

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-Q

X Quarterly Report Under Section 13 or 15 (d) of
----- the Securities Exchange Act of 1934

For the Quarterly Period Ended March 31, 1996

Transition Report Pursuant to Section 13 or
15 (d) of the Securities Exchange Act of 1934

Commission File Number 0-4604

CINCINNATI FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

An Ohio Corporation	31-0746871
(State or other jurisdiction of	(I.R.S. Employer
incorporation or organization)	Identification No.)

6200 South Gilmore Road
Fairfield, Ohio 45014-5141

(Address of principal executive offices)

Registrant's telephone number, including area code: 513/870-2000

*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 X . NO .
----- -----

Securities registered pursuant to Section 12(g) of the Act:

\$2.00 Par Common--55,749,977 shares outstanding at March 31, 1996

\$80,000,000 of 5-1/2% Convertible Senior Debentures Due 2002

PART I

ITEM 1. FINANCIAL STATEMENTS

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(Unaudited) March 31, 1996	December 31, 1995
	-----	-----
ASSETS		
Cash	\$ 13,213,372	\$ 20,019,459
Investments		
Fixed Maturities (Cost: 1996--\$2,355,589,683; 1995--\$2,298,718,542).	2,470,746,543	2,446,995,519
Equity Securities (Cost: 1996--\$1,463,450,084; 1995--\$1,423,671,759).	3,323,978,226	3,041,762,260
Other Invested Assets.	39,574,152	39,801,776
Finance Receivables.	21,421,167	20,281,562
Premiums Receivable.	162,617,760	161,116,592
Reinsurance Receivable	107,300,769	103,682,717
Prepaid Reinsurance Premiums	20,735,303	21,835,186
Investment Income Receivable	67,272,468	65,045,195
Land, Buildings and Equipment for Company Use (at Cost Less Accumulated Depreciation)	33,499,146	33,056,396
Deferred Acquisition Costs Pertaining to Unearned Premiums and to Life Policies in Force	119,933,390	119,589,232
Other Assets	32,478,590	36,112,005
	-----	-----
Total Assets	\$6,412,770,886	\$6,109,297,899
	=====	=====
LIABILITIES		
Insurance Reserves:		
Life Policy Reserves	\$ 412,821,142	\$ 403,263,716
Losses and Loss Expenses	1,785,724,559	1,743,533,951
Unearned Premiums.	406,200,574	408,624,414
Notes Payable.	221,468,657	221,005,282
5-1/2% Convertible Senior Debentures Due 2002.	80,000,000	80,000,000
Federal Income Taxes		
Current.	30,396,424	10,475,088
Deferred	558,180,064	487,840,052
Other Liabilities.	82,313,645	96,584,203
	-----	-----
Total Liabilities	3,577,105,065	3,451,326,706
	-----	-----
SHAREHOLDERS' EQUITY		
Common Stock, \$2 per Share; Authorized 80,000,000 Shares; Issued 1996--55,774,782; 1995--53,084,081 Shares; Outstanding 1996--55,749,977; 1995--53,056,934 Shares	111,549,564	106,168,162
Paid-In Capital.	399,460,937	237,171,509
Retained Earnings.	1,030,420,944	1,156,626,751
Unrealized Gain on Investments, Less Taxes	1,295,444,654	1,159,388,263
	-----	-----
	2,836,876,099	2,659,354,685
Less Treasury Shares at Cost (1996--24,805 Shares; 1995--27,147 Shares)	(1,210,278)	(1,383,492)
Total Shareholders' Equity	2,835,665,821	2,657,971,193
	-----	-----
Total Liabilities and Shareholders' Equity	\$6,412,770,886	\$6,109,297,899
	=====	=====

Accompanying notes are an integral part of these financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
(UNAUDITED)

	Three Months Ended March 31,	
	1996	1995
Revenues:		
Premiums Earned:		
Property and Casualty	\$ 333,372,036	\$ 307,146,925
Life	11,952,931	10,949,844
Accident and Health	1,895,383	1,833,146
	-----	-----
Net Premiums Earned	347,220,350	319,929,915
Investment Income, Less Expenses.	82,471,695	71,813,695
Realized Gain on Investments.	19,277,148	21,018,001
Other Income.	2,829,255	1,926,188
	-----	-----
Total Revenues.	451,798,448	414,687,799
	-----	-----
Benefits & Expenses:		
Insurance Losses and Policyholder Benefits.	272,754,764	233,385,026
Commissions	61,077,667	59,217,649
Other Operating Expenses.	26,528,905	24,805,094
Taxes, Licenses & Fees.	9,904,410	8,944,612
Increase in Deferred Acquisition.		
Costs Pertaining to Unearned		
Premiums and to Life Policies		
in Force.	(344,158)	(1,010,378)
Interest Expense.	4,558,151	3,662,971
Other Expenses.	870,113	1,859,960
	-----	-----
Total Expenses.	375,349,852	330,864,934
	-----	-----
Income Before Income Taxes	76,448,596	83,822,865
	-----	-----
Provision (Benefit) for Income Taxes:		
Current	19,921,333	21,313,367
Deferred.	(2,921,119)	(735,101)
	-----	-----
Total	17,000,214	20,578,266
	-----	-----
Net Income	\$ 59,448,382	\$ 63,244,599
	=====	=====
Weighted Average Shares Outstanding.	57,816,427	57,619,829*
	=====	=====
Per Common Share:		
Total Net Income.	\$1.04	\$1.11*
	=====	=====
Cash Dividends Declared	\$.35	\$.30*
	=====	=====

*Adjusted to reflect 5% stock dividend effective March 15, 1996.

Accompanying notes are an integral part of these financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)THREE MONTHS ENDED MARCH 31, 1995 AND 1996

	Common Stock Shares -----	Amount -----	Treasury Stock -----	Paid-In Capital -----	Retained Earnings -----	Unrealized Capital Gains -----
Bal. Dec. 31, 1994	50,435,974	\$100,871,948	\$ (913,765)	\$105,791,761	\$1,133,104,811	\$ 601,192,480
Net Income					63,244,599	
Change in Unreal. Gains Net of Inc. Taxes of \$61,016,852						113,317,011
Div. Declared					(17,164,239)	
5% Stock Div. at Market	2,521,546	5,043,092		127,338,073	(132,564,883)*	
Issuance of Treasury Shares			10,465	4,437		
Stock Options Exercised	64,806	129,612		1,702,477		
	-----	-----	-----	-----	-----	-----
Bal. March 31, 1995	53,022,326 =====	\$106,044,652 =====	\$ (903,300) =====	\$234,836,748 =====	\$1,046,620,288 =====	\$ 714,509,491 =====
Bal. Dec. 31, 1995	53,084,081	\$106,168,162	\$(1,383,492)	\$237,171,509	\$1,156,626,751	\$1,159,388,263
Net Income					59,448,382	
Change in Unreal. Gains Net of Inc. Taxes of \$73,261,132						136,056,391
Div. Declared					(19,645,462)	
5% Stock Div. at Market	2,652,110	5,304,220		160,452,655	(166,008,727)*	
Issuance of Treasury Shares			173,214	58,105		
Stock Options Exercised	38,591	77,182		1,778,668		
	-----	-----	-----	-----	-----	-----
Bal. March 31, 1996	55,774,782 =====	\$111,549,564 =====	\$(1,210,278) =====	\$399,460,937 =====	\$1,030,420,944 =====	\$1,295,444,654 =====

Accompanying notes are an integral part of these financial statements.

*Includes \$183,718 and \$251,852 for fractional shares in March 17, 1995 and March 15, 1996, respectively.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)

	Three Months Ended March 31,	
	1996	1995
Cash flows from operating activities:		
Net income	\$ 59,448,382	\$ 63,244,599
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	(564,606)	2,432,438
Decrease in net unearned premiums	(1,323,957)	(1,834,016)
Increase in net life policy reserves	9,557,426	6,627,189
Increase in net loss and loss expense reserves	38,572,556	46,437,067
(Increase) Decrease in net premiums receivable	(1,501,168)	807,044
Increase in deferred acquisition costs	(344,158)	(1,010,377)
Decrease in other liabilities	(16,129,744)	(3,569,850)
Increase in investment income receivable	(2,227,273)	(1,995,983)
Decrease (Increase) in policy loans and accounts receivable	5,664,701	(5,759,188)
Decrease in deferred income taxes	(2,921,119)	(2,571,897)
Increase in current income taxes	19,921,333	26,725,886
Realized gain on investments	(19,277,148)	(21,018,001)
Other	(1,724,089)	1,216,919
Net cash provided by operating activities	87,151,136	109,731,830
Cash flows from investing activities:		
Sale of fixed maturities investments	57,477,616	20,509,272
Maturity of fixed maturities investments	33,964,392	47,190,434
Sale of equity securities investments	56,449,745	83,764,258
Collection of mortgage loans	591,961	65,418
Collection of finance receivables	2,088,718	1,828,410
Purchase of fixed maturities investments	(142,549,614)	(167,264,970)
Purchase of equity securities investments	(79,678,432)	(102,142,181)
Investment in mortgage loans	(350,000)	-0-
Investment in land, buildings and equipment	(2,857,885)	(2,334,980)
Investment in finance receivables	(3,228,321)	(2,601,634)
Investment in real estate and other	(377,818)	(53,991)
Net cash used in investing activities	(78,469,638)	(121,039,964)
Cash flows from financing activities:		
Proceeds from stock options exercised	1,855,850	1,832,089
Issuance of treasury shares	231,319	14,902
Increase in notes payable	463,375	10,500,547
Payment of cash dividends to shareholders	(18,038,129)	(16,133,741)
Net cash used in financing activities	(15,487,585)	(3,786,203)
Net decrease in cash	(6,806,087)	(15,094,337)
Cash at beginning of period	20,019,459	48,254,464
Cash at end of period	\$ 13,213,372	\$ 33,160,127
Supplemental disclosures of cash flow information		
Interest paid	\$ 3,966,246	\$ 2,234,417
Income taxes paid	\$ -0-	\$ -0-

Accompanying notes are an integral part of these financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
 NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
 (UNAUDITED)

NOTE I - ACCOUNTING POLICIES

The consolidated financial statements include the accounts of the Company and all of its subsidiaries, each of which is wholly owned, and are presented in conformity with generally accepted accounting principles. All significant inter-company investments and transactions have been eliminated in consolidation. The December 31, 1995 consolidated balance sheet amounts are derived from the audited financial statements but do not include all disclosures required by generally accepted accounting principles.

INVESTMENTS--Fixed maturities and equity securities have been classified as available for sale and are carried at fair values at March 31, 1996 and December 31, 1995.

UNREALIZED GAINS AND LOSSES--The increases (decreases) in unrealized gains for fixed maturities and equity securities (net of income tax effect) for the three-month periods ended March 31 are as follows:

	Fixed Maturities -----	Equity Securities -----	Total -----
1996 ----	\$(21,528,076)	\$157,584,467	\$136,056,391
1995 ----	\$ 47,307,079	\$ 66,009,932	\$113,317,011

Such amounts are included as additions to and deductions from shareholders' equity.

REINSURANCE--Premiums earned are net of \$22,928,950 and \$18,720,168 of premium on ceded business for March 31, 1996 and 1995, respectively. Insurance losses and policyholder benefits in the accompanying statements of income are net of \$9,929,733 and \$14,617,542 reinsurance recoveries for March 31, 1996 and 1995, respectively.

NOTE II - STOCK OPTIONS

The Company has primarily qualified stock option plans under which options are granted to employees of the Company at prices which are not less than market price at the date of grant and which are exercisable over ten-year periods. On March 31, 1996, outstanding options for Stock Option Plan No. III totalled 92,378 shares with purchase prices ranging from a low of \$11.87 to a high of \$22.03 and outstanding options for Stock Option Plan No. IV totalled 848,409 shares with purchase prices ranging from a low of \$22.38 to a high of \$61.43. All outstanding shares have been adjusted for the 5% stock dividend declared February 3, 1996, payable April 30, 1996 to shareholders of record of March 15, 1996.

At the Shareholders' meeting on April 6, 1996, the shareholders approved Stock Option Plan V for 500,000 shares. No shares have been granted from this plan at this time.

In October 1995, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards (SFAS) No. 123, "Accounting for Stock-Based Compensation," which will be effective for the Company beginning January 1, 1996. SFAS No. 123 requires expanded disclosures of stock-based compensation arrangements with employees and encourages (but does not require) compensation cost to be measured based on the fair value of the equity instrument awarded. Companies are permitted, however, to continue to apply APB Opinion No. 25, which recognizes compensation cost based on the intrinsic value of the equity instrument awarded. The Company will continue to apply APB Opinion No. 25 to its stock based compensation awards to employees.

NOTE III INTERIM ADJUSTMENTS

The preceding summary of financial information for Cincinnati Financial Corporation and consolidated subsidiaries is unaudited, but the Company believes that all adjustments (consisting only of normal recurring accruals) necessary for fair presentation have been made. The results of operations for this interim period is not necessarily an indication of results to be expected for the remaining nine months of the year.

ITEM 2. Management's Discussion and Analysis of Financial Condition
and Results of Operations

Premiums earned for the three months ended March 31, 1996 have increased \$27,290,435 (9%) over the three months ended March 31, 1995. The growth rate of our property and casualty subsidiaries on a gross written basis is greater than last year; but with higher costs of reinsurance, our premiums earned increase of 9% was slightly less in the three-month period ended March 31, 1996 over March 31, 1995. The premium growth is attributable to new business and some rate increases. The premium volume of our life and health company has increased approximately 8% as the Company had increases in both life and health insurance production. For the three-month period ended March 31, 1996, Investment Income, net of expenses, has increased \$10,658,000 (15%) when compared with the first three months of 1995. This increase is the result of the growth of the investment portfolio because of investing cash flows from operations and dividend increases from equity securities.

Realized gains on investments for the three months ended March 31, 1996 amounted to \$19,277,148 compared to \$21,018,001, for the comparable three-month period ended March 31, 1995. The realized gains are predominantly the result of the sale of equity securities and management's decision to realize the gains and reinvest the proceeds at higher yields.

Insurance losses and policyholder benefits (net of reinsurance recoveries) increased \$39,369,738 (17%) for the first three months of 1996 over the same period in 1995. The losses of the property and casualty companies have increased \$36,184,830 because of the growth of new business and a higher incidence of claims. Policyholder benefits increased \$3,184,908 over the first quarter of 1995 in the life insurance subsidiary. The majority of the increase is the result of a higher incidence of death claims and related costs.

Commission expenses increased \$1,860,018 for the first quarter of 1996 compared to the first quarter of 1995. The increase attributable to increases in written premium was somewhat offset by a reduction in contingent commission relating to underwriting results.

Provision for income taxes, current and deferred, have decreased by \$3,578,052 for the first three months of 1996 compared to the first three months of 1995. The decrease in federal taxes is primarily attributable to a decline of the effective tax rate from 24.5% to 22.2% at March 31, 1995 and 1996.

Unrealized appreciation will fluctuate with changes in the overall fixed maturities and equity securities market. Changes in unrealized appreciation are discussed in Note 1. The Company's equity investment portfolio continues to be primarily investments in common stocks of public utility companies and financial institutions.

PART II
OTHER INFORMATION

ITEM 1. Legal Proceedings

The Company is involved in no material litigation other than routine litigation incident to the nature of the insurance industry.

ITEM 2. Changes in Securities

On February 3, 1996, the Company declared a 5% stock dividend payable on April 30, 1996 to shareholders of record of March 15, 1996.

ITEM 3. Defaults Upon Senior Securities

The Company has not defaulted on any interest or principal payment, and no arrearage in the payment of dividends has occurred.

ITEM 4. Submission of Matters to a Vote of Security Holders

No special matters were voted upon by security holders during the first quarter. On April 6, 1996, shareholders voted on and approved Stock Option Plan No. V and the Incentive Compensation Plan.

ITEM 5. Other Information

No matters to report.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits included:

Exhibit 11--Statement re Computation of Per Share Earnings.
Exhibit 27--Financial Data Schedule

(b) The Company was not required to file any reports on Form 8-K during the quarter ended March 31, 1996.

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 thereunto duly authorized.

CINCINNATI FINANCIAL CORPORATION

(Registrant)

Date May 13, 1996

By /s/ Robert J. Driehaus

R. J. Driehaus
Senior Vice President and Chief
Financial Officer
(Principal Financial Officer)

EXHIBIT 11

CINCINNATI FINANCIAL CORPORATION
 STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
 FOR THE QUARTER ENDED MARCH 31,
 (in thousands except for per share amounts)

	1996 ----	1995* ----
Weighted average shares outstanding	55,730	55,623
Equivalent shares assumed to be outstanding for:		
Stock options	294	205
Convertible debentures	1,792	1,792
	-----	-----
Number of shares for primary computation	57,816	57,620
Other dilutive equivalent shares-- stock options	21	2
	-----	-----
Number of shares assuming full dilution	57,837 =====	57,622 =====
Net income	\$59,448	\$63,245
Interest on convertible debentures-- net of tax	715	715
	-----	-----
Net income for per share computation	\$60,163 =====	\$63,960 =====
Earnings per share:		
Primary	\$ 1.04 =====	\$ 1.11 =====
Fully Diluted	\$ 1.04 =====	\$ 1.11 =====

*Common shares and their equivalent have been adjusted to reflect the 5% stock dividend effective March 15, 1996.

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM THE CONSOLIDATED BALANCE SHEETS AND CONSOLIDATED STATEMENTS OF INCOME AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

3-MOS	
	DEC-31-1996
	JAN-01-1996
	MAR-31-1996
2,470,746,543	
0	
0	
3,323,978,226	
5,247,167	
15,652,192	
5,834,298,921	
13,213,372	
1,128,056	
119,933,390	
6,412,770,886	
2,150,682,817	
406,200,574	
44,724,321	
7,950,537	
301,468,657	
110,339,286	
0	
0	
2,725,326,535	
6,412,770,886	
347,220,350	
82,471,695	
19,277,148	
2,829,255	
272,754,764	
72,127,268	
30,467,820	
76,448,596	
17,000,214	
59,448,382	
0	
0	
0	
59,448,382	
1.04	
1.04	
1,580,742,006	
0	
0	
0	
0	
1,628,973,604	
0	

Equals the sum of Fixed Maturities, Equity Securities and other Invested Assets
 Equals the sum of Life Policy Reserves and Losses and Loss Expenses less the
 Life Company liability for Supplementary Contracts without Life Contingencies
 of \$3,138,563 which is classified as Other Policyholder Funds

Equals the sum of Notes Payable and the 5-1/2% Convertible Senior Debenture
 Equals the Total Shareholders Equity

Equals the Sum of Commissions, Other Operating Expenses, Taxes, Licenses and
 Fees, Increase in deferred acquisition costs, Interest expense and other
 expenses

Equals the net reserve for unpaid claims for the property casualty
 subsidiaries less loss checks payable as of December 31, 1995

Equals the net reserve for unpaid claims for the property casualty
 subsidiaries less loss checks payable as of March 31, 1996