments

The carrying value of AAG's fixed maturity portfolio was comprised of the following at March 31, 1994:

	Held to Maturity	Available for Sale	Total
U. S. Government and government agencies and authorities	0%	1%	1%
Public utilities	10	2	12
Collateralized mortgage obligations	12	21	33
All other corporate	43	11	54
	65%	35%	100%

The carrying values of investments were determined after deducting cumulative provisions for impairment aggregating $13.2 million and $14.4 million at March 31, 1994 and December 31, 1993, respectively.

"Investing activities" related to fixed maturity investments during 1994 in AAG's Statement of Cash Flows consisted of the following:

	Held to Maturity	Available For Sale	Total
Purchases	($235.9)	($172.8)	($408.7)
Maturities and paydowns	14.7	38.9	53.6
Sales	5.4	236.4	241.8

C. Investment in Affiliates

Investment in affiliates represents AAG's 5% ownership of the common stock of Chiquita Brands International, which is accounted for under the equity method. AFC and its other subsidiaries own an additional 41% interest in the common stock of Chiquita. Chiquita is a leading international marketer, processor and producer of quality food products. The market value of AAG's investment in Chiquita was approximately $45 million at March 31, 1994 and $37 million at May 6, 1994, compared to $31 million at December 31, 1993.

In the first quarter of 1994, AAG recorded a pretax extraordinary charge of $1.1 million, representing its proportionate share of Chiquita's loss on the retirement of debt.

D. Deferred Policy Acquisition Costs

The DPAC balances at March 31, 1994 and December 31, 1993 are shown net of unearned revenues of $149.3 million and $146.2 million, respectively.

E. Long-Term Debt

<TABLE>
Long-term debt consisted of the following (in millions):
<CAPTION>

<S>	March 31, 1994 <C>	December 31, 1993 <C>
11-1/8% Senior Subordinated Notes due 2003	$117.9	$125.0
9-1/2% Senior Notes due 2001	100.0	100.0
Other	3.9	0.9
Total	$221.8	$225.9

</TABLE>

On March 31, 1994, AAG retired $7.1 million principal amount of 11-1/8% notes in exchange for approximately 810,000 shares of Common Stock, realizing a pretax loss of approximately $570,000.

In 1994, AAG entered into a four-year, $30 million revolving line of credit agreement with two banks. Loans under the line of credit bear interest at rates approximating prime and are collateralized by 15% of the Common Stock of GALIC. No amounts have been borrowed under this line.

AAG has no scheduled principal payments on its debt until the year 2001.

F. Stockholders' Equity

The Company is authorized to issue 25,000,000 shares of Preferred Stock, par value $1.00 per share. In connection with the acquisition of GALIC, AAG issued 450,000 shares of Series A Cumulative Preferred Stock to a subsidiary of AFC. The Series A Preferred Stock had a redemption value of $100 per share and paid dividends at the rate of $7.00 per share per annum. The preferred shares issued were recorded at $29.4 million (imputed dividend rate of 12% through 2007) with the excess paid of $15.6 million credited to capital surplus. On March 31, 1994, AAG issued approximately 3.2 million shares of Common Stock in exchange for

the Series A Preferred shares.

G. Contingencies

The Company is presently conducting investigations or clean-up activities relating to the discontinued operations in accordance with consent agreements with state environmental agencies. Based on the costs incurred over the past several years and discussions with independent environmental consultants, management does not believe that these clean-up activities will have a material effect upon the Company's financial position, results of operations or cash flows.

"Marketable securities, restricted in use" consists primarily of amounts held in escrow with respect to certain clean-up activities due to sales of various discontinued operations.

H. Statutory Information

GALIC is required to file financial statements with state insurance regulatory authorities prepared on an accounting basis prescribed or permitted by such authorities (statutory basis). For the three months ended March 31, 1994, GALIC's statutory net income was $14.7 million compared to $3.4 million for the same period in 1993. Certain statutory balance sheet amounts were as follows (in millions):

	March 31, 1994	December 31, 1993
Policyholders' surplus	$259.1	$251.3
Asset valuation reserve	81.1	70.3
Interest maintenance reserve	33.9	35.7

The amount of dividends which can be paid by GALIC without prior approval of regulatory authorities is subject to restrictions relating to capital and surplus and statutory net income. Without prior approval, GALIC may pay approximately $44.0 million in dividends in 1994, based on statutory net income for the year ended December 31, 1993.

Management's Discussion and Analysis
of Financial Condition and Results of Operations

GENERAL

AAG is organized as a holding company with nearly all of its operations being conducted by its subsidiary, 100% owned Great American Life Insurance Company ("GALIC"). The parent corporation, however, has continuing expenditures for administrative expenses, corporate services, liabilities in connection with discontinued operations and, most importantly, for the payment of interest on borrowings. Since its business is financial in nature, AAG does not prepare its consolidated financial statements using a current-noncurrent format. Consequently, certain traditional ratios and financial analysis tests are not meaningful.

LIQUIDITY AND CAPITAL RESOURCES

Ratios The ratio of AAG's long-term debt to equity was 0.95 at March 31, 1994, compared to 0.90 at December 31, 1993 and 1.24 at December 31, 1992. AAG's ratio of earnings to fixed charges was 3.4 for the first three months of 1994.

Sources and Uses of Funds On March 31, 1994, AAG issued 4.0 million shares of Common Stock in exchange for all of its Preferred Stock and $7.1 million principal amount of its 11-1/8% Notes (see Notes E and F). As a result, AAG's preferred dividend requirements have been eliminated and annual interest payments on AAG's debt are approximately $22.6 million. AAG's ability to make payments for interest and other holding company costs is dependent primarily on cash payments from GALIC. In the first quarter of 1994, AAG received $1.0 million in tax allocation payments and $10.0 million in dividends from GALIC.

Capital distributions by GALIC are subject to various laws and regulations which limit the amount of dividends that can be paid without regulatory approval. The maximum amount of dividends payable by GALIC in 1994 without approval is approximately $44.0 million.

AAG has a four-year, $30 million revolving line of credit agreement with two banks. Borrowings thereunder may be used for general corporate purposes. AAG has not made any cash draws under this agreement. Based upon the current level of GALIC's operations and anticipated growth, AAG believes that it will have sufficient resources from GALIC's dividends and tax allocation payments to meet its liquidity requirements.

Investments The Ohio Insurance Code contains rules restricting the types and amounts of investments which are permissible for an Ohio life insurer, including GALIC. These rules are designed to ensure the safety and liquidity of the insurer's investment portfolio. The NAIC is considering the formulation of a model investment law which, if adopted, would have to be considered by Ohio for adoption. The formulation is in the preliminary stages and management believes its impact on GALIC's operations will not be material.

The National Association of Insurance Commissioners ("NAIC") assigns quality ratings to publicly traded as well as privately placed securities. These ratings range from Class 1 (highest quality) to Class 6 (lowest quality). The following table shows GALIC's fixed maturity portfolio by NAIC designation (and comparable Standard & Poor's Corporation rating) as of March 31, 1994.

NAIC Rating	Comparable S&P Rating	% of Total Market Value
1	AAA, AA, A	56%

2	BBB		38
		Total investment grade	94
3	BB		4
4	B		2
5	CCC, CC, C		*
6	D		-
		Total non-investment grade	6
		Total fixed maturities	100%

[FN]
* less than 1%

Management believes that the high credit quality of GALIC's investment portfolio should generate a stable and predictable overall investment return.

AAG invests primarily in fixed income investments which approximated 98% of its investment portfolio at March 31, 1994. GALIC generally invests in securities with intermediate-term maturities with an objective of optimizing interest yields while maintaining an appropriate relationship of maturities between GALIC's assets and expected liabilities. GALIC's fixed maturity portfolio is classified into two categories: "held to maturity" and "available for sale" (see Note A to the unaudited financial statements).

As of March 31, 1994, the unrealized gains on GALIC's fixed maturity portfolio had decreased $191 million since year end 1993. This decrease, representing approximately 4% of the carrying value of GALIC's bond portfolio, resulted primarily from an increase in the general level of interest rates.

At March 31, 1994, none of the Company's fixed maturity investments were non-performing. In addition, AAG's mortgage loans and real estate represented only 1.5% of total assets. The majority of mortgage loans and real estate was purchased in the latter half of 1993.

At March 31, 1994, collateralized mortgage obligations ("CMOs") represented approximately one-third of fixed maturity investments. As of March 31, 1994, interest only (I/O), principal only (P/O) and other "high risk" CMOs were less than 0.1% of total assets. GALIC invests primarily in CMOs which are structured to minimize prepayment risk. In addition, the majority of CMOs held by GALIC were purchased at a discount to par value. Management believes that the structure and discounted nature of the CMOs will minimize the effect of prepayments on earnings over the anticipated life of the CMO portfolio.

Substantially all of GALIC's CMOs are AAA-rated by Standard & Poor's Corporation and are collateralized by GNMA, FNMA and FHLMC single-family residential pass-through certificates. The market in which these securities trade is highly liquid. Aside from interest rate risk, AAG does not believe a material risk (relative to earnings or liquidity) is inherent in holding such investments.

RESULTS OF OPERATIONS

Pretax Earnings and General Pretax earnings from operations (before realized gains and one-time charges) were $16.1 million in the first quarter of 1994 compared to $11.9 million for the same period in 1993. This improvement can be attributed primarily to the increased interest rate spreads achieved in the first quarter of 1994.

All of GALIC's products are fixed rate annuities which permit GALIC to change the crediting rate at any time (subject to minimum interest rate guarantees of 3% to 4% per annum). As a result, management has been able to react to changes in interest rates and maintain a desired interest rate "spread" with little or no effect on persistency.

The following table summarizes GALIC's annuity receipts (in millions):

	Three months ended March 31, 1994	1993
FPDAs:		
First Year	$ 11	$ 12
Renewal	55	61
	66	73
SPDAs	29	34
Total Annuity Receipts	$ 95	$107

Total annuity receipts decreased $12 million (11%) in the first three months of 1994 compared to the same period in 1993. Management believes that this decrease was due in part to the earthquake in Southern California, which is a substantial premium production area for AAG. Management's discussions with several agents also indicated that the severe winter weather in January and February 1994, along with other issues, had a negative impact on the first quarter premium production. Annuity receipts in March and April of

1994 slightly exceeded the comparable amounts in 1993.

Net Investment Income GALIC's net investment income increased 5% over its comparable 1993 quarter. An increase in average fixed maturity investments more than offset a decrease in interest rates available in the marketplace. Investment income is reflected in the Income Statement net of investment expenses of $1.2 million in 1994 and 1993.

Realized Gains Individual securities are sold from time to time as market opportunities appear to present optimal situations under AAG's investment strategies.

Equity in Net Earnings of Chiquita Brands International Chiquita's quarterly results are subject to significant seasonal variations and are not necessarily indicative of its results of operations for a full fiscal year. Seasonal pricing generally produces stronger earnings in the first six months of the year.

Benefits to Annuity Policyholders GALIC's first quarter 1994 benefits to annuity policyholders equalled GALIC's comparable 1993 quarter. An increase in average annuity policyholders' funds accumulated was more than offset by a decrease in overall interest rates credited to policyholders' funds. The average crediting rate on funds held by GALIC has decreased from 6.2% at December 31, 1992 to 5.3% at December 31, 1993 and March 31, 1994. The rate at which GALIC credits interest on annuity policyholders' funds is subject to change based on management's judgment of market conditions.

Amortization of Deferred Policy Acquisition Costs (DPAC) DPAC amortization in the first quarter of 1994 was $1.7 million compared to $4.1 million during the first quarter of 1993. The decrease resulted primarily from a year-end 1993 review of DPAC assumptions, which resulted in changes in certain factors, including (i) estimated future profits on deferred annuities that have suspended premium payments but have not lapsed, (ii) the time frame over which DPAC is amortized, and (iii) estimated future spreads on inforce annuity policies.

Provision for GALIC Relocation Expenses In 1993, GALIC relocated its corporate offices from Los Angeles to Cincinnati. The estimated cost of this move ($8.0 million) was expensed in the first quarter of 1993.

Extraordinary Items On March 31, 1994, AAG retired approximately $7.1 million principal amount of its 11-1/8% Senior Subordinated Notes realizing a pretax loss of approximately $570,000.

In addition, AAG recorded a pretax charge of approximately $1.1 million, representing AAG's proportionate share of Chiquita's extraordinary loss on the retirement of certain of its debt in the first quarter of 1994.

Accounting Change Effective January 1, 1994, AAG implemented SFAS No. 112, "Employers' Accounting for Postemployment Benefits", and recorded a pretax charge of $740,000 for the projected future costs of providing certain benefits to former employees of GALIC.

AMERICAN ANNUITY GROUP, INC. 10-Q
PART II
OTHER INFORMATION

ITEM 6

Exhibits and Reports of Form 8-K

(a) Exhibits - None

(b) Reports on Form 8-K's:

Date of Report	Items Reported
April 6, 1994	Common Stock issued in exchange for Preferred Stock and Senior Subordinated Notes.

Signature

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned duly authorized.

American Annuity Group, Inc.

May 13, 1994

BY:
William J. Maney
Senior Vice President, Treasurer
and Chief Financial Officer