

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: August 4, 2020
(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 (Address of principal executive offices)	Fairfield, Ohio	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.)

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

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common stock	CINF	Nasdaq Global Select Market

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 240.13e-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 7.01 Regulation FD Disclosure

On August 4, 2020, Cincinnati Financial Corporation posted presentation slides in PDF format on *cinfin.com/investors* that will be used in investor presentations beginning August 5, 2020. Exhibit 99.1 is a copy of the slides.

The slides are being furnished pursuant to Item 7.01, and the information contained therein shall not be deemed “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended or otherwise subject to the liabilities of that section. This report should not be deemed an admission as to the materiality of any information contained in the investor presentation slides.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

Exhibit 99.1 – [Investor presentation slides](#)

Exhibit 104 – The cover page from this Current Report on Form 8-K, formatted as Inline XBRL

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: August 4, 2020

/s/ Michael J. Sewell

Michael J. Sewell, CPA

Chief Financial Officer, Senior Vice President and Treasurer

(Principal Accounting Officer)



NASDAQ: CINF

This presentation contains forward-looking statements that involve risks and uncertainties. Please refer to our various filings with the U.S. Securities and Exchange Commission for factors that could cause results to materially differ from those discussed.

The forward-looking information in this presentation has been publicly disclosed, most recently on July 27, 2020, and should be considered to be effective only as of that date.

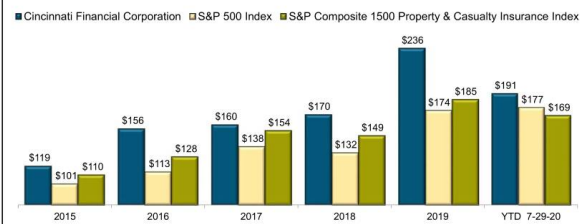
Its inclusion in this document is not intended to be an update or reaffirmation of the forward-looking information as of any later date.

Reconciliations of non-GAAP measures are in our most recent quarterly earnings news release, which is available at cinfm.com/investors.

STRATEGY OVERVIEW

- Competitive advantages:
 - Relationships leading to agents' best accounts
 - Financial strength for stability and confidence
 - Local decision making and claims excellence
- Other distinguishing factors:
 - 59 years of shareholder dividend increases
 - Common stocks are approximately 37% of investment portfolio
 - 31 years of favorable reserve development

CUMULATIVE TOTAL RETURN*



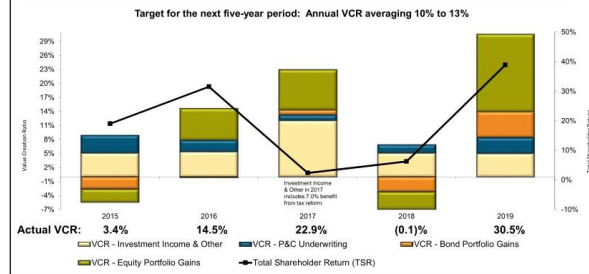
* \$100 invested on December 31, 2014, in CINF stock or indexes shown, including reinvestment of dividends.
Periods shown represent each respective fiscal year ending December 31.

LONG-TERM VALUE CREATION

- Targeting average Value Creation Ratio of 10% to 13% over the next five-year period
 - Value creation ratio (VCR) = annual rate of growth in book value plus the percentage of dividends to beginning book value
 - VCR for 2015 through 2019 averaged 14.2%
- Three performance drivers:
 - Premium growth above industry average
 - Combined ratio consistently within the range of 95% to 100%
 - Investment contribution
 - Investment income growth
 - Compound annual total return for equity portfolio over five-year period exceeding return for S&P 500 Index

INCREASE VALUE FOR SHAREHOLDERS

MEASURED BY VALUE CREATION RATIO



RESPONSES TO COVID-19 PANDEMIC

- Quick transition to work-from-home, including excellent IT infrastructure
 - Field associates working in the communities ready to serve agencies and their clients
- Relief for policyholders
 - 15% Stay-at-Home credit applied to April and May premiums for personal lines auto policyholders, resulting in \$16 million of 2Q20 underwriting expense
 - Paused cancellations due to nonpayment of premium and waived late fees for personal and commercial policyholders
 - Waived vacancy clauses for buildings temporarily closed due to pandemic
 - Provided additional risk management advice to businesses considering adapting their operations to manufacture personal protective equipment
 - Provided credits, when requested, on commercial policies for vehicles not being used
 - Waived restrictions on policyholders performing delivery services in efforts to protect the wellbeing of their communities

PANDEMIC FINANCIAL EFFECTS

- Premiums: Slowed growth, but 2Q20 net written premiums still grew 6%
 - Growth for net written premiums slowed from 10% growth for 1Q20 and full-year 2019
 - Submissions for new business were down 1st half of 2Q20, then up 2nd half, versus year-ago periods
- Loss and expenses: \$65 million during 2Q20 that were pandemic-related
 - \$24 million for business interruption claims (Cincinnati Re or Cincinnati Global), \$19 million legal expenses
- Loss experience will be influenced by many factors the next few quarters
 - Fewer vehicle miles driven could reduce losses for some period of time
 - Reduced sales and payrolls for businesses could reduce liability and workers' compensation losses
 - Legal expenses and other factors could have unfavorable effects on loss or expense trends
- Business interruption insurance
 - While we will evaluate each claim based on the specific facts and circumstances involved, our commercial property policies do not provide coverage for business interruption claims unless there is direct physical damage or loss to property
 - Example of communication from regulators to businesses, insurance agents and consumers:
Ohio Department of Insurance: Business Interruption coverage is typically triggered under a commercial insurance policy when a covered risk/peril causes physical damage to the insured premises resulting in the need to shut down business operations. For example, if a fire damages a business and the business cannot operate during repairs, business interruption coverage could be available subject to the terms and limits in the policy. <https://www.sos.ohio.gov/newsroom/ohio-department-of-insurance-communicates-recovered-business-operations-08-20>

PERFORMANCE TARGETS & TRENDS

- Negative 3.0% VCR for 1H20 was below target: 10% to 13% annual average over the next five-year period
 - Negative 5.1% contribution from non-operating items, primarily due to a reduction of overall net gains from equity investment portfolio
- Related performance drivers at YTD 6-30-20 compared with long-term targets:
 - 8% growth in P&C net written premiums, vs. 4% full-year 2020 projection for industry
 - 100.8% combined ratio, exceeds 95% to 100% long-term target range
 - 4% investment income growth exceeded 3.3% five-year CAGR as of year-end 2019
- Ranked #1 or #2 in ~two-thirds of agencies appointed 5+ years
- Improving through strategic profitability & growth initiatives

STRATEGIES FOR LONG-TERM SUCCESS

- Financial strength for consistent support to agencies
 - Diversified fixed-maturity portfolio, laddered maturity structure
 - No corporate exposure exceeded 0.7% of total bond portfolio at 6-30-20, no municipal exposure exceeded 0.2%
 - 36.8% of investment portfolio in common stocks to grow book value
 - No single security exceeded 7.3% of publicly traded common stock portfolio
 - Portfolio composition helps mitigate anticipated effects of inflation and a rise in interest rates
 - Low reliance on debt, with 8.9% debt-to-total-capital at 6-30-20
 - Nonconvertible, noncallable debentures due in 2028 and 2034
 - Capacity for growth with premiums-to-surplus at 1.1-to-1
- Operating structure reflects agency-centered model
 - Field focus – staffed for local decision making, agency support
 - Superior claims service and broad insurance product offerings
- Profit improvement and premium growth initiatives

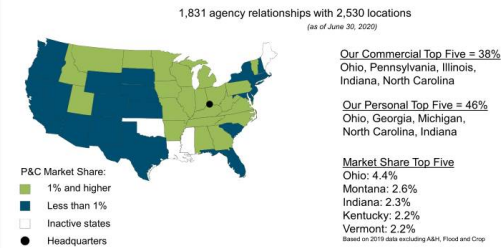
MANAGE INSURANCE PROFITABILITY

- Ongoing underwriting expertise enhancement
 - Predictive modeling tools and analytics to improve property casualty pricing precision and segmentation on an individual policy basis
 - Data management for better underwriting and more granular pricing decisions
 - Staff specialization and augmentation aimed at lowering loss ratios
- Improving efficiencies and ease of use with technology
 - Streamlines processing for agencies and the company
 - Helps optimize personalized service
- Investing for the future
 - To improve profitability with rate adequacy and risk selection/loss control initiatives
 - To diversify risk by expanding operations into new geographies and product areas
 - Strategic investments with modest short-term effects on expense ratios
 - 35% increase in field staff since the end of 2014, supporting healthy premium growth

DRIVE PREMIUM GROWTH

- New agency appointments bring potential for growth over time
 - 187 appointed in 2019, including 70 for personal lines only, writing an estimated \$11 billion in aggregate of annual property casualty premiums from all carriers they represent
 - 72 appointed YTD 6-30-20 marketing most or all lines, 23 personal lines only
- Expanding marketing and service capabilities
 - Enhanced marketing, products and services for high net worth (HNW) clients of our agencies
 - \$144 million in second-quarter 2020 HNW net written premiums, up 24% from 2019;
 - Increased opportunities for agencies to cross-serve their clients to meet insurance needs
 - Expansion of reinsurance assumed through Cincinnati Re[®] to further deploy capital, diversify risk
 - Cincinnati Global Underwriting Ltd.SM acquisition expected to produce profitable premium growth over time
- 8% growth in YTD 6-30-20 P&C net written premiums
 - Commercial lines up 6%, personal lines up 4%, E&S up 18%, Cincinnati Re up 20%
 - Cincinnati Global contributed 1 percentage point to overall growth percentage
 - Higher average renewal pricing: commercial lines, personal lines and E&S up mid-single-digit percentage rate
 - Term life insurance earned premiums up 7%

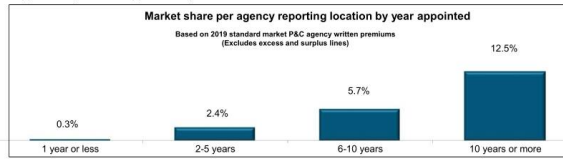
SELECT GROUP OF AGENCIES IN 45 STATES



PREMIUM GROWTH POTENTIAL

STEADILY INCREASE OUR SHARE WITHIN APPOINTED AGENCIES

- Cincinnati's share of \$79 billion total* premiums (including approximately \$4 billion E&S) produced by currently appointed agencies is approximately 7%.



- New appointments also drive premium growth opportunity
 - Agency relationship net count increased by 55% since the end of 2009
 - Agencies appointed during 2015-19 produce \$36 billion total* of standard lines business

* Estimated annual property casualty premiums written with all carriers represented by agencies appointed by Cincinnati Insurance

ACQUISITION OF CININNATI GLOBAL UNDERWRITING

EXPANDS MARKET REACH, DEPLOYS MORE CAPITAL, FURTHER DIVERSIFIES EARNINGS

- Accretive to earnings in 2019 following acquisition on February 28, 2019
 - Combined ratio in the low-80% range with \$140 million of net written premiums
- \$140 million in 2019* net written premiums (\$170 million gross), with mix of:
 - 63% property (direct & facultative) focused on global medium-to-large commercial risks
 - 31% property (binder) focused on North American commercial property & homeowner
 - 6% aviation, mostly smaller airlines and some general aviation, generally no U.S. risks
- Supports agency-centered strategy as we believe it should provide insurance solutions for accounts requiring specialization through Lloyd's

* March through December 2019, representing annualized amounts of \$168 million net and \$204 million gross

SECOND-QUARTER 2020 HIGHLIGHTS

- EPS \$5.63 per share vs. \$2.59 per share in 2Q19
 - Non-GAAP operating income decreased 49%, or \$69 million, including \$79 million from higher catastrophe losses related to weather or civil unrest
 - \$544 million (\$3.41 per share) increase in EPS from the change in unrealized gains and losses of equity securities still held
- Investment income rose 4%
 - Dividend income was up 6%, interest income was up 3%
- Property casualty net written premiums grew 6%
 - Higher average renewal pricing: commercial lines, personal lines and E&S up mid-single-digit percentage rate
- Combined ratio of 103.1%, 6.6 points worse than 2Q19
 - 2Q20 increase included 6.5 points from higher catastrophe losses and 4.6 points from pandemic-related losses or expenses

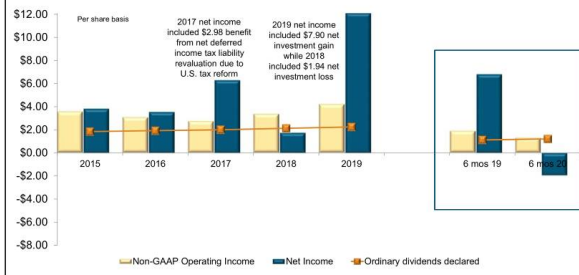
CINCINNATI FINANCIAL AT A GLANCE

- Top 25 U.S. P&C insurer
- A.M. Best rating: A+ Superior
- \$5.6 billion 2019 premiums:

59% Commercial	25% Personal	5% Excess & Surplus
5% Life	3% Cincinnati Re	3% Cincinnati Global
- Agency-centered business model is time-tested
 - Agency relationships strengthened over time by in-person approach
 - Local decision-making operating structure is difficult to replicate
 - Centralized organization versus branch office structure contributes to low expense ratio
- 59 consecutive years of shareholder dividend increases
 - Only seven U.S. public companies can match this record
 - 7.1% increase from 2019 ordinary cash dividend declared
 - Yield is attractive, 2.9% in late-July 2020

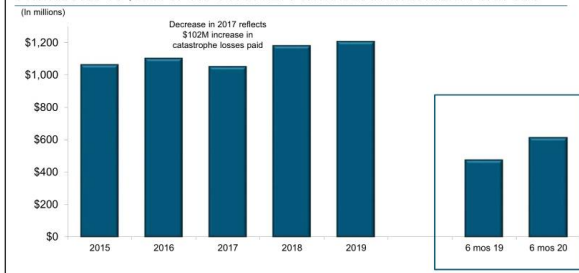


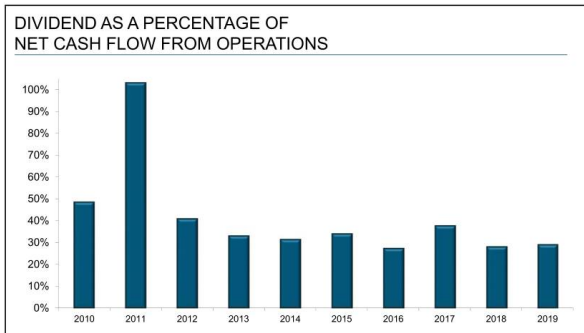
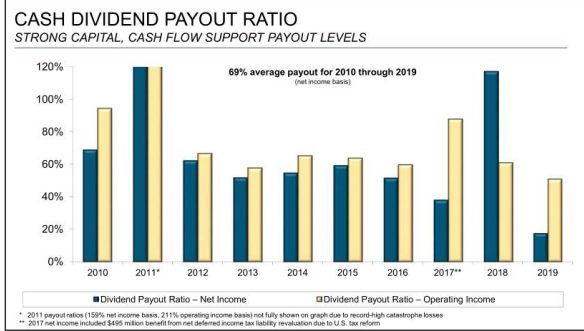
INCOME AND SHAREHOLDER DIVIDENDS

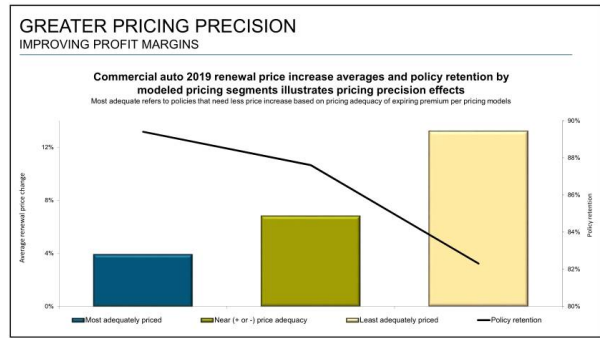
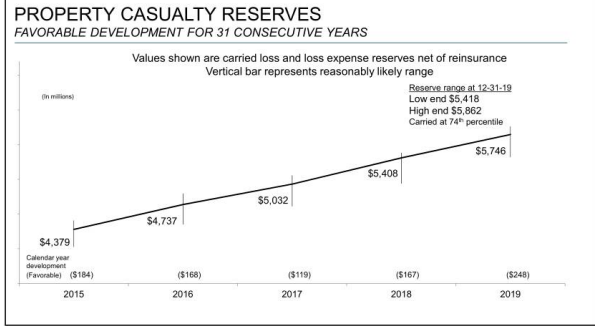


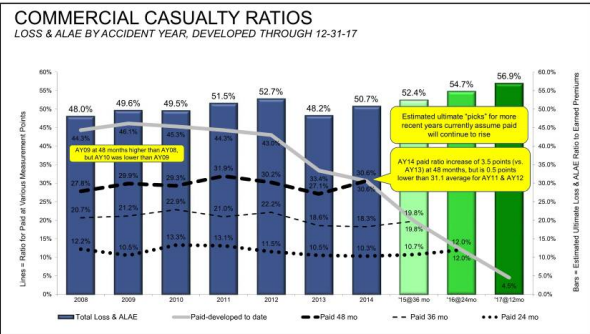
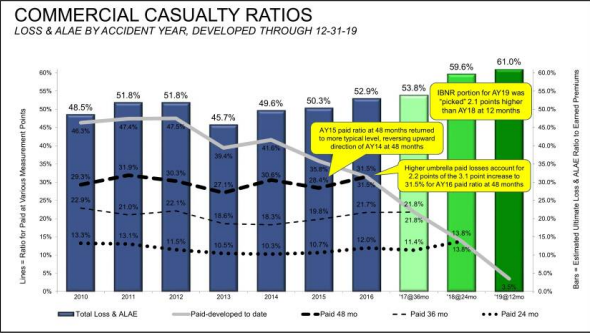
STRONG OPERATING CASH FLOW

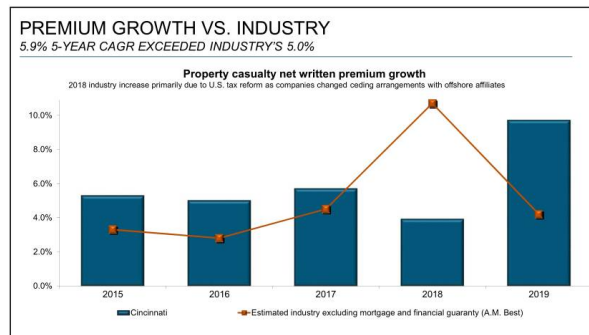
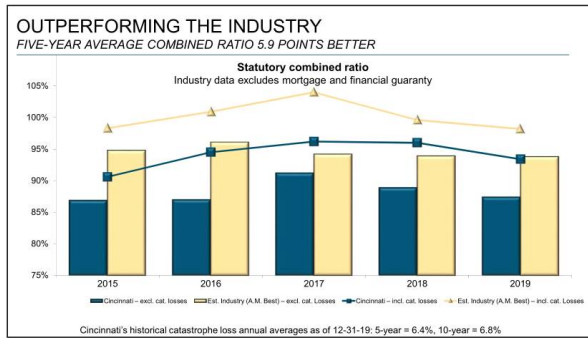
CONTRIBUTED TO \$256M OF YTD 6-30-20 NET PURCHASES IN INVESTMENT PORTFOLIO





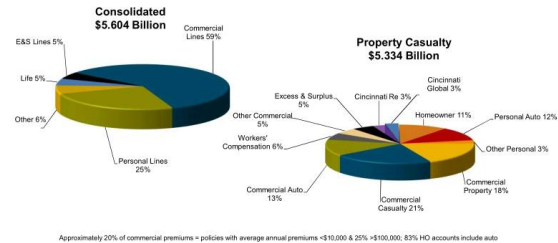






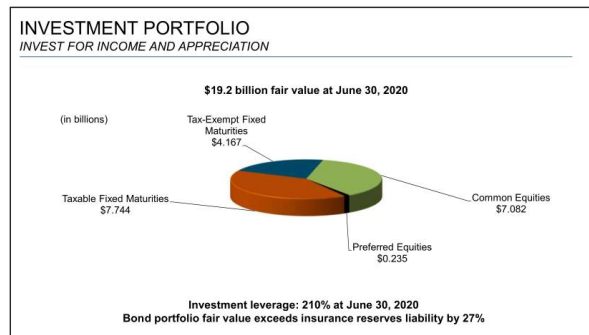
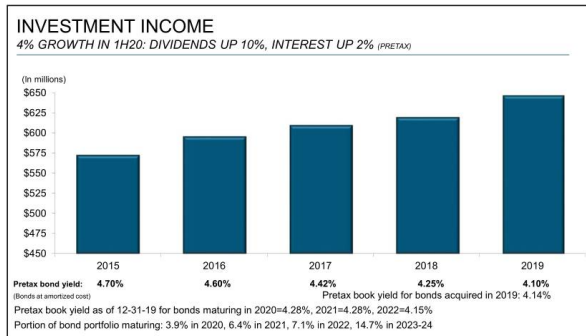
MARKET FOR 75% OF AGENCY'S TYPICAL RISKS

2019 NET EARNED PREMIUMS



ADDITIONAL AGENCY STATISTICS

- 30% of 2,458 year-end 2019 reporting locations include:
 - 13% private equity, 10% national brokers, 7% banks
 - Percentages have approximately doubled in five years
- 2019 premium contribution (standard lines market)
 - 14% private equity-owned agencies 8% bank owned
 - 9% national brokers 69% privately owned or regional/cluster agencies
- 4.0% for largest contributor, among the largest are:
 - Acrisure, A.J. Gallagher, Assured Partners, BB&T, BroadStreet Partners, HUB, Marsh & McLennan, PayneWest, Prime Risk Partners, USI
- 80 locations acquired during 2019, including:
 - 38 by a private equity firm, 21 by a regional or national broker, 1 by a bank, 17 by another Cincinnati agency, 3 by a non-Cincinnati agency



DIVERSIFIED EQUITY PORTFOLIO*		
BALANCES INCOME STABILITY & CAPITAL APPRECIATION POTENTIAL		
June 30, 2020		
Sector	CFC	S&P 500 Weightings
Information technology	28.1%	27.5%
Healthcare	13.3	14.6
Financial	13.1	10.1
Industrials	11.5	8.0
Consumer discretionary	8.9	10.8
Consumer staples	6.4	7.0
Materials	5.0	2.5
Energy	4.6	2.8
Telecomm services	3.7	10.8
Real estate	2.8	2.8
Utilities	2.6	3.1

Portfolio Highlights at 6-30-20

- Apple is largest holding
 - 7.3% of publicly traded common stock portfolio
 - 2.7% of total investment portfolio
- Next four largest holdings, totaling 17.0% of publicly traded common stock portfolio:
 - Microsoft, BlackRock Accenture and JPMorgan Chase
- 10% increase in 1H20 dividend income
- Appreciated value from cost totaled \$3.6 billion (pretax)
- Annual portfolio returns¹: (2019 & 2018) 31.9% & (3.3)% (S&P 500: 31.9% & (4.4)%)

* Publicly traded common stock core portfolio, approximately 50 holdings (excludes energy MLPs, one private equity)

BOND PORTFOLIO RISK PROFILE	
\$11.911 BILLION AT JUNE 30, 2020	
<ul style="list-style-type: none"> Credit risk – A2/A average rating <ul style="list-style-type: none"> 83.0% are rated investment grade, 3.8% are noninvestment grade, 13.2% are unrated Interest rate risk <ul style="list-style-type: none"> 4.7 years effective duration, 7.6 years weighted average maturity Generally laddered maturity structure <ul style="list-style-type: none"> 17% of year-end 2019 portfolio matures by the end of 2022, 32% by 2024, 66% by 2029 With 36.8% of the investment portfolio invested in common stocks at 6-30-20, we estimated shareholders' equity would decline 4.8% if interest rates were to rise by 100 basis points Bond portfolio is well-diversified <ul style="list-style-type: none"> Largest issuer (corporate bond) = 0.7% of total bond portfolio Municipal bond portfolio, well-diversified with approximately 1,600 issuers <ul style="list-style-type: none"> \$4.167 billion with an average rating of Aa2/AA by Moody's and S&P Global 	

SOLID REINSURANCE CEDED PROGRAM

BALANCES COSTS WITH SHAREHOLDERS' EQUITY PROTECTION

Major Treaties

(Estimated 2020 ceded premiums)

Property catastrophe

(\$44 million)

- Treaty has one reinstatement provision
- \$50 million of additional earthquake coverage is included
- Up to \$50 million of additional coverage is provided by an aggregate excess of loss catastrophe treaty (Excludes Cincinnati Global)
- Retain first \$10 million of each loss; \$17 million estimated ceded premiums
- Cincinnati Re has separate, similar coverage up to \$30 million

Property per risk & \$50 million

property excess treaties

(\$34 million)

Casualty per occurrence

(\$12 million)

Casualty excess treaties

(\$3 million for two treaties combined)

Coverage & Retention Summary

(As of January 1, 2020)

For a single event:

- Retain 100% of first \$100 million in losses
- Retention varies between \$100-\$800 million
- Max exposure for \$800M event = \$249 million
- PML – combined including Cincinnati Re & Cincinnati Global
- 1-in-100 year event = 3.0% 1-in-250 year = 4.3%
- (% of shareholders' equity at 12-31-19)

For a single loss:

- Retain 100% of first \$10 million in losses
- Retain 0% of losses \$10-100 million
- Facultative reinsurance for >\$100 million

For a single loss:

- Retain 100% of first \$10 million in losses
- Retain 0% of losses \$10-25 million
- Facultative reinsurance for >\$25 million

Workers' comp, extra-contractual & clash coverage:

- \$25 million excess of \$25 million (first excess treaty)
- \$20 million excess of \$50 million (second treaty)

Primary reinsurers are Swiss Re, Munich Re, Hannover Re, Partner Re and Lloyd's of London

FINANCIAL STRENGTH RATINGS COMPARISON

	A.M. Best	Fitch	Moody's	S&P
Cincinnati	A+	A+	A1	A+
Auto Owners	A++	-	-	-
Travelers	A++	AA	Aa2	AA
Acuity	A+	-	-	A+
Allied	A+	-	A1	A+
Thomson's Fund	A+	-	-	AA
Harleysville	A+	-	A1	A+
Hartford	A+	-	A1	A+
Centennial Mutual	A	-	-	-
ONA	A	A+	A2	A+
EMC	A	-	-	-
FranklinSouth	A	-	-	-
General Casualty	A	A+	-	A+
Nationstar	A	A	A2	A
Liberty Mutual	A	A-	A3	A
Salmon	A	A-	A2	A
Selective	A	A+	A2	A
United Fire Group	A	-	-	-
West Mutual	A	-	-	-
Westfield	A	-	-	-
Zurich	A	-	A2	A
State Auto	A-	-	-	-

Source: S&P Global Market Intelligence as of July 16, 2020. Ratings are under continuous review and subject to change and/or affirmation.

