

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report: February 7, 2018
(Date of earliest event reported)

CINCINNATI FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Ohio
(State or other jurisdiction
of incorporation)

0-4604
(Commission
File Number)

31-0746871
(I.R.S. Employer
Identification No.)

6200 S. Gilmore Road, Fairfield, Ohio
(Address of principal executive offices)

45014-5141
(Zip Code)

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

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13a-4(c))

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§203.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

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

Item 2.02 Results of Operations and Financial Condition.

On February 7, 2018, Cincinnati Financial Corporation issued the attached news release titled “Cincinnati Financial Reports Fourth-Quarter and Full-Year 2017 Results,” furnished as Exhibit 99.1 hereto and incorporated herein by reference. On February 7, 2018, the company also distributed the attached information titled “Supplemental Financial Data,” furnished as Exhibit 99.2 hereto and incorporated herein by reference. This report should not be deemed an admission as to the materiality of any information contained in the news release or supplemental financial data.

In accordance with general instruction B.2 of Form 8-K, the information furnished in this report shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that Section, nor shall such information be deemed incorporated by reference in any filing under the Securities Act of 1933, as amended.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

Exhibit 99.1 – [News release dated February 7, 2018, “Cincinnati Financial Reports Fourth-Quarter and Full-Year 2017 Results”](#)

Exhibit 99.2 – [Supplemental Financial Data for the Period Ending December 31, 2017 distributed February 7, 2018.](#)

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 hereunto duly authorized.

CINCINNATI FINANCIAL CORPORATION

Date: February 7, 2018

/s/Michael J. Sewell

Michael J. Sewell, CPA

Chief Financial Officer, Senior Vice President and Treasurer
(Principal Accounting Officer)



The Cincinnati Insurance Company » The Cincinnati Indemnity Company
The Cincinnati Casualty Company » The Cincinnati Specialty Underwriters Insurance Company
The Cincinnati Life Insurance Company » CFC Investment Company » CSU Producer Resources Inc.

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Cincinnati Financial Reports Fourth-Quarter and Full-Year 2017 Results

Cincinnati, February 7, 2018 – Cincinnati Financial Corporation (Nasdaq: CINF) today reported:

- Fourth-quarter 2017 net income of \$642 million, or \$3.88 per share, compared with \$100 million, or 60 cents per share, in the fourth quarter of 2016.
- Full-year 2017 net income of \$1.045 billion, or \$6.29 per share, up 77 percent from \$591 million, or \$3.55 per share, in 2016. Non-GAAP operating income of \$455 million, or \$2.74 per share, down 11 percent from \$511 million, or \$3.07 per share.
- \$542 million increase in fourth-quarter 2017 net income, reflecting a \$495 million benefit from net deferred income tax liability revaluation due to U.S. tax reform, a \$27 million increase in after-tax property casualty underwriting income and a \$19 million after-tax increase in net realized investment gains.
- \$50.29 book value per share at December 31, 2017, up \$7.34 or 17.1 percent since December 31, 2016, and including \$3.02 or 7.0 percent from the tax benefit noted above.
- 22.9 percent value creation ratio for full-year 2017, including 7.0 percent from the tax benefit noted above, compared with 14.5 percent for 2016.

Financial Highlights

	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Revenue Data						
Earned premiums	\$ 1,258	\$ 1,192	6	\$ 4,954	\$ 4,710	5
Investment income, net of expenses	156	153	2	609	595	2
Total revenues	1,411	1,312	8	5,732	5,449	5
Income Statement Data						
Net income	\$ 642	\$ 100	542	\$ 1,045	\$ 591	77
Realized investment gains and losses, net	(6)	(25)	76	95	80	19
Effects of U.S. tax reform legislation	495	—	nm	495	—	nm
Non-GAAP operating income*	\$ 153	\$ 125	22	\$ 455	\$ 511	(11)
Per Share Data (diluted)						
Net income	\$ 3.88	\$ 0.60	547	\$ 6.29	\$ 3.55	77
Realized investment gains and losses, net	(0.04)	(0.15)	73	0.57	0.48	19
Effects of U.S. tax reform legislation	2.99	—	nm	2.98	—	nm
Non-GAAP operating income*	\$ 0.93	\$ 0.75	24	\$ 2.74	\$ 3.07	(11)
Book value				\$ 50.29	\$ 42.95	17
Cash dividend declared	\$ 1.00	\$ 0.48	108	\$ 2.50	\$ 1.92	30
Diluted weighted average shares outstanding	165.6	166.5	(1)	166.0	166.5	0

* The Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures section near the end of this report defines and reconciles measures presented in this release that are not based on U. S. Generally Accepted Accounting Principles.

** Forward-looking statements and related assumptions are subject to the risks outlined in the company's safe harbor statement.

Insurance Operations Fourth-Quarter Highlights

- 92.9 percent fourth-quarter 2017 property casualty combined ratio, down from 96.2 percent for the fourth quarter of 2016. Full-year 2017 property casualty combined ratio at 97.5 percent, with net written premiums up 6 percent.
- 6 percent increase in fourth-quarter 2017 net written premiums, reflecting price increases and premium growth initiatives.
- \$151 million fourth-quarter 2017 property casualty new business written premiums. Agencies appointed since the beginning of 2016 contributed \$23 million or 15 percent of total fourth-quarter new business written premiums.
- \$106 million increase in fourth-quarter 2017 life insurance subsidiary net income, including a \$111 million benefit from revaluation of deferred income taxes due to tax reform, and 11 percent growth in life insurance earned premiums.

Investment and Balance Sheet Highlights

- 2 percent or \$3 million rise in fourth-quarter 2017 pretax investment income, including 5 percent growth for stock portfolio dividends and 1 percent growth for bond interest income.
- 10 percent full-year increase in fair value of total investments at December 31, 2017, including a 17 percent increase for the stock portfolio and a 6 percent increase for the bond portfolio.
- \$2.511 billion parent company cash and marketable securities at year-end 2017, up 18 percent from a year ago.

Fourth-Quarter Improves Full-Year Results

Steven J. Johnston, president and chief executive officer, commented: "Non-GAAP operating income for the fourth quarter rose 22 percent over last year's result, bringing our full-year non-GAAP operating income to \$455 million. Full-year 2017 net income rose 77 percent to \$1.045 billion, including a \$495 million benefit related to the passage of the Tax Cuts and Jobs Act of 2017.

"After one of the highest catastrophe losses for any recent third-quarter for our company, fourth-quarter catastrophe losses swung the other way – decreasing 6.2 points compared with fourth-quarter 2016 – and improving our property casualty insurance full-year results. A fourth-quarter combined ratio of 92.9 percent helped improve our combined ratio from 99.1 percent at nine months to 97.5 percent for the full-year. Underwriting profits before taxes increased 91 percent for the quarter and helped us earn a 2017 full-year underwriting profit of \$128 million.

"Our fourth-quarter and full-year combined ratios also included higher paid losses and some areas of higher reserve estimates of losses and loss expenses not yet paid for our commercial casualty line of business. While our commercial casualty line achieved an underwriting profit in 2017, we felt it was prudent to record higher reserves for estimated losses in this line. Development for all lines in total remained favorable for the full year, advancing our record of net favorable property casualty reserve development to 29 years as we continue to follow our consistent reserving practices."

Focused, Profitable Growth

"For the first time, full-year new business premiums written with our independent agencies exceeded \$600 million. Property casualty net written premium growth continued to reach our target, increasing 6 percent, compared with full-year 2016, to \$4.8 billion and rising for each of our property casualty insurance segments for both the fourth quarter and the full year.

"We continue our careful, measured expansion of our product lines, marketing territories and independent agency force, with an eye toward gradual geographic diversification of our premium sources. During the fourth quarter, net written premiums from our excess and surplus lines operation, launched in 2008, passed the \$200 million mark. Our initiatives to attract more of our agents' high net worth clients and to grow our reinsurance assumed division, Cincinnati ReSM, continued on track, both increasing property casualty net written premiums.

"We continue to make strides toward pricing precision, using models and agent-provided information to identify the right price for new business and to take action on selected renewal accounts to improve price adequacy. During the fourth quarter, commercial lines policies and excess and surplus lines business that renewed had price percentage increases that averaged in the low-single-digits; price increases averaged in the high-single-digits for personal auto renewals and in the mid-single-digits for homeowner policies."

Confidence in the Future

"The U.S. tax reform recently passed by Congress enhances our optimism for the future of Cincinnati Financial. Not only does it create a more level playing field for domestic insurers, it also amplifies the advantages of our equity investment strategy. For full-year 2017, our annual equity portfolio total return was 21 percent, increasing our total equity portfolio fair value to \$6.249 billion.

"At December 31, 2017, our book value climbed 17 percent to \$50.29 bolstered by record pretax investment income of \$609 million. The board of directors' recent decision to increase the cash dividend demonstrates their confidence in the future success of our strategies and sets the stage for a 58th consecutive year of increasing regular annual dividends."

Insurance Operations Highlights

Consolidated Property Casualty Insurance Results

(Dollars in millions)	Three months ended December 31,			Twelve months ended December 31,				
	2017	2016	% Change	2017	2016	% Change		
Earned premiums	\$ 1,199	\$ 1,139	5	\$ 4,722	\$ 4,482	5		
Fee revenues	3	3	0	11	10	10		
Total revenues	1,202	1,142	5	4,733	4,492	5		
Loss and loss expenses	741	751	(1)	3,138	2,861	10		
Underwriting expenses	373	345	8	1,467	1,389	6		
Underwriting profit	\$ 88	\$ 46	91	\$ 128	\$ 242	(47)		
Ratios as a percent of earned premiums:			Pt. Change	Pt. Change				
Loss and loss expenses	61.8 %	65.9 %	(4.1)	66.4 %	63.8 %	2.6		
Underwriting expenses	31.1	30.3	0.8	31.1	31.0	0.1		
Combined ratio	92.9 %	96.2 %	(3.3)	97.5 %	94.8 %	2.7		
			% Change	% Change				
Agency renewal written premiums	\$ 987	\$ 951	4	\$ 4,198	\$ 4,072	3		
Agency new business written premiums	151	134	13	626	551	14		
Cincinnati Re net written premiums	21	15	40	125	71	76		
Other written premiums	(29)	(36)	19	(109)	(114)	4		
Net written premiums	\$ 1,130	\$ 1,064	6	\$ 4,840	\$ 4,580	6		
Ratios as a percent of earned premiums:			Pt. Change	Pt. Change				
Current accident year before catastrophe losses	62.2 %	59.9 %	2.3	61.1 %	59.8 %	1.3		
Current accident year catastrophe losses	1.5	7.5	(6.0)	7.8	7.7	0.1		
Prior accident years before catastrophe losses	(1.3)	(1.1)	(0.2)	(1.9)	(3.5)	1.6		
Prior accident years catastrophe losses	(0.6)	(0.4)	(0.2)	(0.6)	(0.2)	(0.4)		
Loss and loss expense ratio	61.8 %	65.9 %	(4.1)	66.4 %	63.8 %	2.6		
Current accident year combined ratio before catastrophe losses			93.3 %	90.2 %	3.1	92.2 %	90.8 %	1.4

- 6 percent growth in both fourth-quarter and full-year 2017 property casualty net written premiums, with Cincinnati Re contributing 1 percent to growth in both periods. The increase in premiums also reflects other growth initiatives, price increases and a higher level of insured exposures.
- 13 percent and 14 percent increase in fourth-quarter and full-year 2017 new business premiums written by agencies, compared with a year ago. The full-year increase of \$75 million included a \$58 million increase in standard market property casualty production from agencies appointed since the beginning of 2016.
- 1,702 agency relationships in 2,256 reporting locations marketing standard market property casualty insurance products at December 31, 2017, compared with 1,614 agency relationships in 2,090 reporting locations at year-end 2016. During 2017, new agency appointments included 107 agencies that market most or all of our property casualty insurance products and 104 that market only our personal lines products.
- 3.3 percentage-point fourth-quarter 2017 combined ratio decrease, including a decrease of 6.2 points for lower losses from natural catastrophes, partially offset by an increase of 2.3 points for current accident year loss and loss expense experience before catastrophe losses.
- 2.7 percentage-point increase in full-year 2017 combined ratio, compared with 2016, including a decrease of 0.3 points for losses from natural catastrophes.
- 1.9 and 2.5 percentage-point fourth-quarter and full-year 2017 benefit from favorable prior accident year reserve development of \$23 million and \$119 million, compared with 1.5 points or \$17 million for fourth-quarter 2016 and 3.7 points or \$168 million of favorable development for full-year 2016.
- 1.3 percentage-point increase, to 61.1 percent, for the full-year 2017 ratio of current accident year losses and loss expenses before catastrophes, including a 0.8 point increase in the ratio for current accident year losses of \$1 million or more per claim.

- 0.1 percentage-point increase in the full-year 2017 underwriting expense ratio, as higher earned premiums and ongoing expense management efforts were slightly offset by strategic investments that include enhancement of underwriting expertise.

Commercial Lines Insurance Results

(Dollars in millions)	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Earned premiums	\$ 796	\$ 779	2	\$ 3,165	\$ 3,089	2
Fee revenues	2	2	0	5	5	0
Total revenues	798	781	2	3,170	3,094	2
Loss and loss expenses	487	503	(3)	2,042	1,928	6
Underwriting expenses	253	242	5	1,009	982	3
Underwriting profit	\$ 58	\$ 36	61	\$ 119	\$ 184	(35)
Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Loss and loss expenses	61.1 %	64.6 %	(3.5)	64.5 %	62.4 %	2.1
Underwriting expenses	31.8	31.1	0.7	31.9	31.8	0.1
Combined ratio	92.9 %	95.7 %	(2.8)	96.4 %	94.2 %	2.2
			% Change			% Change
Agency renewal written premiums	\$ 672	\$ 658	2	\$ 2,880	\$ 2,832	2
Agency new business written premiums	96	91	5	397	372	7
Other written premiums	(22)	(28)	21	(75)	(82)	9
Net written premiums	\$ 746	\$ 721	3	\$ 3,202	\$ 3,122	3
Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Current accident year before catastrophe losses	62.0 %	60.8 %	1.2	61.1 %	59.3 %	1.8
Current accident year catastrophe losses	1.3	5.1	(3.8)	5.7	7.3	(1.6)
Prior accident years before catastrophe losses	(1.2)	(0.9)	(0.3)	(1.6)	(4.0)	2.4
Prior accident years catastrophe losses	(1.0)	(0.4)	(0.6)	(0.7)	(0.2)	(0.5)
Loss and loss expense ratio	61.1 %	64.6 %	(3.5)	64.5 %	62.4 %	2.1
Current accident year combined ratio before catastrophe losses	93.8 %	91.9 %	1.9	93.0 %	91.1 %	1.9

- 3 percent growth in both fourth-quarter and full-year 2017 commercial lines net written premiums, reflecting growth initiatives, a higher level of insured exposures and price increases. Fourth-quarter and full-year 2017 commercial lines average renewal pricing increases in the low-single-digit percent range.
- \$25 million or 7 percent rise in full-year 2017 new business written by agencies, driven by production from agencies appointed since the beginning of 2016.
- 2.8 percentage-point decrease in fourth-quarter 2017 combined ratio, including a decrease of 4.4 points for losses from natural catastrophes.
- 2.2 percentage-point increase in the full-year 2017 combined ratio, including a decrease of 2.1 points from natural catastrophe losses.
- 2.2 and 2.3 percentage-point fourth-quarter and full-year 2017 benefit from favorable prior accident year reserve development of \$18 million and \$73 million, compared with 1.3 points or \$11 million for fourth-quarter 2016 and 4.2 points or \$129 million of favorable development for full-year 2016.
- 1.8 percentage-point increase, to 61.1 percent, for the full-year 2017 ratio of current accident year losses and loss expenses before catastrophes, including an increase of 0.4 points in the ratio for current accident year losses of \$1 million or more per claim.

Personal Lines Insurance Results

(Dollars in millions)	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Earned premiums	\$ 320	\$ 297	8	\$ 1,241	\$ 1,161	7
Fee revenues	1	1	0	5	4	25
Total revenues	321	298	8	1,246	1,165	7
Loss and loss expenses	212	226	(6)	918	840	9
Underwriting expenses	93	84	11	360	337	7
Underwriting profit (loss)	\$ 16	\$ (12)	nm	\$ (32)	\$ (12)	(167)
Ratios as a percent of earned premiums:			Pt. Change	Pt. Change		
Loss and loss expenses	66.3 %	76.1 %	(9.8)	74.0 %	72.4 %	1.6
Underwriting expenses	29.2	28.3	0.9	29.0	29.0	0.0
Combined ratio	95.5 %	104.4 %	(8.9)	103.0 %	101.4 %	1.6
			% Change	% Change		
Agency renewal written premiums	\$ 275	\$ 258	7	\$ 1,156	\$ 1,099	5
Agency new business written premiums	39	31	26	161	122	32
Other written premiums	(5)	(6)	17	(23)	(23)	0
Net written premiums	\$ 309	\$ 283	9	\$ 1,294	\$ 1,198	8
Ratios as a percent of earned premiums:			Pt. Change	Pt. Change		
Current accident year before catastrophe losses	64.9 %	62.1 %	2.8	64.0 %	63.0 %	1.0
Current accident year catastrophe losses	1.8	14.0	(12.2)	11.2	9.7	1.5
Prior accident years before catastrophe losses	(0.5)	0.4	(0.9)	(0.9)	0.0	(0.9)
Prior accident years catastrophe losses	0.1	(0.4)	0.5	(0.3)	(0.3)	0.0
Loss and loss expense ratio	66.3 %	76.1 %	(9.8)	74.0 %	72.4 %	1.6
Current accident year combined ratio before catastrophe losses	94.1 %	90.4 %	3.7	93.0 %	92.0 %	1.0

- 9 percent and 8 percent growth in fourth-quarter and full-year 2017 personal lines net written premiums, including growth in new business and higher renewal written premiums that benefited from rate increases.
- 3 percent increase in full-year 2017 earned premiums in aggregate from our five highest volume states where we offer personal lines policies and that represent approximately half of our personal lines premiums, while rising 11 percent for all other states in aggregate as we progress toward geographic diversification.
- 26 percent and 32 percent increase in fourth-quarter and full-year 2017 new business written premium, driven by increases of approximately \$8 million and \$30 million, respectively, from agencies' high net worth clients.
- 8.9 percentage-point decrease in fourth-quarter 2017 combined ratio, including 11.7 points from a decrease in natural catastrophe losses.
- 1.6 percentage-point increase in the full-year 2017 combined ratio, including 1.5 points from an increase in losses from natural catastrophes.
- 0.4 and 1.2 percentage-point fourth-quarter and full-year 2017 benefit from favorable prior accident year reserve development of \$1 million and \$14 million, compared with an immaterial effect for fourth-quarter 2016 and 0.3 points or \$4 million of favorable development for full-year 2016.
- 1.0 percentage-point increase, to 64.0 percent, for the full-year 2017 ratio of current accident year losses and loss expenses before catastrophes, including an increase of 2.2 points in the ratio for current accident year losses of \$1 million or more per claim.

Excess and Surplus Lines Insurance Results

(Dollars in millions)	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Earned premiums	\$ 56	\$ 47	19	\$ 209	\$ 183	14
Fee revenues	—	—	0	1	1	0
Total revenues	56	47	19	210	184	14
Loss and loss expenses	28	13	115	86	68	26
Underwriting expenses	17	14	21	63	54	17
Underwriting profit	\$ 11	\$ 20	(45)	\$ 61	\$ 62	(2)
Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Loss and loss expenses	50.7 %	29.3 %	21.4	41.4 %	37.6 %	3.8
Underwriting expenses	29.1	29.4	(0.3)	29.7	29.4	0.3
Combined ratio	79.8 %	58.7 %	21.1	71.1 %	67.0 %	4.1
			% Change			% Change
Agency renewal written premiums	\$ 40	\$ 35	14	\$ 162	\$ 141	15
Agency new business written premiums	16	12	33	68	57	19
Other written premiums	(2)	(2)	0	(11)	(9)	(22)
Net written premiums	\$ 54	\$ 45	20	\$ 219	\$ 189	16
Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Current accident year before catastrophe losses	57.6 %	41.4 %	16.2	54.0 %	54.4 %	(0.4)
Current accident year catastrophe losses	0.3	2.6	(2.3)	1.1	1.6	(0.5)
Prior accident years before catastrophe losses	(7.1)	(14.7)	7.6	(13.6)	(18.3)	4.7
Prior accident years catastrophe losses	(0.1)	0.0	(0.1)	(0.1)	(0.1)	0.0
Loss and loss expense ratio	50.7 %	29.3 %	21.4	41.4 %	37.6 %	3.8
Current accident year combined ratio before catastrophe losses	86.7 %	70.8 %	15.9	83.7 %	83.8 %	(0.1)

- 20 percent and 16 percent growth in fourth-quarter and full-year 2017 excess and surplus lines net written premiums, including renewal price increases averaging in the low-single-digit percent range.
- 19 percent increase in full-year 2017 new business written premiums, reflecting an increase in marketing efforts while continuing to carefully underwrite each policy.
- 21.1 percentage-point increase in fourth-quarter 2017 combined ratio, primarily due to an increase of 16.2 points in the ratio for current accident year losses and loss expenses before catastrophe losses.
- 4.1 percentage-point increase in the full-year 2017 combined ratio, primarily due to less favorable prior accident year reserve development.
- 7.2 and 13.7 percentage-point fourth-quarter and full-year 2017 benefit from favorable prior accident year reserve development of \$4 million and \$29 million, compared with 14.7 points or \$7 million for fourth-quarter 2016 and 18.4 points or \$34 million of favorable development for full-year 2016.
- 0.4 percentage-point improvement, to 54.0 percent, for the full-year 2017 ratio of current accident year losses and loss expenses before catastrophes, including a 0.2 point decrease in the ratio for current accident year losses of \$1 million or more per claim.

Life Insurance Subsidiary Results

(Dollars in millions)	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Term life insurance	\$ 40	\$ 37	8	\$ 158	\$ 149	6
Universal life insurance	10	3	233	38	37	3
Other life insurance, annuity, and disability income products	9	13	(31)	36	42	(14)
Earned premiums	59	53	11	232	228	2
Investment income, net of expenses	38	38	0	155	155	—
Realized investment gains, net	2	4	(50)	6	8	(25)
Fee revenues	1	1	0	5	5	0
Total revenues	100	96	4	398	396	1
Contract holders' benefits incurred	68	58	17	252	246	2
Underwriting expenses incurred	16	14	14	79	76	4
Total benefits and expenses	84	72	17	331	322	3
Net income before income tax	16	24	(33)	67	74	(9)
Income (benefit) tax	(106)	8	nm	(88)	26	nm
Net income of the life insurance subsidiary	\$ 122	\$ 16	663	\$ 155	\$ 48	223

- \$4 million or 2 percent increase in full-year 2017 earned premiums, including a 6 percent increase for term life insurance, our largest life insurance product line.
- \$107 million improvement in full-year 2017 life insurance subsidiary net income, including a \$111 million benefit from revaluation of deferred income taxes due to tax reform, partially offset by less favorable mortality experience.
- \$166 million or 18 percent full-year 2017 increase to \$1.104 billion in GAAP shareholders' equity for The Cincinnati Life Insurance Company, largely reflecting \$155 million in net income that included the \$111 million tax benefit noted above.

Investment and Balance Sheet Highlights

Investments Results

(Dollars in millions)

	Three months ended December 31,			Twelve months ended December 31,		
	2017	2016	% Change	2017	2016	% Change
Investment income, net of expenses	\$ 156	\$ 153	2	\$ 609	\$ 595	2
Investment interest credited to contract holders'	(23)	(23)	0	(93)	(90)	(3)
Realized investment gains and losses, net	(8)	(37)	78	148	124	19
Investment profit	<u>\$ 125</u>	<u>\$ 93</u>	34	<u>\$ 664</u>	<u>\$ 629</u>	6
Investment income:						
Interest	\$ 111	\$ 110	1	\$ 445	\$ 440	1
Dividends	46	44	5	170	161	6
Other	1	1	0	4	3	33
Less investment expenses	2	2	0	10	9	11
Investment income, pretax	156	153	2	609	595	2
Less income taxes	36	36	0	142	141	1
Total investment income, after-tax	<u>\$ 120</u>	<u>\$ 117</u>	3	<u>\$ 467</u>	<u>\$ 454</u>	3

Investment returns:

Average invested assets plus cash and cash equivalents	\$ 17,128	\$ 15,867	\$ 16,657	\$ 15,316
Average yield pretax	3.64%	3.86%	3.66%	3.88%
Average yield after-tax	2.80	2.95	2.80	2.96
Effective tax rate	22.9%	23.5%	23.4%	23.8%

Fixed-maturity returns:

Average amortized cost	\$ 10,225	\$ 9,728	\$ 10,057	\$ 9,562
Average yield pretax	4.34%	4.52%	4.42%	4.60%
Average yield after-tax	3.20	4.52	3.24	4.60
Effective tax rate	26.3%	27.2%	26.7%	27.3%

- \$3 million or 2 percent rise in fourth-quarter 2017 pretax investment income, including 5 percent growth in equity portfolio dividends and 1 percent growth in interest income.
- \$374 million or 12 percent fourth-quarter 2017 net increase in pretax net unrealized investment portfolio gains, including a \$394 million increase for the equity portfolio and \$20 million decrease for the bond portfolio. The total increase included the effect of \$14 million of pretax net realized losses from investment portfolio security sales or called bonds during fourth-quarter 2017, including \$23 million of net realized losses from equity portfolio sales.
- \$915 million or 35 percent full-year 2017 net increase in pretax net unrealized investment portfolio gains, including an \$816 million increase for the equity portfolio and \$99 million increase for the bond portfolio. The total increase included the offsetting effect of \$148 million of pretax net realized gains from investment portfolio security sales or called bonds during full-year 2017, including \$123 million from equity portfolio sales.
- Effective tax rate for 2018 investment income estimated at approximately 16 percent, assuming pretax investment income amounts and portfolio mix matches 2017.

Balance Sheet Highlights

(Dollars in millions except share data)

	At December 31, 2017	At December 31, 2016
Total investments	\$ 17,051	\$ 15,500
Total assets	21,843	20,386
Short-term debt	24	20
Long-term debt	787	787
Shareholders' equity	8,243	7,060
Book value per share	50.29	42.95
Debt-to-total-capital ratio	9.0%	10.3%

- \$17.708 billion in consolidated cash and invested assets at December 31, 2017, up 9 percent from \$16.277 billion at year-end 2016.
- \$10.699 billion bond portfolio at December 31, 2017, with an average rating of A2/A. Fair value increased \$159 million or 2 percent during the fourth quarter of 2017.
- \$6.249 billion equity portfolio was 36.6 percent of total investments, including \$3.155 billion in pretax net unrealized gains at December 31, 2017. Fourth-quarter 2017 increase in fair value of \$224 million or 4 percent.
- \$5.094 billion of statutory surplus for the property casualty insurance group at December 31, 2017, including an estimated \$129 million benefit from revaluation of deferred income taxes due to tax reform, and up \$408 million from \$4.686 billion at year-end 2016, after declaring \$465 million in dividends to the parent company. The ratio of net written premiums to property casualty statutory surplus for the 12 months ended December 31, 2017, was 1.0-to-1, matching year-end 2016.
- \$4.43 fourth-quarter 2017 increase in book value per share, including additions of \$3.96 from net income before realized gains and \$1.43 from investment portfolio realized gains and changes in unrealized gains that were offset by deductions of \$1.00 from dividends declared to shareholders.
- Value creation ratio of 22.9 percent for full-year 2017, including 13.5 percentage points from net income before net realized investment gains, which includes underwriting and investment income plus a 7.0 percent benefit from revaluation of deferred income taxes due to tax reform, and 9.7 points from investment portfolio realized gains and changes in unrealized gains, including 8.6 points from our stock portfolio and 1.1 points from our bond portfolio.

For additional information or to register for our conference call webcast, please visit cinfin.com/investors.

Cincinnati Financial Corporation offers business, home and auto insurance, our main business, through The Cincinnati Insurance Company and its two standard market property casualty companies. The same local independent insurance agencies that market those policies may offer products of our other subsidiaries, including life and disability income insurance, fixed annuities and surplus lines property and casualty insurance. For additional information about the company, please visit cinfin.com.

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Safe Harbor Statement

This is our "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995. Our business is subject to certain risks and uncertainties that may cause actual results to differ materially from those suggested by the forward-looking statements in this report. Some of those risks and uncertainties are discussed in our 2016 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 29.

Factors that could cause or contribute to such differences include, but are not limited to:

- Unusually high levels of catastrophe losses due to risk concentrations, changes in weather patterns, environmental events, terrorism incidents or other causes
- Increased frequency and/or severity of claims or development of claims that are unforeseen at the time of policy issuance
- Inadequate estimates, assumptions or reliance on third-party data used for critical accounting estimates
- Declines in overall stock market values negatively affecting the company's equity portfolio and book value

- Prolonged low interest rate environment or other factors that limit the company's ability to generate growth in investment income or interest rate fluctuations that result in declining values of fixed-maturity investments, including declines in accounts in which we hold bank-owned life insurance contract assets
- Domestic and global events resulting in capital market or credit market uncertainty, followed by prolonged periods of economic instability or recession, that lead to:
 - Significant or prolonged decline in the fair value of a particular security or group of securities and impairment of the asset(s)
 - Significant decline in investment income due to reduced or eliminated dividend payouts from a particular security or group of securities
 - Significant rise in losses from surety and director and officer policies written for financial institutions or other insured entities
- Recession or other economic conditions resulting in lower demand for insurance products or increased payment delinquencies
- Difficulties with technology or data security breaches, including cyberattacks, that could negatively affect our ability to conduct business and our relationships with agents, policyholders and others
- Disruption of the insurance market caused by technology innovations such as driverless cars that could decrease consumer demand for insurance products
- Delays, inadequate data developed internally or from third parties, or performance inadequacies from ongoing development and implementation of underwriting and pricing methods, including telematics and other usage-based insurance methods, or technology projects and enhancements expected to increase our pricing accuracy, underwriting profit and competitiveness
- Increased competition that could result in a significant reduction in the company's premium volume
- Changing consumer insurance-buying habits and consolidation of independent insurance agencies that could alter our competitive advantages
- Inability to obtain adequate ceded reinsurance on acceptable terms, amount of reinsurance coverage purchased, financial strength of reinsurers and the potential for nonpayment or delay in payment by reinsurers
- Inability to defer policy acquisition costs for any business segment if pricing and loss trends would lead management to conclude that segment could not achieve sustainable profitability
- Inability of our subsidiaries to pay dividends consistent with current or past levels
- Events or conditions that could weaken or harm the company's relationships with its independent agencies and hamper opportunities to add new agencies, resulting in limitations on the company's opportunities for growth, such as:
 - Downgrades of the company's financial strength ratings
 - Concerns that doing business with the company is too difficult
 - Perceptions that the company's level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
 - Inability or unwillingness to nimbly develop and introduce coverage product updates and innovations that our competitors offer and consumers expect to find in the marketplace
- Actions of insurance departments, state attorneys general or other regulatory agencies, including a change to a federal system of regulation from a state-based system, that:
 - Impose new obligations on us that increase our expenses or change the assumptions underlying our critical accounting estimates
 - Place the insurance industry under greater regulatory scrutiny or result in new statutes, rules and regulations
 - Restrict our ability to exit or reduce writings of unprofitable coverages or lines of business
 - Add assessments for guaranty funds, other insurance-related assessments or mandatory reinsurance arrangements; or that impair our ability to recover such assessments through future surcharges or other rate changes
 - Increase our provision for federal income taxes due to changes in tax law
 - Increase our other expenses
 - Limit our ability to set fair, adequate and reasonable rates
 - Place us at a disadvantage in the marketplace
 - Restrict our ability to execute our business model, including the way we compensate agents

- Adverse outcomes from litigation or administrative proceedings
- Events or actions, including unauthorized intentional circumvention of controls, that reduce the company's future ability to maintain effective internal control over financial reporting under the Sarbanes-Oxley Act of 2002
- Unforeseen departure of certain executive officers or other key employees due to retirement, health or other causes that could interrupt progress toward important strategic goals or diminish the effectiveness of certain longstanding relationships with insurance agents and others
- Events, such as an epidemic, natural catastrophe or terrorism, that could hamper our ability to assemble our workforce at our headquarters location

Further, the company's insurance businesses are subject to the effects of changing social, global, economic and regulatory environments. Public and regulatory initiatives have included efforts to adversely influence and restrict premium rates, restrict the ability to cancel policies, impose underwriting standards and expand overall regulation. The company also is subject to public and regulatory initiatives that can affect the market value for its common stock, such as measures affecting corporate financial reporting and governance. The ultimate changes and eventual effects, if any, of these initiatives are uncertain.

* * *

Cincinnati Financial Corporation
Condensed Consolidated Balance Sheets (unaudited)

(Dollars in millions except per share data)	December 31, 2017	December 31, 2016
Assets		
Investments		
Fixed maturities, at fair value (amortized cost: 2017—\$10,314; 2016—\$9,799)	\$ 10,699	\$ 10,085
Equity securities, at fair value (cost: 2017—\$3,094; 2016—\$2,995)	6,249	5,334
Other invested assets	103	81
Total investments	17,051	15,500
Cash and cash equivalents	657	777
Investment income receivable	134	134
Finance receivable	61	51
Premiums receivable	1,589	1,533
Reinsurance recoverable	432	545
Prepaid reinsurance premiums	42	62
Deferred policy acquisition costs	670	637
Land, building and equipment, net, for company use (accumulated depreciation: 2017—\$253; 2016—\$237)	185	183
Other assets	216	198
Separate accounts	806	766
Total assets	\$ 21,843	\$ 20,386
Liabilities		
Insurance reserves		
Loss and loss expense reserves	\$ 5,273	\$ 5,085
Life policy and investment contract reserves	2,729	2,671
Unearned premiums	2,404	2,307
Other liabilities	792	786
Deferred income tax	745	865
Note payable	24	20
Long-term debt and capital lease obligations	827	826
Separate accounts	806	766
Total liabilities	13,600	13,326
Shareholders' Equity		
Common stock, par value—\$2 per share; (authorized: 2017 and 2016—500 million shares; issued and outstanding: 2017 and 2016—198.3 million shares)	397	397
Paid-in capital	1,265	1,252
Retained earnings and accumulated other comprehensive income	7,968	6,730
Treasury stock at cost (2017—34.4 million shares and 2016—33.9 million shares)	(1,387)	(1,319)
Total shareholders' equity	\$ 8,243	\$ 7,060
Total liabilities and shareholders' equity	\$ 21,843	\$ 20,386

Cincinnati Financial Corporation
Condensed Consolidated Statements of Income (unaudited)

(Dollars in millions except per share data)	Three months ended December 31,		Twelve months ended December 31,	
	2017	2016	2017	2016
Revenues				
Earned premiums	\$ 1,258	\$ 1,192	\$ 4,954	\$ 4,710
Investment income, net of expenses	156	153	609	595
Realized investment gains and losses, net	(8)	(37)	148	124
Fee revenues	4	4	16	15
Other revenues	1	—	5	5
Total revenues	1,411	1,312	5,732	5,449
Benefits and Expenses				
Insurance losses and contract holders' benefits	809	809	3,390	3,107
Underwriting, acquisition and insurance expenses	389	359	1,546	1,465
Interest expense	14	14	53	53
Other operating expenses	2	2	13	12
Total benefits and expenses	1,214	1,184	5,002	4,637
Income Before Income Taxes	197	128	730	812
Provision (Benefit) for Income Taxes				
Current	31	10	129	183
Deferred	(476)	18	(444)	38
Total provision (benefit) for income taxes	(445)	28	(315)	221
Net Income	\$ 642	\$ 100	\$ 1,045	\$ 591
Per Common Share				
Net income—basic	\$ 3.92	\$ 0.61	\$ 6.36	\$ 3.59
Net income—diluted	3.88	0.60	6.29	3.55

Definitions of Non-GAAP Information and Reconciliation to Comparable GAAP Measures

(See attached tables for reconciliations; additional prior-period reconciliations available at cinfin.com/investors.)

Cincinnati Financial Corporation prepares its public financial statements in conformity with accounting principles generally accepted in the United States of America (GAAP). Statutory data is prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners' (NAIC) Accounting Practices and Procedures Manual, and therefore is not reconciled to GAAP data.

Management uses certain non-GAAP and non-statutory financial measures to evaluate its primary business areas – property casualty insurance, life insurance and investments. Management uses these measures when analyzing both GAAP and non-GAAP measures to improve its understanding of trends in the underlying business and to help avoid incorrect or misleading assumptions and conclusions about the success or failure of company strategies. Management adjustments to GAAP measures generally: apply to non-recurring events that are unrelated to business performance and distort short-term results; involve values that fluctuate based on events outside of management's control; supplement reporting segment disclosures with disclosures for a subsidiary company or for a combination of subsidiaries or reporting segments; or relate to accounting refinements that affect comparability between periods, creating a need to analyze data on the same basis.

- **Non-GAAP operating income:** Non-GAAP operating income is calculated by excluding net realized investment gains and losses (defined as realized investment gains and losses after applicable federal and state income taxes) and other significant non-recurring items from net income. Management evaluates non-GAAP operating income to measure the success of pricing, rate and underwriting strategies. While realized investment gains (or losses) are integral to the company's insurance operations over the long term, the determination to realize investment gains or losses in any period may be subject to management's discretion and is independent of the insurance underwriting process. Also, under applicable GAAP accounting requirements, gains and losses can be recognized from certain

changes in market values of securities without actual realization. Management believes that the level of realized investment gains or losses for any particular period, while it may be material, may not fully indicate the performance of ongoing underlying business operations in that period.

For these reasons, many investors and shareholders consider non-GAAP operating income to be one of the more meaningful measures for evaluating insurance company performance. Equity analysts who report on the insurance industry and the company generally focus on this metric in their analyses. The company presents non-GAAP operating income so that all investors have what management believes to be a useful supplement to GAAP information.

- **Value creation ratio:** This is a measure of shareholder value creation that management believes captures the contribution of the company's insurance operations, the success of its investment strategy and the importance placed on paying cash dividends to shareholders. The value creation ratio measure is made up of two primary components: (1) rate of growth in book value per share plus (2) the ratio of dividends declared per share to beginning book value per share. Management believes this non-GAAP measure is a useful supplement to GAAP information, providing a meaningful measure of long-term progress in creating shareholder value. It is intended to be all-inclusive regarding changes in book value per share, and uses originally reported book value per share in cases where book value per share has been adjusted, such as adoption of Accounting Standards Updates with a cumulative effect of a change in accounting.
- **Consolidated property casualty insurance results:** To supplement reporting segment disclosures related to our property casualty insurance operations, we also evaluate results for those operations on a basis that includes results for our property casualty insurance and brokerage services subsidiaries. That is the total of our commercial lines, personal lines and our excess and surplus lines segment plus our reinsurance assumed operations.
- **Life insurance subsidiary results:** To supplement life insurance reporting segment disclosures related to our life insurance operation, we also evaluate results for that operation on a basis that includes life insurance subsidiary investment income, or investment income plus net realized investment gains, that are also included in our investments reporting segment. We recognize that assets under management, capital appreciation and investment income are integral to evaluating the success of the life insurance segment because of the long duration of life products.
- **Statutory accounting rules:** For public reporting, insurance companies prepare financial statements in accordance with GAAP. However, insurers also must calculate certain data according to statutory accounting rules as defined in the NAIC's Accounting Practices and Procedures Manual, which may be, and has been, modified by various state insurance departments. Statutory data is publicly available, and various organizations use it to calculate aggregate industry data, study industry trends and compare insurance companies.
- **Written premium:** Under statutory accounting rules, property casualty written premium is the amount recorded for policies issued and recognized on an annualized basis at the effective date of the policy. Management analyzes trends in written premium to assess business efforts. Earned premium, used in both statutory and GAAP accounting, is calculated ratably over the policy term. The difference between written and earned premium is unearned premium.

Cincinnati Financial Corporation
Balance Sheet Reconciliation

(Dollars are per share)	Three months ended December 31,		Twelve months ended December 31,	
	2017	2016	2017	2016
Value creation ratio:				
End of period book value	\$ 50.29	\$ 42.95	\$ 50.29	\$ 42.95
Less beginning of period book value	45.86	43.24	42.95	39.20
Change in book value	4.43	(0.29)	7.34	3.75
Dividend declared to shareholders	1.00	0.48	2.50	1.92
Total value creation	\$ 5.43	\$ 0.19	\$ 9.84	\$ 5.67
Value creation ratio from change in book value*	9.7%	(0.7)%	17.1%	9.6%
Value creation ratio from dividends declared to shareholders**	2.2	1.1	5.8	4.9
Value creation ratio	11.9%	0.4 %	22.9%	14.5%

* Change in book value divided by the beginning of period book value

** Dividend declared to shareholders divided by beginning of period book value

Net Income Reconciliation

(Dollars in millions except per share data)	Three months ended December 31,		Twelve months ended December 31,	
	2017	2016	2017	2016
Net income	\$ 642	\$ 100	\$ 1,045	\$ 591
Less:				
Realized investment gains and losses, net	(8)	(37)	148	124
Income tax on realized investment gains and losses	2	12	(53)	(44)
Realized investment gains and losses, after-tax	(6)	(25)	95	80
Effects of U.S. tax reform legislation				
	\$ 495	\$ —	\$ 495	\$ —
Non-GAAP operating income	\$ 153	\$ 125	\$ 455	\$ 511
Diluted per share data:				
Net income	\$ 3.88	\$ 0.60	\$ 6.29	\$ 3.55
Less:				
Realized investment gains and losses, net	(0.05)	(0.23)	0.89	0.74
Income tax on realized investment gains and losses	0.01	0.08	(0.32)	(0.26)
Realized investment gains and losses, after-tax	(0.04)	(0.15)	0.57	0.48
Effects of U.S. tax reform legislation				
	\$ 2.99	\$ —	\$ 2.98	\$ —
Non-GAAP operating income	\$ 0.93	\$ 0.75	\$ 2.74	\$ 3.07

Life Insurance Reconciliation

(Dollars in millions)	Three months ended December 31,		Twelve months ended December 31,	
	2017	2016	2017	2016
Net income of life insurance subsidiary	\$ 122	\$ 16	\$ 155	\$ 48
Realized investment gains, net	2	4	6	8
Income tax on realized investment gains	—	2	2	3
Effects of U.S. tax reform legislation	111	—	111	—
Non-GAAP operating income	9	14	40	43
Investment income, net of expenses	(38)	(38)	(155)	(155)
Investment income credited to contract holders'	23	23	93	90
Income tax excluding tax on realized investment gains and effects of U.S. tax reform legislation	5	6	21	23
Life insurance segment profit (loss)	\$ (1)	\$ 5	\$ (1)	\$ 1

Cincinnati Financial Corporation

Property Casualty Operations Reconciliation

(Dollars in millions)

	Three months ended December 31, 2017				
	Consolidated	Commercial	Personal	E&S	Cincinnati Re
Premiums:					
Written premiums	\$ 1,130	\$ 746	\$ 309	\$ 54	\$ 21
Unearned premiums change	69	50	11	2	6
Earned premiums	<u>\$ 1,199</u>	<u>\$ 796</u>	<u>\$ 320</u>	<u>\$ 56</u>	<u>\$ 27</u>
Statutory ratios:					
Combined ratio	94.3 %	94.7 %	96.3 %	79.9 %	89.1 %
Contribution from catastrophe losses	0.9	0.3	1.9	0.2	6.1
Combined ratio excluding catastrophe losses	<u>93.4 %</u>	<u>94.4 %</u>	<u>94.4 %</u>	<u>79.7 %</u>	<u>83.0 %</u>
GAAP ratios:					
Commission expense ratio	19.2 %	19.0 %	18.3 %	25.3 %	24.4 %
Other underwriting expense ratio	13.3	14.6	11.7	3.9	12.7
Total expense ratio	<u>32.5 %</u>	<u>33.6 %</u>	<u>30.0 %</u>	<u>29.2 %</u>	<u>37.1 %</u>

(Dollars in millions)

	Twelve months ended December 31, 2017				
	Consolidated	Commercial	Personal	E&S	Cincinnati Re
Premiums:					
Written premiums	\$ 4,840	\$ 3,202	\$ 1,294	\$ 219	\$ 125
Unearned premiums change	(118)	(37)	(53)	(10)	(18)
Earned premiums	<u>\$ 4,722</u>	<u>\$ 3,165</u>	<u>\$ 1,241</u>	<u>\$ 209</u>	<u>\$ 107</u>
Statutory ratios:					
Combined ratio	97.2 %	96.2 %	102.4 %	71.9 %	117.7 %
Contribution from catastrophe losses	7.2	5.0	10.9	1.0	40.7
Combined ratio excluding catastrophe losses	<u>90.0 %</u>	<u>91.2 %</u>	<u>91.5 %</u>	<u>70.9 %</u>	<u>77.0 %</u>
GAAP ratios:					
Commission expense ratio	18.5 %	18.1 %	17.7 %	26.6 %	24.5 %
Other underwriting expense ratio	12.3	13.6	10.7	3.9	8.0
Total expense ratio	<u>30.8 %</u>	<u>31.7 %</u>	<u>28.4 %</u>	<u>30.5 %</u>	<u>32.5 %</u>
GAAP ratios:					
Combined ratio	97.5 %	96.4 %	103.0 %	71.1 %	118.5 %
Contribution from catastrophe losses	7.2	5.0	10.9	1.0	40.7
Prior accident years before catastrophe losses	<u>(1.9)</u>	<u>(1.6)</u>	<u>(0.9)</u>	<u>(13.6)</u>	<u>(2.0)</u>
Current accident year combined ratio before catastrophe losses	<u>92.2 %</u>	<u>93.0 %</u>	<u>93.0 %</u>	<u>83.7 %</u>	<u>79.8 %</u>

Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on dollar amounts in thousands.

Cincinnati Financial Corporation

Supplemental Financial Data for the Period Ending December 31, 2017

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	A.M. Best	Fitch	Moody's	Standard & Poor's
Cincinnati Financial Corporation				
Corporate Debt	a-	A-	A3	BBB+
The Cincinnati Insurance Companies				
Insurer Financial Strength				
Property Casualty Group				
Standard Market Subsidiaries:	A+	—	A1	A+
The Cincinnati Insurance Company	A+	A+	A1	A+
The Cincinnati Indemnity Company	A+	A+	A1	A+
The Cincinnati Casualty Company	A+	A+	A1	A+
Surplus Lines Subsidiary:				
The Cincinnati Specialty Underwriters Insurance Company	A+	—	—	—
The Cincinnati Life Insurance Company	A	A+	—	A+

Ratings are as of February 6, 2018, under continuous review and subject to change and/or affirmation. For the current ratings, select Financial Strength on *cinfin.com*.

The consolidated financial statements and financial exhibits that follow are unaudited. These consolidated financial statements and exhibits should be read in conjunction with the consolidated financial statements and notes included with our periodic filings with the U.S. Securities and Exchange Commission. The results of operations for interim periods may not be indicative of results to be expected for the full year.

Cincinnati Financial Corporation
Supplemental Financial Data
Fourth Quarter 2017

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Definitions of Non-GAAP Information and

Reconciliation to Comparable GAAP Measures

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Management uses certain non-GAAP and non-statutory financial measures to evaluate its primary business areas – property casualty insurance, life insurance and investments. Management uses these measures when analyzing both GAAP and non-GAAP measures to improve its understanding of trends in the underlying business and to help avoid incorrect or misleading assumptions and conclusions about the success or failure of company strategies. Management adjustments to GAAP measures generally: apply to non-recurring events that are unrelated to business performance and distort short-term results; involve values that fluctuate based on events outside of management's control; supplement reporting segment disclosures with disclosures for a subsidiary company or for a combination of subsidiaries or reporting segments; or relate to accounting refinements that affect comparability between periods, creating a need to analyze data on the same basis.

- **Non-GAAP operating income:** Non-GAAP operating income is calculated by excluding net realized investment gains and losses (defined as realized investment gains and losses after applicable federal and state income taxes) and other significant non-recurring items from net income. Management evaluates non-GAAP operating income to measure the success of pricing, rate and underwriting strategies. While realized investment gains (or losses) are integral to the company's insurance operations over the long term, the determination to realize investment gains or losses in any period may be subject to management's discretion and is independent of the insurance underwriting process. Also, under applicable GAAP accounting requirements, gains and losses can be recognized from certain changes in market values of securities without actual realization. Management believes that the level of realized investment gains or losses for any particular period, while it may be material, may not fully indicate the performance of ongoing underlying business operations in that period.

For these reasons, many investors and shareholders consider non-GAAP operating income to be one of the more meaningful measures for evaluating insurance company performance. Equity analysts who report on the insurance industry and the company generally focus on this metric in their analyses. The company presents non-GAAP operating income so that all investors have what management believes to be a useful supplement to GAAP information.

- **Value creation ratio:** This is a measure of shareholder value creation that management believes captures the contribution of the company's insurance operations, the success of its investment strategy and the importance placed on paying cash dividends to shareholders. The value creation ratio measure is made up of two primary components: (1) rate of growth in book value per share plus (2) the ratio of dividends declared per share to beginning book value per share. Management believes this non-GAAP measure is a useful supplement to GAAP information, providing a meaningful measure of long-term progress in creating shareholder value. It is intended to be all-inclusive regarding changes in book value per share, and uses originally reported book value per share in cases where book value per share has been adjusted, such as adoption of Accounting Standards Updates with a cumulative effect of a change in accounting.
- **Consolidated property casualty insurance results:** To supplement reporting segment disclosures related to our property casualty insurance operations, we also evaluate results for those operations on a basis that includes results for our property casualty insurance and brokerage services subsidiaries. That is the total of our commercial lines, personal lines and our excess and surplus lines segment plus our reinsurance assumed operations.
- **Life insurance subsidiary results:** To supplement life insurance reporting segment disclosures related to our life insurance operation, we also evaluate results for that operation on a basis that includes life insurance subsidiary investment income, or investment income plus net realized investment gains, that are also included in our investments reporting segment. We recognize that assets under management, capital appreciation and investment income are integral to evaluating the success of the life insurance segment because of the long duration of life products.
- **Statutory accounting rules:** For public reporting, insurance companies prepare financial statements in accordance with GAAP. However, insurers also must calculate certain data according to statutory accounting rules as defined in the NAIC's Accounting Practices and Procedures Manual, which may be, and has been, modified by various state insurance departments. Statutory data is publicly available, and various organizations use it to calculate aggregate industry data, study industry trends and compare insurance companies.
- **Written premium:** Under statutory accounting rules, property casualty written premium is the amount recorded for policies issued and recognized on an annualized basis at the effective date of the policy. Management analyzes trends in written premium to assess business efforts. Earned premium, used in both statutory and GAAP accounting, is calculated ratably over the policy term. The difference between written and earned premium is unearned premium.

Cincinnati Financial Corporation
Quick Reference — Fourth Quarter 2017

(all data shown is for the three months ended or at December 31, 2017)

(Dollars in millions except per share data)			Year over year change %					Year over year change %	
			12/31/2017					12/31/2017	
Revenues:					Benefits and expenses:				
Commercial lines net written premiums	\$	746	3		Commercial lines loss and loss expenses	\$	487	(3)	
Personal lines net written premiums		309	9		Personal lines loss and loss expenses		212	(6)	
Excess & surplus lines net written premiums		54	20		Excess & surplus lines loss and loss expenses		28	115	
Cincinnati Re net written premiums		21	40		Cincinnati Re loss and loss expenses		14	56	
Property casualty net written premiums		1,130	6		Life and health contract holders' benefits incurred		68	17	
Life and accident and health net written premiums		65	7		Underwriting, acquisition and insurance expenses		389	8	
Annuity net written premiums		8	(20)		Interest expenses		14	0	
Life, annuity and accident and health net written premiums		73	3		Other operating expenses		2	0	
Commercial lines net earned premiums		796	2		Total benefits & expenses	\$	1,214	3	
Personal lines net earned premiums		320	8		Income before income taxes		197	54	
Excess & surplus lines net earned premiums		56	19		Total benefit for income taxes		(445)	nm	
Cincinnati Re net earned premiums		27	69		Balance Sheet:				
Property casualty net earned premiums		1,199	5		Fixed maturity investments	\$	10,699		
Life and accident and health net earned premiums		59	11		Equity securities		6,249		
Investment income		156	2		Other invested assets		103		
Realized investment gains and losses, net		(8)	78		Total invested assets	\$	17,051		
Fee revenue		4	0		Loss and loss expense reserves	\$	5,273		
Other revenue		1	nm		Life policy and investment contract reserves		2,729		
Total revenues	\$	1,411	8		Long-term debt and capital lease obligations		827		
Income:					Shareholders' equity		8,243		
Net income	\$	642	542		Key ratios:				
Realized investment gains and losses, net		(8)	78		Commercial lines GAAP combined ratio		92.9%		
Income tax on unrealized investment gains	\$	2	(83)		Personal lines GAAP combined ratio		95.5		
Realized investment gains and losses, after tax		(6)	76		Excess & surplus lines GAAP combined ratio		79.8		
Effects of U.S. tax reform legislation		495	nm		Cincinnati Re GAAP combined ratio		87.0		
Non-GAAP operating income		153	22		Property casualty GAAP combined ratio		92.9		
Per share (diluted):					Commercial lines STAT combined ratio		94.7%		
Net income	\$	3.88	547		Personal lines STAT combined ratio		96.3		
Realized investment gains and losses, net		(0.05)	78		Excess & surplus lines STAT combined ratio		79.9		
Income tax on unrealized investment gains		0.01	(88)		Cincinnati Re STAT combined ratio		89.1		
Realized investment gains and losses, after tax		(0.04)	73		Property casualty STAT combined ratio		94.3		
Effects of U.S. tax reform legislation		2.99	nm		Value creation ratio		11.9%		
Non-GAAP operating income		0.93	24						
Book value		50.29	17						
Weighted average shares outstanding		165.6	(1)						

Cincinnati Financial Corporation and Subsidiaries
Consolidated Statements of Income for the Twelve Months Ended December 31, 2017

(Dollars in millions)

	CFC	CONSOL P&C	CLIC	CFC-I	ELIM	Total
Revenues						
Premiums earned:						
Property casualty	\$ —	\$ 4,884	\$ —	\$ —	\$ —	\$ 4,884
Life	—	—	300	—	—	300
Premiums ceded	—	(162)	(68)	—	—	(230)
Total earned premium	—	4,722	232	—	—	4,954
Investment income, net of expenses	62	392	155	—	—	609
Realized investment gains, net	28	114	6	—	—	148
Fee revenues	—	11	5	—	—	16
Other revenues	15	1	—	4	(15)	5
Total revenues	\$ 105	\$ 5,240	\$ 398	\$ 4	\$ (15)	\$ 5,732
Benefits & expenses						
Losses & contract holders' benefits	\$ —	\$ 3,074	\$ 319	\$ —	\$ (1)	\$ 3,392
Reinsurance recoveries	—	64	(67)	—	1	(2)
Underwriting, acquisition and insurance expenses	—	1,467	79	—	—	1,546
Interest expense	52	—	—	1	—	53
Other operating expenses	28	—	—	1	(16)	13
Total expenses	\$ 80	\$ 4,605	\$ 331	\$ 2	\$ (16)	\$ 5,002
Income before income taxes	\$ 25	\$ 635	\$ 67	\$ 2	\$ 1	\$ 730
Provision (benefit) for income taxes						
Current operating income	\$ (20)	\$ 98	\$ (1)	\$ 1	\$ —	\$ 78
Capital gains/losses	9	40	2	—	—	51
Deferred	(150)	(205)	(89)	—	—	(444)
Total provision (benefit) for income taxes	\$ (161)	\$ (67)	\$ (88)	\$ 1	\$ —	\$ (315)
Net income - current year	\$ 186	\$ 702	\$ 155	\$ 1	\$ 1	\$ 1,045
Net income - prior year	\$ 25	\$ 516	\$ 48	\$ 1	\$ 1	\$ 591

*Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding.

Cincinnati Financial Corporation and Subsidiaries
Consolidated Statements of Income for the Three Months Ended December 31, 2017

(Dollars in millions)

	CFC	CONSOL P&C	CLIC	CFC-I	ELIM	Total
Revenues						
Premiums earned:						
Property casualty	\$ —	\$ 1,238	\$ —	\$ —	\$ —	\$ 1,238
Life	—	—	77	—	—	77
Premiums ceded	—	(39)	(18)	—	—	(57)
Total earned premium	—	1,199	59	—	—	1,258
Investment income, net of expenses	19	99	38	—	—	156
Realized investment gains (losses), net	(23)	14	2	—	(1)	(8)
Fee revenues	—	3	1	—	—	4
Other revenues	4	—	—	1	(4)	1
Total revenues	\$ —	\$ 1,315	\$ 100	\$ 1	\$ (5)	\$ 1,411
Benefits & expenses						
Losses & contract holders' benefits	\$ —	\$ 659	\$ 83	\$ —	\$ (1)	\$ 741
Reinsurance recoveries	—	82	(15)	—	1	68
Underwriting, acquisition and insurance expenses	—	373	16	—	—	389
Interest expense	13	—	—	1	—	14
Other operating expenses	7	—	—	—	(5)	2
Total expenses	\$ 20	\$ 1,114	\$ 84	\$ 1	\$ (5)	\$ 1,214
Income (loss) before income taxes	\$ (20)	\$ 201	\$ 16	\$ —	\$ —	\$ 197
Provision (benefit) for income taxes						
Current operating income	\$ (5)	\$ 41	\$ (1)	\$ —	\$ —	\$ 35
Capital gains/losses	(9)	5	—	—	—	(4)
Deferred	(153)	(218)	(105)	—	—	(476)
Total benefit for income taxes	\$ (167)	\$ (172)	\$ (106)	\$ —	\$ —	\$ (445)
Net income - current year	\$ 147	\$ 373	\$ 122	\$ —	\$ —	\$ 642
Net income (loss) - prior year	\$ (4)	\$ 89	\$ 16	\$ (1)	\$ —	\$ 100

*Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding.

Cincinnati Financial Corporation

5-Year Net Income Reconciliation

(Dollars in millions except per share data)

	Years ended December 31,				
	2017	2016	2015	2014	2013
Net income	\$ 1,045	\$ 591	\$ 634	\$ 525	\$ 517
Less:					
Realized investment gains, net	148	124	70	133	83
Income tax on realized investment gains	(53)	(44)	(25)	(48)	(29)
Realized investment gains, after-tax	95	80	45	85	54
Effects of U.S. tax reform legislation	495	—	—	—	—
Non-GAAP operating income	\$ 455	\$ 511	\$ 589	\$ 440	\$ 463

Diluted per share data:

Net income	\$ 6.29	\$ 3.55	\$ 3.83	\$ 3.18	\$ 3.12
Less:					
Realized investment gains, net	0.89	0.74	0.42	0.81	0.50
Income tax on realized investment gains	(0.32)	(0.26)	(0.15)	(0.29)	(0.18)
Realized investment gains, after-tax	0.57	0.48	0.27	0.52	0.32
Effects of U.S. tax reform legislation	2.98	—	—	—	—
Non-GAAP operating income	\$ 2.74	\$ 3.07	\$ 3.56	\$ 2.66	\$ 2.80

Value creation ratio

Book value per share growth	17.1%	9.6%	(2.3)%	7.9%	11.1%
Shareholder dividend declared as a percentage of beginning book value	5.8	4.9	5.7	4.7	5.0
Value creation ratio	22.9%	14.5%	3.4 %	12.6%	16.1%

Investment income

Investment income, net of expenses	\$ 609	\$ 595	\$ 572	\$ 549	\$ 529
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*Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts.

Cincinnati Financial Corporation Insurance Subsidiaries
Selected Balance Sheet Data

(Dollars in millions)

	12/31/2017	9/30/2017	6/30/2017	3/31/2017	12/31/2016	9/30/2016	6/30/2016	3/31/2016
Cincinnati Insurance Consolidated								
Fixed maturities (fair value)	\$ 7,206	\$ 7,082	\$ 7,041	\$ 6,866	\$ 6,715	\$ 6,843	\$ 6,758	\$ 6,607
Equities (fair value)	3,942	3,792	3,658	3,592	3,474	3,474	3,443	3,222
Fixed maturities - pretax net unrealized gain	249	255	247	188	163	384	414	301
Equities - pretax net unrealized gain	2,023	1,805	1,713	1,615	1,577	1,438	1,395	1,302
Loss and loss expense reserves - STAT	5,038	5,025	4,935	4,836	4,742	4,639	4,611	4,480
Shareholders' equity - GAAP	6,489	6,041	5,979	5,870	5,746	5,926	5,848	5,655
Policyholders' Surplus - STAT	5,094	4,846	4,790	4,763	4,686	4,679	4,600	4,534
The Cincinnati Life Insurance Company								
Fixed maturities (fair value)	\$ 3,453	\$ 3,413	\$ 3,409	\$ 3,381	\$ 3,316	\$ 3,354	\$ 3,320	\$ 3,215
Equities (fair value)	9	9	9	9	9	9	9	9
Fixed maturities - pretax net unrealized gain	132	148	145	127	107	196	186	124
Equities - pretax net unrealized gain	4	4	4	4	4	4	4	4
Shareholders' equity - GAAP	1,104	991	981	958	939	979	962	911
Policyholders' Surplus - STAT	195	210	202	199	200	202	205	207

Consolidated Cincinnati Insurance Companies
Statutory Statements of Income

(Dollars in millions)	For the Three Months Ended December 31,				For the Twelve Months Ended December 31,			
	2017	2016	Change	% Change	2017	2016	Change	% Change
Underwriting income								
Net premiums written	\$ 1,130	\$ 1,064	\$ 66	6	\$ 4,840	\$ 4,580	\$ 260	6
Unearned premium change	(69)	(75)	6	8	118	98	20	20
Earned premiums	\$ 1,199	\$ 1,139	\$ 60	5	\$ 4,722	\$ 4,482	\$ 240	5
Losses incurred	\$ 598	\$ 618	\$ (20)	(3)	\$ 2,592	\$ 2,395	\$ 197	8
Defense and cost containment expenses incurred	72	68	4	6	270	206	64	31
Adjusting and other expenses incurred	71	65	6	9	276	260	16	6
Other underwriting expenses incurred	363	338	25	7	1,475	1,389	86	6
Workers compensation dividend incurred	4	3	1	33	14	15	(1)	(7)
Total underwriting deductions	\$ 1,108	\$ 1,092	\$ 16	1	\$ 4,627	\$ 4,265	\$ 362	8
Net underwriting profit	\$ 91	\$ 47	\$ 44	94	\$ 95	\$ 217	\$ (122)	(56)
Investment income								
Gross investment income earned	\$ 106	\$ 99	\$ 7	7	\$ 405	\$ 391	\$ 14	4
Net investment income earned	104	98	6	6	399	385	14	4
Realized capital gains and losses, net	6	(16)	22	nm	85	65	20	31
Net investment gains (net of tax)	\$ 110	\$ 82	\$ 28	34	\$ 484	\$ 450	\$ 34	8
Other income	\$ 2	\$ 2	\$ —	0	\$ 9	\$ 7	\$ 2	29
Net income before federal income taxes	\$ 203	\$ 131	\$ 72	55	\$ 588	\$ 674	\$ (86)	(13)
Federal and foreign income taxes incurred	42	28	14	50	113	168	(55)	(33)
Net income (statutory)	\$ 161	\$ 103	\$ 58	56	\$ 475	\$ 506	\$ (31)	(6)

*Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding.

*nm - Not meaningful

*Statutory data prepared in accordance with statutory accounting rules as defined by the National Association of Insurance Commissioners and filed with the appropriate regulatory bodies.

Consolidated Cincinnati Insurance Companies

Losses Incurred Detail

(Dollars in millions)	Three months ended								Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16
Consolidated														
Current accident year losses greater than \$5,000,000	\$ 11	\$ 6	\$ —	\$ 28	\$ (7)	\$ 10	\$ 23	\$ —	\$ 28	\$ 23	\$ 34	\$ 33	\$ 45	\$ 26
Current accident year losses \$1,000,000-\$5,000,000	60	75	48	29	63	46	34	42	77	76	152	122	212	185
Large loss prior accident year reserve development	9	4	21	17	(10)	1	3	—	38	3	42	4	51	(6)
Total large losses incurred	\$ 80	\$ 85	\$ 69	\$ 74	\$ 46	\$ 57	\$ 60	\$ 42	\$ 143	\$ 102	\$ 228	\$ 159	\$ 308	\$ 205
Losses incurred but not reported	60	(9)	(1)	4	64	(7)	34	73	3	107	(6)	100	54	164
Other losses excluding catastrophe losses	450	499	487	467	430	467	399	402	954	801	1,453	1,269	1,903	1,699
Catastrophe losses	8	104	112	103	78	53	163	33	215	196	319	249	327	327
Total losses incurred	\$ 598	\$ 679	\$ 667	\$ 648	\$ 618	\$ 570	\$ 656	\$ 550	\$ 1,315	\$ 1,206	\$ 1,994	\$ 1,777	\$ 2,592	\$ 2,395
Commercial Lines														
Current accident year losses greater than \$5,000,000	\$ 5	\$ 6	\$ —	\$ 28	\$ (7)	\$ 10	\$ 23	\$ —	\$ 28	\$ 23	\$ 34	\$ 33	\$ 39	\$ 26
Current accident year losses \$1,000,000-\$5,000,000	51	56	33	26	59	34	33	36	59	69	115	103	166	162
Large loss prior accident year reserve development	10	1	19	17	(6)	5	4	(1)	36	3	37	8	47	2
Total large losses incurred	\$ 66	\$ 63	\$ 52	\$ 71	\$ 46	\$ 49	\$ 60	\$ 35	\$ 123	\$ 95	\$ 186	\$ 144	\$ 252	\$ 190
Losses incurred but not reported	44	1	21	(5)	55	4	2	64	16	66	17	70	61	125
Other losses excluding catastrophe losses	273	313	292	306	269	287	244	255	598	499	911	786	1,184	1,055
Catastrophe losses	1	27	64	58	35	28	126	25	122	151	149	179	150	214
Total losses incurred	\$ 384	\$ 404	\$ 429	\$ 430	\$ 405	\$ 368	\$ 432	\$ 379	\$ 859	\$ 811	\$ 1,263	\$ 1,179	\$ 1,647	\$ 1,584
Personal Lines														
Current accident year losses greater than \$5,000,000	\$ 6	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 6	\$ —
Current accident year losses \$1,000,000-\$5,000,000	6	19	15	3	3	10	—	6	18	6	37	16	43	19
Large loss prior accident year reserve development	(1)	3	1	—	(3)	(3)	(2)	1	1	(1)	4	(4)	3	(7)
Total large losses incurred	\$ 11	\$ 22	\$ 16	\$ 3	\$ —	\$ 7	\$ (2)	\$ 7	\$ 19	\$ 5	\$ 41	\$ 12	\$ 52	\$ 12
Losses incurred but not reported	10	(17)	(12)	10	10	(9)	23	11	(2)	34	(19)	25	(9)	35
Other losses excluding catastrophe losses	157	164	164	144	150	168	141	133	308	274	472	442	629	592
Catastrophe losses	5	34	47	46	39	25	35	8	93	43	127	68	132	107
Total losses incurred	\$ 183	\$ 203	\$ 215	\$ 203	\$ 199	\$ 191	\$ 197	\$ 159	\$ 418	\$ 356	\$ 621	\$ 547	\$ 804	\$ 746
Excess & Surplus Lines														
Current accident year losses greater than \$5,000,000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —
Current accident year losses \$1,000,000-\$5,000,000	3	—	—	—	—	2	1	—	—	1	—	3	3	3
Large loss prior accident year reserve development	—	—	1	—	—	(1)	1	—	1	1	1	—	1	—
Total large losses incurred	\$ 3	\$ —	\$ 1	\$ —	\$ —	\$ 1	\$ 2	\$ —	\$ 1	\$ 2	\$ 1	\$ 3	\$ 4	\$ 3
Losses incurred but not reported	6	7	(10)	(1)	—	(2)	9	(2)	(11)	7	(4)	5	2	5
Other losses excluding catastrophe losses	9	8	19	8	6	11	5	9	27	14	35	25	44	31
Catastrophe losses	—	1	1	—	1	—	2	—	1	2	2	2	2	3
Total losses incurred	\$ 18	\$ 16	\$ 11	\$ 7	\$ 7	\$ 10	\$ 18	\$ 7	\$ 18	\$ 25	\$ 34	\$ 35	\$ 52	\$ 42

*Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. The sum of quarterly amounts may not equal the full year as each is computed independently.

Consolidated Cincinnati Insurance Companies

Loss Ratio Detail

	Three months ended								Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16
Consolidated														
Current accident year losses greater than \$5,000,000	0.9 %	0.5 %	— %	2.4 %	(0.6)%	0.9 %	2.0 %	— %	1.2 %	1.0 %	1.0 %	1.0 %	1.0 %	0.6 %
Current accident year losses \$1,000,000-\$5,000,000	5.0	6.4	4.1	2.5	5.6	4.1	3.1	3.8	3.3	3.5	4.3	3.6	4.5	4.1
Large loss prior accident year reserve development	0.7	0.3	1.8	1.5	(0.9)	0.2	0.3	—	1.6	0.1	1.2	0.1	1.0	(0.1)
Total large loss ratio	6.6 %	7.2 %	5.9 %	6.4 %	4.1 %	5.2 %	5.4 %	3.8 %	6.1 %	4.6 %	6.5 %	4.7 %	6.5 %	4.6 %
Losses incurred but not reported	5.0	(0.7)	(0.1)	0.4	5.7	(0.7)	3.1	6.6	0.1	4.8	(0.2)	3.0	1.1	3.7
Other losses excluding catastrophe losses	37.6	41.7	41.3	40.5	37.5	41.3	35.7	36.8	40.9	36.2	41.2	38.1	40.3	37.8
Catastrophe losses	0.7	8.8	9.4	9.0	6.9	4.7	14.6	3.0	9.3	8.9	9.1	7.4	7.0	7.3
Total loss ratio	49.9 %	57.0 %	56.5 %	56.3 %	54.2 %	50.5 %	58.8 %	50.2 %	56.4 %	54.5 %	56.6 %	53.2 %	54.9 %	53.4 %
Commercial Lines														
Current accident year losses greater than \$5,000,000	0.6 %	0.8 %	— %	3.6 %	(0.9)%	1.3 %	2.9 %	— %	1.8 %	1.5 %	1.5 %	1.4 %	1.2 %	0.8 %
Current accident year losses \$1,000,000-\$5,000,000	6.4	7.2	4.2	3.3	7.7	4.4	4.2	4.8	3.7	4.5	4.8	4.4	5.3	5.3
Large loss prior accident year reserve development	1.2	0.1	2.3	2.2	(0.8)	0.8	0.6	(0.2)	2.3	0.2	1.6	0.4	1.5	0.1
Total large loss ratio	8.2 %	8.1 %	6.5 %	9.1 %	6.0 %	6.5 %	7.7 %	4.6 %	7.8 %	6.2 %	7.9 %	6.2 %	8.0 %	6.2 %
Losses incurred but not reported	5.5	—	2.7	(0.6)	7.1	0.4	0.3	8.4	1.0	4.3	0.7	3.0	1.9	4.0
Other losses excluding catastrophe losses	34.4	39.6	36.5	39.2	34.4	36.7	31.6	33.6	37.9	32.6	38.4	34.1	37.4	34.2
Catastrophe losses	0.1	3.4	8.1	7.4	4.4	3.7	16.4	3.3	7.7	9.9	6.3	7.8	4.7	6.9
Total loss ratio	48.2 %	51.1 %	53.8 %	55.1 %	51.9 %	47.3 %	56.0 %	49.9 %	54.4 %	53.0 %	53.3 %	51.1 %	52.0 %	51.3 %
Personal Lines														
Current accident year losses greater than \$5,000,000	1.9 %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	0.5 %	— %
Current accident year losses \$1,000,000-\$5,000,000	1.8	6.0	4.8	1.0	1.2	3.5	—	1.9	2.9	1.0	4.0	1.8	3.4	1.7
Large loss prior accident year reserve development	(0.3)	1.0	0.6	(0.2)	(1.2)	(1.1)	(0.7)	0.5	0.2	(0.1)	0.4	(0.4)	0.3	(0.6)
Total large loss ratio	3.4 %	7.0 %	5.4 %	0.8 %	— %	2.4 %	(0.7)%	2.4 %	3.1 %	0.9 %	4.4 %	1.4 %	4.2 %	1.1 %
Losses incurred but not reported	3.2	(5.3)	(4.0)	3.3	3.5	(3.2)	8.1	3.8	(0.4)	6.0	(2.1)	2.9	(0.7)	3.0
Other losses excluding catastrophe losses	49.0	52.1	53.7	47.9	50.2	57.7	48.9	47.1	50.9	47.9	51.3	51.2	50.7	51.0
Catastrophe losses	1.6	10.8	15.2	15.5	13.3	8.2	12.2	2.9	15.3	7.6	13.8	7.8	10.6	9.2
Total loss ratio	57.2 %	64.6 %	70.3 %	67.5 %	67.0 %	65.1 %	68.5 %	56.2 %	68.9 %	62.4 %	67.4 %	63.3 %	64.8 %	64.3 %
Excess & Surplus Lines														
Current accident year losses greater than \$5,000,000	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %	— %
Current accident year losses \$1,000,000-\$5,000,000	5.6	—	—	—	(0.1)	4.4	2.2	—	—	1.1	—	2.3	1.5	1.7
Large loss prior accident year reserve development	(0.1)	(0.3)	2.3	(0.3)	(0.1)	(2.0)	1.7	(0.4)	1.1	0.7	0.6	(0.3)	0.4	(0.3)
Total large loss ratio	5.5 %	(0.3)%	2.3 %	(0.3)%	(0.2)%	2.4 %	3.9 %	(0.4)%	1.1 %	1.8 %	0.6 %	2.0 %	1.9 %	1.4 %
Losses incurred but not reported	9.8	13.8	(20.2)	(1.6)	(0.6)	(2.9)	20.3	(5.4)	(11.3)	7.8	(2.4)	4.1	0.8	2.9
Other losses excluding catastrophe losses	17.3	15.3	37.0	17.0	12.6	21.8	12.7	20.8	27.4	16.6	23.1	18.4	21.6	16.8
Catastrophe losses	0.2	1.3	1.2	0.8	2.4	0.1	3.1	0.1	1.0	1.7	1.1	1.1	0.8	1.5
Total loss ratio	32.8 %	30.1 %	20.3 %	15.9 %	14.2 %	21.4 %	40.0 %	15.1 %	18.2 %	27.9 %	22.4 %	25.6 %	25.1 %	22.6 %

*Certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts.

Consolidated Cincinnati Insurance Companies
Loss Claim Count Detail

	Three months ended								Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16
Consolidated														
Current accident year reported losses greater than \$5,000,000	2	1	—	5	—	1	3	—	5	3	6	4	8	3
Current accident year reported losses \$1,000,000 - \$5,000,000	32	43	31	22	38	29	15	27	55	46	100	76	134	113
Prior accident year reported losses on large losses	10	12	15	14	8	2	17	10	30	27	42	26	63	36
Non-Catastrophe reported losses on large losses total	44	56	46	41	46	32	35	37	90	76	148	106	205	152
Commercial Lines														
Current accident year reported losses greater than \$5,000,000	1	1	—	5	—	1	3	—	5	3	6	4	7	3
Current accident year reported losses \$1,000,000 - \$5,000,000	27	34	20	20	36	21	14	23	42	41	77	62	106	97
Prior accident year reported losses on large losses	10	10	12	13	8	1	15	8	26	23	35	23	56	33
Non-Catastrophe reported losses on large losses total	38	45	32	38	44	23	32	31	73	67	118	89	169	133
Personal Lines														
Current accident year reported losses greater than \$5,000,000	1	—	—	—	—	—	—	—	—	—	—	—	1	—
Current accident year reported losses \$1,000,000 - \$5,000,000	5	9	11	2	2	6	—	4	13	4	23	11	26	13
Prior accident year reported losses on large losses	—	2	2	—	—	—	1	2	2	3	5	2	5	2
Non-Catastrophe reported losses on large losses total	6	11	13	2	2	6	1	6	15	7	28	13	32	15
Excess & Surplus Lines														
Current accident year reported losses greater than \$5,000,000	—	—	—	—	—	—	—	—	—	—	—	—	—	—
Current accident year reported losses \$1,000,000 - \$5,000,000	—	—	—	—	—	2	1	—	—	1	—	3	2	3
Prior accident year reported losses on large losses	—	—	1	1	—	1	1	—	2	1	2	1	2	1
Non-Catastrophe reported losses on large losses total	—	—	1	1	—	3	2	—	2	2	2	4	4	4

*The sum of quarterly amounts may not equal the full year as each is computed independently.

Consolidated Cincinnati Insurance Companies

Direct Written Premiums by Risk State by Line of Business for the Twelve Months Ended December 31, 2017

(Dollars in millions)

Risk State	Commercial Lines					Personal Lines			E & S	Consolidated		Comm'l	Personal	E & S	Consol
	Comm Casualty	Comm Property	Comm Auto	Workers' Comp	Other Comm	Personal Auto	Home Owner	Other Personal	All Lines	2017	2016	Change	Change	Change	Change
										Total	Total	%	%	%	%
OH	\$ 156.5	\$ 144.0	\$ 89.0	\$ —	\$ 37.6	\$ 133.7	\$ 110.1	\$ 35.1	\$ 16.0	\$ 722.0	\$ 709.6	2.5	0.6	2.4	1.7
IL	69.2	58.4	34.5	50.8	13.1	29.2	29.0	7.8	15.4	307.4	308.4	(0.3)	(4.1)	20.0	(0.3)
GA	45.3	47.2	33.6	14.5	13.4	53.0	48.8	11.9	15.5	283.2	259.3	7.1	10.6	21.3	9.2
IN	55.3	55.6	32.3	26.3	13.4	33.1	34.8	7.8	12.2	270.8	275.1	(1.3)	(3.2)	6.2	(1.5)
NC	52.2	58.7	26.3	17.4	12.9	37.8	33.3	9.0	10.3	257.9	244.7	5.4	3.9	17.5	5.4
PA	64.4	49.0	40.5	41.4	10.9	14.6	12.0	4.5	10.9	248.2	246.0	(0.5)	5.8	16.4	0.9
MI	46.9	42.9	25.5	16.4	11.3	56.0	34.7	6.0	7.5	247.2	248.0	(0.7)	0.1	(0.8)	(0.4)
TN	41.2	45.0	23.6	10.3	11.2	20.1	24.3	6.0	6.3	188.0	180.5	4.5	2.1	15.3	4.2
KY	29.3	37.9	22.0	3.6	7.6	30.9	29.0	6.6	5.7	172.6	167.5	2.2	3.7	6.1	2.9
AL	28.1	36.7	14.8	0.8	7.8	25.7	35.8	7.3	9.1	166.1	155.9	6.5	6.1	12.7	6.7
VA	34.6	32.1	24.4	17.8	10.0	13.9	11.9	4.2	5.3	154.2	150.7	1.3	4.9	9.2	2.2
TX	52.1	29.2	33.4	1.5	5.6	1.3	1.9	0.8	19.5	145.3	139.5	(0.5)	nm	14.4	4.1
MO	32.4	36.6	18.1	13.9	5.9	10.3	13.0	2.8	9.1	142.1	131.6	4.8	22.3	9.2	7.9
MN	27.6	24.5	11.0	8.9	5.5	20.6	21.1	5.3	7.4	131.9	132.9	(5.5)	5.5	17.8	(0.7)
WI	29.3	26.7	14.5	25.0	6.0	9.7	9.9	3.8	5.2	130.1	134.0	(4.8)	1.4	18.2	(3.0)
NY	37.4	20.3	13.4	4.0	4.4	11.9	16.6	5.8	4.8	118.6	94.2	10.8	78.9	52.1	26.0
MD	21.2	13.6	17.5	10.6	4.3	14.0	10.8	2.9	2.8	97.7	93.1	(2.1)	25.9	6.8	4.7
FL	31.7	15.3	12.7	1.5	3.6	5.0	2.6	0.9	11.1	84.4	71.0	15.9	22.6	35.8	18.9
AR	11.9	22.5	12.0	2.5	4.0	11.4	12.0	3.0	3.5	82.8	78.4	3.6	7.7	26.3	5.7
IA	17.2	20.5	8.6	15.0	5.6	5.2	5.7	1.6	1.9	81.3	78.7	4.3	0.4	(7.7)	3.3
AZ	20.5	12.4	15.3	6.0	3.0	7.7	6.0	2.5	3.4	76.8	68.7	9.2	23.1	9.0	11.8
SC	15.1	13.8	11.1	3.2	3.6	12.7	9.8	2.1	4.8	76.2	71.0	1.4	15.0	40.3	7.4
UT	19.7	10.2	12.9	0.9	3.1	9.1	5.2	1.3	3.9	66.3	64.6	1.2	4.1	16.3	2.7
CO	19.8	11.2	14.8	1.3	2.5	0.6	1.4	0.2	7.4	59.2	50.2	15.0	268.7	16.6	18.2
KS	11.4	15.4	7.0	5.3	3.1	4.6	6.9	1.3	2.1	57.1	55.4	3.5	(0.1)	15.2	3.1
OR	15.8	9.3	11.4	0.1	2.1	5.8	2.6	0.8	5.4	53.3	45.6	14.9	30.0	10.2	16.7
MT	18.9	12.4	10.3	0.1	2.3	3.0	3.1	0.7	1.6	52.4	49.0	6.9	5.4	24.6	7.2
ID	13.9	9.8	8.4	0.9	2.0	3.9	2.6	0.8	2.1	44.4	42.2	5.2	4.8	11.3	5.4
NE	9.6	11.6	6.1	7.4	2.4	0.9	1.2	0.3	2.2	41.7	43.0	(4.5)	8.9	21.2	(2.8)
CT	5.2	4.9	2.8	2.1	0.8	9.4	8.2	2.8	1.5	37.7	26.3	7.5	99.7	12.0	43.6
WV	9.0	9.4	7.3	1.1	1.3	—	0.4	0.1	3.1	31.7	30.6	3.9	(11.6)	2.1	3.4
VT	5.7	6.8	3.2	5.7	1.9	1.6	1.9	0.5	1.4	28.7	26.5	7.6	7.5	21.0	8.1
WA	9.6	6.0	7.2	—	1.5	0.1	0.1	—	2.2	26.7	23.6	11.6	nm	20.2	13.4
NM	9.1	5.6	7.0	0.7	1.8	—	—	—	1.7	25.9	23.2	9.2	16.4	66.0	11.7
CA	0.8	0.4	1.0	1.4	0.2	3.7	10.8	2.7	0.8	21.8	6.8	(11.6)	624.9	327.8	217.0
ND	6.4	4.9	3.9	—	1.0	0.8	0.9	0.3	0.8	19.0	20.0	(8.1)	3.4	90.9	(4.9)
NH	4.4	3.8	2.2	2.3	0.9	1.8	2.0	0.5	1.0	18.9	18.2	1.8	1.7	45.8	3.4
DE	5.4	3.5	3.3	2.7	1.0	—	—	—	0.9	16.8	18.5	(10.4)	735.2	26.3	(9.0)
SD	3.3	3.8	2.4	2.3	1.2	—	—	—	0.7	13.7	12.9	5.6	2.6	17.2	6.1
WY	2.6	2.7	1.6	—	0.5	—	—	—	0.8	8.2	7.5	9.7	(23.0)	1.7	8.8
NJ	0.8	0.4	0.6	1.7	0.4	0.9	1.6	0.8	0.4	7.6	4.9	9.6	218.8	67.7	56.5
All Other	3.0	2.7	3.1	2.4	2.1	0.1	0.5	0.1	2.1	16.1	13.6	13.1	405.3	23.7	17.9
Total	\$ 1,093.8	\$ 977.7	\$ 650.6	\$ 329.8	\$ 232.8	\$ 604.1	\$ 562.5	\$ 150.9	\$ 229.8	\$ 4,832.0	\$ 4,621.4	2.6	7.9	15.7	4.6
Other Direct	—	2.6	3.5	6.3	—	9.9	0.2	0.5	—	23.0	24.4	(9.9)	102.9	—	(5.8)
Total Direct	\$ 1,093.8	\$ 980.3	\$ 654.1	\$ 336.1	\$ 232.8	\$ 614.0	\$ 562.7	\$ 151.4	\$ 229.8	\$ 4,855.0	\$ 4,645.8	2.5	7.8	15.7	4.5

*Dollar amounts shown are rounded to the nearest hundred thousand; certain amounts may not add due to rounding. Percentage changes are calculated based on whole dollar amounts.

*nm - Not meaningful

Quarterly Property Casualty Data - Commercial Lines

(Dollars in millions)										Three months ended		Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16		6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16		
Commercial casualty:																	
Written premiums	\$ 248	\$ 257	\$ 280	\$ 297	\$ 239	\$ 259	\$ 278	\$ 285	\$	577	\$ 563	\$ 834	\$ 822	\$ 1,082	\$ 1,061		
Year over year change %-written premium	4 %	(1)%	1 %	4 %	— %	5 %	1 %	7 %		2 %	4 %	1 %	4 %	2 %	4 %		
Earned premiums	268	268	271	265	265	265	263	257		536	520	804	785	1,072	1,050		
Current accident year before catastrophe losses	67.5 %	63.1 %	60.1 %	60.7 %	61.1 %	57.4 %	58.7 %	60.2 %		60.4 %	59.5 %	61.3 %	58.8 %	62.9 %	59.4 %		
Current accident year catastrophe losses	—	—	—	—	—	—	—	—		—	—	—	—	—	—		
Prior accident years before catastrophe losses	0.9	0.1	(2.5)	5.6	3.7	(2.6)	(7.5)	(1.2)		1.5	(4.4)	1.0	(3.8)	1.0	(1.9)		
Prior accident years catastrophe losses	—	—	—	—	—	—	—	—		—	—	—	—	—	—		
Total loss and loss expense ratio	68.4 %	63.2 %	57.6 %	66.3 %	64.8 %	54.8 %	51.2 %	59.0 %		61.9 %	55.1 %	62.3 %	55.0 %	63.9 %	57.5 %		
Commercial property:																	
Written premiums	\$ 217	\$ 230	\$ 233	\$ 239	\$ 208	\$ 224	\$ 223	\$ 225	\$	472	\$ 448	\$ 702	\$ 672	\$ 919	\$ 880		
Year over year change %-written premium	4 %	3 %	4 %	6 %	2 %	3 %	2 %	9 %		5 %	6 %	4 %	5 %	4 %	4 %		
Earned premiums	229	225	226	223	221	217	215	214		449	429	674	646	903	867		
Current accident year before catastrophe losses	48.2 %	48.6 %	49.7 %	50.2 %	51.3 %	47.7 %	36.3 %	51.4 %		50.0 %	43.8 %	49.4 %	45.2 %	49.1 %	46.6 %		
Current accident year catastrophe losses	4.5	14.5	29.1	29.3	17.4	11.5	57.6	13.6		29.2	35.7	24.3	27.5	19.3	25.0		
Prior accident years before catastrophe losses	(1.4)	(1.1)	(1.2)	(0.7)	(0.6)	(2.7)	(5.4)	(1.7)		(1.0)	(3.6)	(1.0)	(3.3)	(1.1)	(2.6)		
Prior accident years catastrophe losses	(3.7)	(1.9)	(0.8)	(3.8)	(1.3)	1.6	(1.0)	(2.2)		(2.3)	(1.6)	(2.1)	(0.5)	(2.5)	(0.7)		
Total loss and loss expense ratio	47.6 %	60.1 %	76.8 %	75.0 %	66.8 %	58.1 %	87.5 %	61.1 %		75.9 %	74.3 %	70.6 %	68.9 %	64.8 %	68.3 %		
Commercial auto:																	
Written premiums	\$ 153	\$ 157	\$ 167	\$ 174	\$ 146	\$ 151	\$ 156	\$ 158	\$	341	\$ 314	\$ 498	\$ 465	\$ 651	\$ 611		
Year over year change %-written premium	5 %	4 %	7 %	10 %	4 %	10 %	5 %	6 %		9 %	5 %	7 %	7 %	7 %	6 %		
Earned premiums	162	159	158	155	152	151	147	144		313	291	472	442	634	594		
Current accident year before catastrophe losses	74.5 %	80.2 %	76.4 %	80.7 %	76.6 %	76.9 %	76.3 %	77.5 %		78.6 %	76.9 %	79.1 %	76.9 %	78.0 %	76.8 %		
Current accident year catastrophe losses	(0.1)	0.7	1.7	1.2	—	0.8	2.2	0.6		1.4	1.4	1.2	1.2	0.9	0.9		
Prior accident years before catastrophe losses	3.2	5.1	6.0	6.7	3.7	2.8	9.1	5.7		6.3	7.4	5.9	5.9	5.2	5.3		
Prior accident years catastrophe losses	—	—	—	(0.2)	—	—	—	(0.1)		(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	—		
Total loss and loss expense ratio	77.6 %	86.0 %	84.1 %	88.4 %	80.3 %	80.5 %	87.6 %	83.7 %		86.2 %	85.6 %	86.1 %	83.9 %	84.0 %	83.0 %		
Workers' compensation:																	
Written premiums	\$ 73	\$ 75	\$ 79	\$ 99	\$ 78	\$ 83	\$ 86	\$ 105	\$	178	\$ 191	\$ 253	\$ 274	\$ 326	\$ 352		
Year over year change %-written premium	(6)%	(10)%	(8)%	(6)%	(4)%	— %	(3)%	1 %		(7)%	(1)%	(8)%	(1)%	(7)%	(1)%		
Earned premiums	81	84	86	84	86	90	89	89		170	178	254	268	335	354		
Current accident year before catastrophe losses	76.2 %	71.6 %	68.9 %	69.8 %	68.4 %	72.5 %	70.9 %	73.3 %		69.3 %	72.2 %	70.1 %	72.2 %	71.6 %	71.3 %		
Current accident year catastrophe losses	—	—	—	—	—	—	—	—		—	—	—	—	—	—		
Prior accident years before catastrophe losses	(11.1)	(16.6)	(14.3)	(21.6)	(19.4)	(18.1)	(25.5)	(14.5)		(17.9)	(20.1)	(17.5)	(19.4)	(15.9)	(19.4)		
Prior accident years catastrophe losses	—	—	—	—	—	—	—	—		—	—	—	—	—	—		
Total loss and loss expense ratio	65.1 %	55.0 %	54.6 %	48.2 %	49.0 %	54.4 %	45.4 %	58.8 %		51.4 %	52.1 %	52.6 %	52.8 %	55.7 %	51.9 %		
Other commercial:																	
Written premiums	\$ 55	\$ 59	\$ 54	\$ 56	\$ 50	\$ 60	\$ 54	\$ 54	\$	110	\$ 108	\$ 169	\$ 168	\$ 224	\$ 218		
Year over year change %-written premium	10 %	(2)%	— %	4 %	— %	— %	(2)%	(7)%		2 %	(4)%	1 %	(3)%	3 %	(2)%		
Earned premiums	56	56	55	54	55	56	57	56		109	113	165	169	221	224		
Current accident year before catastrophe losses	35.2 %	35.1 %	35.3 %	40.2 %	41.8 %	41.5 %	37.8 %	46.3 %		37.7 %	42.1 %	36.9 %	41.9 %	36.4 %	41.9 %		
Current accident year catastrophe losses	0.5	(0.2)	1.8	1.9	2.1	1.6	3.8	0.6		1.8	2.2	1.2	2.0	1.0	2.0		
Prior accident years before catastrophe losses	(9.9)	(10.2)	(20.0)	(14.8)	(8.6)	(19.1)	(28.2)	(22.9)		(17.4)	(25.5)	(15.0)	(23.4)	(13.7)	(19.8)		
Prior accident years catastrophe losses	1.6	0.3	0.1	(0.5)	—	0.2	1.3	0.2		(0.2)	0.7	(0.1)	0.5	0.4	0.4		
Total loss and loss expense ratio	27.4 %	25.0 %	17.2 %	26.8 %	35.3 %	24.2 %	14.7 %	24.2 %		21.9 %	19.5 %	23.0 %	21.0 %	24.1 %	24.5 %		

*Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently.

Quarterly Property Casualty Data - Personal Lines

(Dollars in millions)		Three months ended							Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16
Personal auto:														
Written premiums	\$ 141	\$ 165	\$ 165	\$ 132	\$ 132	\$ 154	\$ 154	\$ 123	\$ 297	\$ 277	\$ 462	\$ 431	\$ 603	\$ 563
Year over year change %-written premium	7 %	7 %	7 %	7 %	7 %	7 %	8 %	8 %	7 %	8 %	7 %	8 %	7 %	7 %
Earned premiums	149	148	144	141	140	137	135	131	285	266	433	403	582	543
Current accident year before catastrophe losses	76.2 %	79.8 %	78.1 %	82.4 %	79.0 %	79.6 %	79.5 %	79.1 %	80.2 %	79.3 %	80.1 %	79.4 %	79.1 %	79.3 %
Current accident year catastrophe losses	(0.4)	1.6	2.4	2.4	0.1	1.1	1.9	1.0	2.4	1.4	2.1	1.3	1.5	1.0
Prior accident years before catastrophe losses	1.4	1.1	(0.3)	(1.1)	2.2	6.8	10.6	(6.3)	(0.7)	2.3	(0.1)	3.8	0.3	3.4
Prior accident years catastrophe losses	—	(0.1)	(0.1)	(0.2)	(0.1)	(0.2)	(0.1)	(0.3)	(0.1)	(0.2)	(0.1)	(0.2)	(0.1)	(0.2)
Total loss and loss expense ratio	77.2 %	82.4 %	80.1 %	83.5 %	81.2 %	87.3 %	91.9 %	73.5 %	81.8 %	82.8 %	82.0 %	84.3 %	80.8 %	83.5 %
Homeowner:														
Written premiums	\$ 132	\$ 150	\$ 150	\$ 110	\$ 119	\$ 138	\$ 140	\$ 103	\$ 260	\$ 243	\$ 410	\$ 381	\$ 542	\$ 500
Year over year change %-written premium	11 %	9 %	7 %	7 %	6 %	5 %	6 %	5 %	7 %	6 %	8 %	5 %	8 %	5 %
Earned premiums	134	131	128	125	124	122	121	119	253	240	384	362	518	486
Current accident year before catastrophe losses	55.0 %	46.7 %	48.4 %	48.4 %	47.0 %	46.8 %	49.1 %	51.5 %	48.5 %	50.3 %	47.8 %	49.1 %	49.6 %	48.6 %
Current accident year catastrophe losses	4.8	24.5	34.1	33.1	31.7	19.5	25.4	6.4	33.6	16.0	30.5	17.1	23.9	20.9
Prior accident years before catastrophe losses	(1.4)	(0.2)	(1.9)	(2.6)	1.1	0.5	(0.8)	(5.2)	(2.3)	(3.0)	(1.5)	(1.8)	(1.5)	(1.1)
Prior accident years catastrophe losses	0.3	(1.4)	(0.5)	(0.5)	(0.7)	(0.9)	0.8	(1.6)	(0.5)	(0.4)	(0.8)	(0.5)	(0.5)	(0.6)
Total loss and loss expense ratio	58.7 %	69.6 %	80.1 %	78.4 %	79.1 %	65.9 %	74.5 %	51.1 %	79.3 %	62.9 %	76.0 %	63.9 %	71.5 %	67.8 %
Other personal:														
Written premiums	\$ 36	\$ 40	\$ 42	\$ 31	\$ 32	\$ 37	\$ 36	\$ 30	\$ 73	\$ 66	\$ 113	\$ 103	\$ 149	\$ 135
Year over year change %-written premium	13 %	8 %	12 %	3 %	3 %	3 %	3 %	3 %	11 %	3 %	10 %	3 %	10 %	4 %
Earned premiums	37	35	35	34	32	34	32	33	69	65	104	99	141	132
Current accident year before catastrophe losses	54.0 %	46.7 %	68.3 %	45.6 %	48.2 %	60.2 %	42.0 %	44.2 %	57.1 %	43.1 %	53.5 %	48.9 %	53.7 %	48.7 %
Current accident year catastrophe losses	0.5	6.2	4.5	9.3	5.5	2.6	4.7	5.8	6.9	5.2	6.7	4.4	5.0	4.7
Prior accident years before catastrophe losses	(4.5)	2.4	(0.1)	(11.2)	(9.4)	(11.5)	(13.5)	(4.6)	(5.6)	(9.0)	(2.9)	(9.9)	(3.3)	(9.8)
Prior accident years catastrophe losses	0.1	—	(0.9)	(0.7)	(0.4)	(0.4)	—	0.3	(0.8)	0.1	(0.5)	(0.1)	(0.4)	(0.2)
Total loss and loss expense ratio	50.1 %	55.3 %	71.8 %	43.0 %	43.9 %	50.9 %	33.2 %	45.7 %	57.6 %	39.4 %	56.8 %	43.3 %	55.0 %	43.4 %

Quarterly Property Casualty Data - Excess & Surplus Lines

(Dollars in millions)		Three months ended								Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16	
Excess & Surplus:															
Written premiums	\$ 54	\$ 51	\$ 61	\$ 53	\$ 45	\$ 48	\$ 51	\$ 45	\$ 114	\$ 96	\$ 165	\$ 144	\$ 219	\$ 189	
Year over year change %-written premium	20 %	6 %	20 %	18 %	2 %	12 %	11 %	7 %	19 %	9 %	15 %	10 %	16 %	9 %	
Earned premiums	56	53	52	48	47	48	45	43	100	88	153	136	209	183	
Current accident year before catastrophe losses	57.6 %	49.1 %	54.2 %	55.5 %	41.4 %	57.2 %	56.7 %	63.1 %	54.8 %	59.8 %	52.8 %	58.9 %	54.0 %	54.4 %	
Current accident year catastrophe losses	0.3	1.7	0.9	1.2	2.6	0.2	3.2	0.3	1.1	1.9	1.3	1.3	1.1	1.6	
Prior accident years before catastrophe losses	(7.1)	(4.7)	(17.0)	(27.4)	(14.7)	(25.5)	(1.9)	(31.5)	(22.0)	(16.4)	(15.9)	(19.6)	(13.6)	(18.3)	
Prior accident years catastrophe losses	(0.1)	(0.3)	0.4	(0.4)	—	—	—	(0.2)	—	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	
Total loss and loss expense ratio	50.7 %	45.8 %	38.5 %	28.9 %	29.3 %	31.9 %	58.0 %	31.7 %	33.9 %	45.2 %	38.1 %	40.5 %	41.4 %	37.6 %	

*Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding. Ratios are calculated based on whole dollar amounts. The sum of quarterly amounts may not equal the full year as each is computed independently

Cincinnati Insurance Companies Consolidated

Loss and Loss Expense Analysis

(Dollars in millions)											
	Paid losses	Paid loss expense	Total paid	Change in case reserves	Change in IBNR reserves	Change in loss expense reserves	Total change in reserves	Case incurred	IBNR incurred	Loss expense incurred	Total incurred
Gross loss and loss expense incurred for the twelve months ended December 31, 2017											
Commercial casualty	\$ 393	\$ 169	\$ 562	\$ (39)	\$ 58	\$ 14	\$ 33	\$ 354	\$ 58	\$ 183	\$ 595
Commercial property	556	51	607	(21)	(10)	7	(24)	535	(10)	58	583
Commercial auto	382	67	449	28	33	22	83	410	33	89	532
Workers' compensation	165	35	200	12	(20)	—	(8)	177	(20)	35	192
Other commercial	54	18	72	(9)	(5)	(13)	(27)	45	(5)	5	45
Total commercial lines	1,550	340	1,890	(29)	56	30	57	1,521	56	370	1,947
Personal auto	377	67	444	13	11	5	29	390	11	72	473
Homeowners	354	33	387	—	(20)	4	(16)	354	(20)	37	371
Other personal	65	5	70	8	(1)	—	7	73	(1)	5	77
Total personal lines	796	105	901	21	(10)	9	20	817	(10)	114	921
Excess & surplus lines	51	25	76	10	2	11	23	61	2	36	99
Cincinnati Re	20	3	23	11	72	1	84	31	72	4	107
Total property casualty	\$ 2,417	\$ 473	\$ 2,890	\$ 13	\$ 120	\$ 51	\$ 184	\$ 2,430	\$ 120	\$ 524	\$ 3,074
Ceded loss and loss expense incurred for the twelve months ended December 31, 2017											
Commercial casualty	\$ 3	\$ —	\$ 3	\$ (67)	\$ —	\$ (26)	\$ (93)	\$ (64)	\$ —	\$ (26)	\$ (90)
Commercial property	8	—	8	(12)	1	—	(11)	(4)	1	—	(3)
Commercial auto	1	—	1	—	—	—	—	1	—	—	1
Workers' compensation	16	1	17	(10)	(1)	(1)	(12)	6	(1)	—	5
Other commercial	(6)	1	(5)	(3)	—	—	(3)	(9)	—	1	(8)
Total commercial lines	22	2	24	(92)	—	(27)	(119)	(70)	—	(25)	(95)
Personal auto	2	—	2	—	—	—	—	2	—	—	2
Homeowners	1	—	1	—	—	—	—	1	—	—	1
Other personal	—	—	—	—	—	—	—	—	—	—	—
Total personal lines	3	—	3	—	—	—	—	3	—	—	3
Excess & surplus lines	13	2	15	(2)	—	—	(2)	11	—	2	13
Cincinnati Re	4	1	5	4	6	—	10	8	6	1	15
Total property casualty	\$ 42	\$ 5	\$ 47	\$ (90)	\$ 6	\$ (27)	\$ (111)	\$ (48)	\$ 6	\$ (22)	\$ (64)
Net loss and loss expense incurred for the twelve months ended December 31, 2017											
Commercial casualty	\$ 390	\$ 169	\$ 559	\$ 28	\$ 58	\$ 40	\$ 126	\$ 418	\$ 58	\$ 209	\$ 685
Commercial property	548	51	599	(9)	(11)	7	(13)	539	(11)	58	586
Commercial auto	381	67	448	28	33	22	83	409	33	89	531
Workers' compensation	149	34	183	22	(19)	1	4	171	(19)	35	187
Other commercial	60	17	77	(6)	(5)	(13)	(24)	54	(5)	4	53
Total commercial lines	1,528	338	1,866	63	56	57	176	1,591	56	395	2,042
Personal auto	375	67	442	13	11	5	29	388	11	72	471
Homeowners	353	33	386	—	(20)	4	(16)	353	(20)	37	370
Other personal	65	5	70	8	(1)	—	7	73	(1)	5	77
Total personal lines	793	105	898	21	(10)	9	20	814	(10)	114	918
Excess & surplus lines	38	23	61	12	2	11	25	50	2	34	86
Cincinnati Re	16	2	18	7	66	1	74	23	66	3	92
Total property casualty	\$ 2,375	\$ 468	\$ 2,843	\$ 103	\$ 114	\$ 78	\$ 295	\$ 2,478	\$ 114	\$ 546	\$ 3,138

*Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding.

Cincinnati Insurance Companies Consolidated

Loss and Loss Expense Analysis

(Dollars in millions)												
	Paid losses	Paid loss expense	Total paid	Change in case reserves	Change in IBNR reserves	Change in loss expense reserves	Total change in reserves	Case incurred	IBNR incurred	Loss expense incurred	Total incurred	
Gross loss and loss expense incurred for the three months ended December 31, 2017												
Commercial casualty	\$ 113	\$ 45	\$ 158	\$ (67)	\$ 25	\$ (18)	\$ (60)	\$ 46	\$ 25	\$ 27	\$ 98	
Commercial property	123	12	135	(38)	8	4	(26)	85	8	16	109	
Commercial auto	104	15	119	4	(3)	5	6	108	(3)	20	125	
Workers' compensation	42	9	51	(5)	7	—	2	37	7	9	53	
Other commercial	20	4	24	(9)	(1)	1	(9)	11	(1)	5	15	
Total commercial lines	402	85	487	(115)	36	(8)	(87)	287	36	77	400	
Personal auto	103	15	118	4	(8)	3	(1)	107	(8)	18	117	
Homeowners	75	8	83	(10)	5	1	(4)	65	5	9	79	
Other personal	19	1	20	(6)	4	—	(2)	13	4	1	18	
Total personal lines	197	24	221	(12)	1	4	(7)	185	1	28	214	
Excess & surplus lines	15	7	22	(2)	6	4	8	13	6	11	30	
Cincinnati Re	9	1	10	3	2	—	5	12	2	1	15	
Total property casualty	\$ 623	\$ 117	\$ 740	\$ (126)	\$ 45	\$ —	\$ (81)	\$ 497	\$ 45	\$ 117	\$ 659	
Ceded loss and loss expense incurred for the three months ended December 31, 2017												
Commercial casualty	\$ 3	\$ —	\$ 3	\$ (63)	\$ —	\$ (26)	\$ (89)	\$ (60)	\$ —	\$ (26)	\$ (86)	
Commercial property	(5)	—	(5)	4	1	—	5	(1)	1	—	—	
Commercial auto	—	—	—	—	—	—	—	—	—	—	—	
Workers' compensation	3	—	3	(4)	—	—	(4)	(1)	—	—	(1)	
Other commercial	—	—	—	—	—	—	—	—	—	—	—	
Total commercial lines	1	—	1	(63)	1	(26)	(88)	(62)	1	(26)	(87)	
Personal auto	—	—	—	—	—	—	—	—	—	—	—	
Homeowners	1	—	1	1	—	—	1	2	—	—	2	
Other personal	—	—	—	—	—	—	—	—	—	—	—	
Total personal lines	1	—	1	1	—	—	1	2	—	—	2	
Excess & surplus lines	6	1	7	(5)	—	—	(5)	1	—	1	2	
Cincinnati Re	1	—	1	1	—	(1)	—	2	—	(1)	1	
Total property casualty	\$ 9	\$ 1	\$ 10	\$ (66)	\$ 1	\$ (27)	\$ (92)	\$ (57)	\$ 1	\$ (26)	\$ (82)	
Net loss and loss expense incurred for the three months ended December 31, 2017												
Commercial casualty	\$ 110	\$ 45	\$ 155	\$ (4)	\$ 25	\$ 8	\$ 29	\$ 106	\$ 25	\$ 53	\$ 184	
Commercial property	128	12	140	(42)	7	4	(31)	86	7	16	109	
Commercial auto	104	15	119	4	(3)	5	6	108	(3)	20	125	
Workers' compensation	39	9	48	(1)	7	—	6	38	7	9	54	
Other commercial	20	4	24	(9)	(1)	1	(9)	11	(1)	5	15	
Total commercial lines	401	85	486	(52)	35	18	1	349	35	103	487	
Personal auto	103	15	118	4	(8)	3	(1)	107	(8)	18	117	
Homeowners	74	8	82	(11)	5	1	(5)	63	5	9	77	
Other personal	19	1	20	(6)	4	—	(2)	13	4	1	18	
Total personal lines	196	24	220	(13)	1	4	(8)	183	1	28	212	
Excess & surplus lines	9	6	15	3	6	4	13	12	6	10	28	
Cincinnati Re	8	1	9	2	2	1	5	10	2	2	14	
Total property casualty	\$ 614	\$ 116	\$ 730	\$ (60)	\$ 44	\$ 27	\$ 11	\$ 554	\$ 44	\$ 143	\$ 741	

*Dollar amounts shown are rounded to millions; certain amounts may not add due to rounding.

Consolidated Cincinnati Insurance Companies

Quarterly Property Casualty Data - Consolidated

(Dollars in millions)		Three months ended								Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16	
Premiums															
Agency renewal written premiums	\$ 987	\$1,064	\$1,090	\$1,057	\$ 951	\$1,036	\$1,057	\$1,028	\$2,147	\$2,085	\$3,211	\$3,121	\$ 4,198	\$ 4,072	
Agency new business written premiums	151	157	165	153	134	149	143	125	318	268	475	417	626	551	
Cincinnati Re net written premiums	21	24	40	40	15	21	16	19	80	35	104	56	125	71	
Other written premiums	(29)	(37)	(24)	(19)	(36)	(31)	(22)	(25)	(43)	(47)	(80)	(78)	(109)	(114)	
Net written premiums – statutory*	\$1,130	\$1,208	\$1,271	\$1,231	\$1,064	\$1,175	\$1,194	\$1,147	\$2,502	\$2,341	\$3,710	\$3,516	\$ 4,840	\$ 4,580	
Unearned premium change	69	(17)	(90)	(80)	75	(42)	(80)	(51)	(170)	(131)	(187)	(173)	(118)	(98)	
Earned premiums	\$1,199	\$1,191	\$1,181	\$1,151	\$1,139	\$1,133	\$1,114	\$1,096	\$2,332	\$2,210	\$3,523	\$3,343	\$ 4,722	\$ 4,482	
Year over year change %															
Agency renewal written premiums	4%	3 %	3 %	3%	3 %	4%	4 %	5%	3%	4%	3 %	4%	3%	4%	
Agency new business written premiums	13	5	15	22	(4)	8	4	8	19	6	14	6	14	4	
Cincinnati Re net written premiums	40	14	150	111	(55)	nm	nm	—	129	nm	86	nm	76	115	
Other written premiums	19	(19)	(9)	24	16	21	(57)	24	9	—	(3)	9	4	12	
Net written premiums – statutory*	6	3	6	7	1	7	5	8	7	6	6	6	6	5	
Paid losses and loss expenses															
Losses paid	\$ 614	\$ 607	\$ 587	\$ 567	\$ 540	\$ 553	\$ 522	\$ 457	\$1,154	\$ 979	\$1,761	\$1,532	\$ 2,375	\$ 2,072	
Loss expenses paid	115	118	108	127	110	109	107	105	235	212	353	321	468	431	
Loss and loss expenses paid	\$ 729	\$ 725	\$ 695	\$ 694	\$ 650	\$ 662	\$ 629	\$ 562	\$1,389	\$1,191	\$2,114	\$1,853	\$ 2,843	\$ 2,503	
Incurred losses and loss expenses															
Loss and loss expense incurred	\$ 741	\$ 815	\$ 794	\$ 788	\$ 751	\$ 690	\$ 759	\$ 661	\$1,582	\$1,420	\$2,397	\$2,110	\$ 3,138	\$ 2,861	
Loss and loss expenses paid as a % of incurred	98.4%	89.0 %	87.5 %	88.1%	86.6 %	95.9%	82.9 %	85.0%	87.8%	83.9%	88.2 %	87.8%	90.6%	87.5%	
Statutory combined ratio															
Loss ratio	49.9%	57.0 %	56.5 %	56.3%	54.2 %	50.5%	58.8 %	50.2%	56.4%	54.5%	56.6 %	53.2%	54.9%	53.4%	
Loss adjustment expense ratio	11.9	11.4	10.8	12.1	11.7	10.5	9.4	10.1	11.4	9.7	11.4	9.9	11.5	10.4	
Net underwriting expense ratio	32.5	30.7	29.9	30.2	32.0	30.9	29.7	29.9	30.1	29.9	30.3	30.3	30.8	30.7	
Statutory combined ratio	94.3%	99.1 %	97.2 %	98.6%	97.9 %	91.9%	97.9 %	90.2%	97.9%	94.1%	98.3 %	93.4%	97.2%	94.5%	
Contribution from catastrophe losses	0.9	9.1	9.8	9.2	7.1	4.9	14.8	3.1	9.5	9.0	9.3	7.6	7.2	7.5	
Statutory combined ratio excl. catastrophe losses	93.4%	90.0 %	87.4 %	89.4%	90.8 %	87.0%	83.1 %	87.1%	88.4%	85.1%	89.0 %	85.8%	90.0%	87.0%	
GAAP combined ratio															
GAAP combined ratio	92.9%	99.3 %	98.3 %	99.7%	96.2 %	92.4%	99.3 %	91.4%	99.0%	95.4%	99.1 %	94.4%	97.5%	94.8%	
Contribution from catastrophe losses	0.9	9.1	9.8	9.2	7.1	4.9	14.8	3.1	9.5	9.0	9.3	7.6	7.2	7.5	
GAAP combined ratio excl. catastrophe losses	92.0%	90.2 %	88.5 %	90.5%	89.1 %	87.5%	84.5 %	88.3%	89.5%	86.4%	89.8 %	86.8%	90.3%	87.3%	

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*nm - Not meaningful

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Consolidated Cincinnati Insurance Companies
Quarterly Property Casualty Data - Commercial Lines

(Dollars in millions)	Three months ended								Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16
Premiums														
Agency renewal written premiums	\$ 672	\$ 707	\$ 729	\$ 772	\$ 658	\$ 698	\$ 718	\$ 758	\$1,501	\$1,476	\$2,208	\$2,174	\$ 2,880	\$ 2,832
Agency new business written premiums	96	99	99	103	91	101	93	87	202	180	301	281	397	372
Other written premiums	(22)	(28)	(15)	(10)	(28)	(22)	(14)	(18)	(25)	(32)	(53)	(54)	(75)	(82)
Net written premiums – statutory*	\$ 746	\$ 778	\$ 813	\$ 865	\$ 721	\$ 777	\$ 797	\$ 827	\$1,678	\$1,624	\$2,456	\$2,401	\$ 3,202	\$ 3,122
Unearned premium change	50	14	(17)	(84)	58	2	(26)	(67)	(101)	(93)	(87)	(91)	(37)	(33)
Earned premiums	\$ 796	\$ 792	\$ 796	\$ 781	\$ 779	\$ 779	\$ 771	\$ 760	\$1,577	\$1,531	\$2,369	\$2,310	\$ 3,165	\$ 3,089
Year over year change %														
Agency renewal written premiums	2%	1 %	2 %	2%	1 %	3%	3 %	4%	2%	3 %	2%	3%	2%	3%
Agency new business written premiums	5	(2)	6	18	(6)	5	—	10	12	5	7	5	7	2
Other written premiums	21	(27)	(7)	44	18	29	(180)	31	22	(3)	2	13	9	15
Net written premiums – statutory*	3	—	2	5	1	5	1	6	3	3	2	4	3	3
Paid losses and loss expenses														
Losses paid	\$ 401	\$ 376	\$ 370	\$ 381	\$ 344	\$ 373	\$ 342	\$ 300	\$ 751	\$ 642	\$1,127	\$1,015	\$ 1,528	\$ 1,359
Loss expenses paid	84	84	79	91	81	80	78	76	170	154	254	234	338	316
Loss and loss expenses paid	\$ 485	\$ 460	\$ 449	\$ 472	\$ 425	\$ 453	\$ 420	\$ 376	\$ 921	\$ 796	\$1,381	\$1,249	\$ 1,866	\$ 1,675
Incurred losses and loss expenses														
Loss and loss expense incurred	\$ 487	\$ 501	\$ 519	\$ 535	\$ 503	\$ 456	\$ 500	\$ 469	\$1,054	\$ 969	\$1,555	\$1,425	\$ 2,042	\$ 1,928
Loss and loss expenses paid as a % of incurred	99.6%	91.8 %	86.5 %	88.2%	84.5 %	99.3%	84.0 %	80.2%	87.4%	82.1 %	88.8%	87.6%	91.4%	86.9%
Statutory combined ratio														
Loss ratio	48.2%	51.1 %	53.8 %	55.0%	51.9 %	47.3%	56.0 %	49.9%	54.5%	53.0 %	53.4%	51.1%	52.0%	51.3%
Loss adjustment expense ratio	12.9	12.2	11.4	13.5	12.7	11.2	8.9	11.8	12.4	10.3	12.3	10.6	12.5	11.1
Net underwriting expense ratio	33.6	32.5	31.2	29.7	33.0	32.6	30.9	29.7	30.4	30.3	31.0	31.0	31.7	31.5
Statutory combined ratio	94.7%	95.8 %	96.4 %	98.2%	97.6 %	91.1%	95.8 %	91.4%	97.3%	93.6 %	96.7%	92.7%	96.2%	93.9%
Contribution from catastrophe losses	0.3	3.8	8.5	7.6	4.7	3.9	16.6	3.4	8.1	10.0	6.6	8.0	5.0	7.1
Statutory combined ratio excl. catastrophe losses	94.4%	92.0 %	87.9 %	90.6%	92.9 %	87.2%	79.2 %	88.0%	89.2%	83.6 %	90.1%	84.7%	91.2%	86.8%
GAAP combined ratio														
GAAP combined ratio	92.9%	95.2 %	97.1 %	100.4%	95.7 %	90.8%	96.8 %	93.6%	98.8%	95.2 %	97.6%	93.7%	96.4%	94.2%
Contribution from catastrophe losses	0.3	3.8	8.5	7.6	4.7	3.9	16.6	3.4	8.1	10.0	6.6	8.0	5.0	7.1
GAAP combined ratio excl. catastrophe losses	92.6%	91.4 %	88.6 %	92.8%	91.0 %	86.9%	80.2 %	90.2%	90.7%	85.2 %	91.0%	85.7%	91.4%	87.1%

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*nm - Not meaningful

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Consolidated Cincinnati Insurance Companies

Quarterly Property Casualty Data - Personal Lines

(Dollars in millions)	Three months ended								Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16
Premiums														
Agency renewal written premiums	\$ 275	\$ 318	\$ 318	\$ 245	\$ 258	\$ 303	\$ 302	\$ 236	\$ 563	\$ 538	\$ 881	\$ 841	\$ 1,156	\$ 1,099
Agency new business written premiums	39	43	45	34	31	32	34	25	79	59	122	91	161	122
Other written premiums	(5)	(6)	(6)	(6)	(6)	(6)	(6)	(5)	(12)	(11)	(18)	(17)	(23)	(23)
Net written premiums – statutory*	\$ 309	\$ 355	\$ 357	\$ 273	\$ 283	\$ 329	\$ 330	\$ 256	\$ 630	\$ 586	\$ 985	\$ 915	\$ 1,294	\$ 1,198
Unearned premium change	11	(41)	(50)	27	14	(36)	(42)	27	(23)	(15)	(64)	(51)	(53)	(37)
Earned premiums	\$ 320	\$ 314	\$ 307	\$ 300	\$ 297	\$ 293	\$ 288	\$ 283	\$ 607	\$ 571	\$ 921	\$ 864	\$ 1,241	\$ 1,161
Year over year change %														
Agency renewal written premiums	7%	5%	5%	4 %	5%	5%	6%	6%	5 %	6%	5 %	6%	5%	6%
Agency new business written premiums	26	34	32	36	15	7	13	4	34	9	34	8	32	10
Other written premiums	17	—	—	(20)	—	—	—	17	(9)	8	(6)	6	—	4
Net written premiums – statutory*	9	8	8	7	6	5	7	6	8	7	8	6	8	6
Paid losses and loss expenses														
Losses paid	\$ 197	\$ 218	\$ 205	\$ 174	\$ 186	\$ 173	\$ 168	\$ 151	\$ 379	\$ 319	\$ 597	\$ 492	\$ 794	\$ 678
Loss expenses paid	24	27	24	30	23	24	23	24	54	47	81	71	104	93
Loss and loss expenses paid	\$ 221	\$ 245	\$ 229	\$ 204	\$ 209	\$ 197	\$ 191	\$ 175	\$ 433	\$ 366	\$ 678	\$ 563	\$ 898	\$ 771
Incurred losses and loss expenses														
Loss and loss expense incurred	\$ 212	\$ 233	\$ 242	\$ 231	\$ 226	\$ 217	\$ 224	\$ 173	\$ 473	\$ 397	\$ 706	\$ 614	\$ 918	\$ 840
Loss and loss expenses paid as a % of incurred	104.2%	105.2%	94.6%	88.3 %	92.5%	90.8%	85.3%	101.2%	91.5 %	92.2%	96.0 %	91.7%	97.8%	91.8%
Statutory combined ratio														
Loss ratio	57.2%	64.5%	70.3%	67.5 %	67.0%	65.1%	68.5%	56.2%	68.9 %	62.4%	67.4 %	63.3%	64.8%	64.3%
Loss adjustment expense ratio	9.1	9.5	8.8	9.3	9.1	9.1	9.5	4.7	9.1	7.1	9.2	7.8	9.2	8.1
Net underwriting expense ratio	30.0	26.9	26.7	31.2	29.2	27.1	27.2	31.1	28.6	28.9	28.0	28.2	28.4	28.4
Statutory combined ratio	96.3%	100.9%	105.8%	108.0 %	105.3%	101.3%	105.2%	92.0%	106.6 %	98.4%	104.6 %	99.3%	102.4%	100.8%
Contribution from catastrophe losses	1.9	11.1	15.4	15.6	13.6	8.4	12.4	3.0	15.5	7.7	14.0	8.0	10.9	9.4
Statutory combined ratio excl. catastrophe losses	94.4%	89.8%	90.4%	92.4 %	91.7%	92.9%	92.8%	89.0%	91.1 %	90.7%	90.6 %	91.3%	91.5%	91.4%
GAAP combined ratio														
GAAP combined ratio	95.5%	103.1%	108.4%	105.5 %	104.4%	103.4%	107.5%	90.1%	107.0 %	98.9%	105.6 %	100.4%	103.0%	101.4%
Contribution from catastrophe losses	1.9	11.1	15.4	15.6	13.6	8.4	12.4	3.0	15.5	7.7	14.0	8.0	10.9	9.4
GAAP combined ratio excl. catastrophe losses	93.6%	92.0%	93.0%	89.9 %	90.8%	95.0%	95.1%	87.1%	91.5 %	91.2%	91.6 %	92.4%	92.1%	92.0%

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equal the full year as each is computed independently.

*nm - Not meaningful

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Consolidated Cincinnati Insurance Companies
Quarterly Property Casualty Data - Excess & Surplus Lines

(Dollars in millions)															
Three months ended										Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16		6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16
Premiums															
Agency renewal written premiums	\$ 40	\$ 39	\$ 43	\$ 40	\$ 35	\$ 35	\$ 37	\$ 34		\$ 83	\$ 71	\$ 122	\$ 106	\$ 162	\$ 141
Agency new business written premiums	16	15	21	16	12	16	16	13		37	29	52	45	68	57
Other written premiums	(2)	(3)	(3)	(3)	(2)	(3)	(2)	(2)		(6)	(4)	(9)	(7)	(11)	(9)
Net written premiums – statutory*	\$ 54	\$ 51	\$ 61	\$ 53	\$ 45	\$ 48	\$ 51	\$ 45		\$ 114	\$ 96	\$ 165	\$ 144	\$ 219	\$ 189
Unearned premium change	2	2	(9)	(5)	2	—	(6)	(2)		(14)	(8)	(12)	(8)	(10)	(6)
Earned premiums	\$ 56	\$ 53	\$ 52	\$ 48	\$ 47	\$ 48	\$ 45	\$ 43		\$ 100	\$ 88	\$ 153	\$ 136	\$ 209	\$ 183
Year over year change %															
Agency renewal written premiums	14%	11 %	16 %	18 %	13 %	6 %	9%	13 %		17 %	11%	15 %	9 %	15 %	10%
Agency new business written premiums	33	(6)	31	23	(25)	33	7	—		28	4	16	13	19	2
Other written premiums	—	—	(50)	(50)	33	(50)	33	(100)		(50)	0	(29)	(17)	(22)	—
Net written premiums – statutory*	20	6	20	18	2	12	11	7		19	9	15	10	16	9
Paid losses and loss expenses															
Losses paid	\$ 9	\$ 8	\$ 11	\$ 10	\$ 9	\$ 7	\$ 12	\$ 6		\$ 21	\$ 18	\$ 29	\$ 25	\$ 38	\$ 34
Loss expenses paid	6	6	5	6	5	6	5	5		11	10	17	16	23	21
Loss and loss expenses paid	\$ 15	\$ 14	\$ 16	\$ 16	\$ 14	\$ 13	\$ 17	\$ 11		\$ 32	\$ 28	\$ 46	\$ 41	\$ 61	\$ 55
Incurred losses and loss expenses															
Loss and loss expense incurred	\$ 28	\$ 24	\$ 20	\$ 14	\$ 13	\$ 15	\$ 27	\$ 13		\$ 34	\$ 40	\$ 58	\$ 55	\$ 86	\$ 68
Loss and loss expenses paid as a % of incurred	53.6%	58.3 %	80.0 %	114.3 %	107.7 %	86.7 %	63.0%	84.6 %		94.1 %	70.0%	79.3 %	74.5 %	70.9 %	80.9%
Statutory combined ratio															
Loss ratio	32.8%	30.1 %	20.3 %	15.8 %	14.2 %	21.4 %	40.0%	15.1 %		18.2 %	27.9%	22.4 %	25.6 %	25.1 %	22.6%
Loss adjustment expense ratio	17.9	15.7	18.2	13.1	15.1	10.5	18.0	16.6		15.7	17.3	15.7	14.9	16.3	15.0
Net underwriting expense ratio	29.2	31.6	28.6	32.8	30.9	30.8	29.9	30.3		30.6	30.1	30.9	30.4	30.5	30.5
Statutory combined ratio	79.9%	77.4 %	67.1 %	61.7 %	60.2 %	62.7 %	87.9%	62.0 %		64.5 %	75.3%	69.0 %	70.9 %	71.9 %	68.1%
Contribution from catastrophe losses	0.2	1.4	1.3	0.8	2.6	0.2	3.2	0.2		1.1	1.8	1.2	1.2	1.0	1.5
Statutory combined ratio excl. catastrophe losses	79.7%	76.0 %	65.8 %	60.9 %	57.6 %	62.5 %	84.7%	61.8 %		63.4 %	73.5%	67.8 %	69.7 %	70.9 %	66.6%
GAAP combined ratio															
GAAP combined ratio	79.8%	74.8 %	66.2 %	62.3 %	58.7 %	61.3 %	87.4%	61.1 %		64.3 %	74.6%	68.0 %	69.9 %	71.1 %	67.0%
Contribution from catastrophe losses	0.2	1.4	1.3	0.8	2.6	0.2	3.2	0.2		1.1	1.8	1.2	1.2	1.0	1.5
GAAP combined ratio excl. catastrophe losses	79.6%	73.4 %	64.9 %	61.5 %	56.1 %	61.1 %	84.2%	60.9 %		63.2 %	72.8%	66.8 %	68.7 %	70.1 %	65.5%

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*nm - Not meaningful

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The Cincinnati Life Insurance Company
Statutory Statements of Income

(Dollars in millions)	For the Three Months Ended December 31,				For the Twelve Months Ended December 31,			
	2017	2016	Change	% Change	2017	2016	Change	% Change
Net premiums written	\$ 72	\$ 70	\$ 2	3	\$ 273	\$ 276	\$ (3)	(1)
Net investment income	41	40	1	3	163	159	4	3
Amortization of interest maintenance reserve	—	2	(2)	(100)	4	6	(2)	(33)
Commissions and expense allowances on reinsurance ceded	1	1	—	0	5	5	—	0
Income from fees associated with Separate Accounts	2	1	1	100	6	5	1	20
Total revenues	\$ 116	\$ 114	\$ 2	2	\$ 451	\$ 451	\$ —	0
Death benefits and matured endowments	\$ 29	\$ 19	\$ 10	53	\$ 104	\$ 100	\$ 4	4
Annuity benefits	24	21	3	14	83	70	13	19
Disability benefits and benefits under accident and health contracts	—	—	—	nm	2	2	—	0
Surrender benefits and group conversions	5	3	2	67	20	17	3	18
Interest and adjustments on deposit-type contract funds	3	3	—	0	9	9	—	0
Increase in aggregate reserves for life and accident and health contracts	29	45	(16)	(36)	132	181	(49)	(27)
Total benefit expenses	\$ 90	\$ 91	\$ (1)	(1)	\$ 350	\$ 379	\$ (29)	(8)
Commissions	\$ 11	\$ 11	\$ —	—	\$ 44	\$ 42	\$ 2	5
General insurance expenses and taxes	11	12	(1)	(8)	46	45	1	2
Increase in loading on deferred and uncollected premiums	1	—	1	nm	—	(4)	4	nm
Net transfers from Separate Accounts	—	—	—	nm	(2)	(6)	4	67
Total underwriting expenses	\$ 23	\$ 23	\$ —	0	\$ 88	\$ 77	\$ 11	14
Federal and foreign income tax provision (benefit)	2	—	2	nm	—	(2)	2	nm
Net loss from operations before realized capital gains	\$ 1	\$ —	\$ 1	nm	\$ 13	\$ (3)	\$ 16	nm
Realized gains and losses net of capital gains tax, net	3	—	3	nm	(1)	5	(6)	nm
Net income (statutory)	\$ 4	\$ —	\$ 4	nm	\$ 12	\$ 2	\$ 10	nm

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*nm - Not meaningful

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Noninsurance Operations and Cincinnati Re Quarterly Data - Other

(Dollars in millions)											Six months ended		Nine months ended		Twelve months ended	
	12/31/17	9/30/17	6/30/17	3/31/17	12/31/16	9/30/16	6/30/16	3/31/16	6/30/17	6/30/16	9/30/17	9/30/16	12/31/17	12/31/16		
Noninsurance Operations:																
Interest and fees on loans and leases	\$ 1	\$ 1	\$ 1	\$ 1	\$ —	\$ 2	\$ 1	\$ 1	\$ 2	\$ 2	\$ 3	\$ 4	\$ 4	\$ 4		
Other revenue	—	1	—	—	—	—	1	—	—	1	1	1	1	1		
Interest expense	14	13	13	13	14	13	13	13	26	26	39	39	53	53		
Operating expense	2	3	4	4	2	3	5	2	8	7	11	10	13	12		
Cincinnati Re:																
Net written premiums	\$ 21	\$ 24	\$ 40	\$ 40	\$ 15	\$ 21	\$ 16	\$ 19	\$ 80	\$ 35	\$ 104	\$ 56	\$ 125	\$ 71		
Earned premiums	27	32	26	22	16	13	10	10	48	20	80	33	107	49		
Loss and loss expenses from:																
Current accident year before catastrophe losses	12	13	13	12	5	3	8	7	25	15	38	18	50	23		
Current accident year catastrophe losses	2	43	—	—	3	—	—	—	—	—	43	—	45	3		
Prior accident years before catastrophe losses	—	1	—	(3)	1	(1)	—	(1)	(3)	(1)	(2)	(2)	(2)	(1)		
Prior accident years catastrophe losses	—	—	—	(1)	—	—	—	—	(1)	—	(1)	—	(1)	—		
Loss and loss expenses	\$ 14	\$ 57	\$ 13	\$ 8	\$ 9	\$ 2	\$ 8	\$ 6	\$ 21	\$ 14	\$ 78	\$ 16	\$ 92	\$ 25		
Underwriting expenses	10	7	9	9	5	5	3	3	18	6	25	11	35	16		
Underwriting profit (loss)	\$ 3	\$ (32)	\$ 4	\$ 5	\$ 2	\$ 6	\$ (1)	\$ 1	\$ 9	\$ —	\$ (23)	\$ 6	\$ (20)	\$ 8		
Ratios as a percent of earned premiums:																
Current accident year before catastrophe losses	44.5%	41.1%	48.8 %	54.1 %	28.9%	22.7 %	83.5 %	70.7 %	51.2 %	77.4 %	47.3 %	55.4 %	46.5 %	46.8 %		
Current accident year catastrophe losses	6.1	137.2	—	—	21.1	—	—	—	—	—	53.8	—	41.5	6.8		
Prior accident years before catastrophe losses	1.4	1.6	(1.2)	(12.4)	1.8	(3.0)	(2.9)	(12.1)	(6.2)	(7.4)	(3.2)	(5.7)	(2.0)	(3.2)		
Prior accident years catastrophe losses	—	—	0.3	(4.5)	—	—	—	—	(1.9)	—	(1.2)	—	(0.8)	—		
Loss and loss expenses	52.0%	179.9%	47.9 %	37.2 %	51.8%	19.7 %	80.6 %	58.6 %	43.1 %	70.0 %	96.7 %	49.7 %	85.2 %	50.4 %		
Underwriting expenses	35.0	27.5	32.0	40.8	32.9	33.6	28.4	32.4	36.0	30.3	32.7	31.7	33.3	32.1		
GAAP combined ratio	87.0%	207.4%	79.9 %	78.0 %	84.7%	53.3 %	109.0 %	91.0 %	79.1 %	100.3 %	129.4 %	81.4 %	118.5 %	82.5 %		
Totals for other:																
Total revenues	\$ 28	\$ 34	\$ 27	\$ 23	\$ 16	\$ 15	\$ 12	\$ 11	\$ 50	\$ 23	\$ 84	\$ 38	\$ 112	\$ 54		
Total expenses	40	80	39	34	30	23	29	24	73	53	153	76	193	106		
Other loss	\$ (12)	\$ (46)	\$ (12)	\$ (11)	\$ (14)	\$ (8)	\$ (17)	\$ (13)	\$ (23)	\$ (30)	\$ (69)	\$ (38)	\$ (81)	\$ (52)		

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