

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

FORM 10-Q

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

For the Quarterly Period Ended June 30, 1997

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

Commission File Number 0-4604

CINCINNATI FINANCIAL CORPORATION

(Exact name of registrant as specified in its charter)

An Ohio Corporation
(State or other jurisdiction of
incorporation or organization)

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

6200 South Gilmore Road
Fairfield, Ohio 45014-5141

(Address of principal executive offices)

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

*Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15 (d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

YES X . NO .
----- -----

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

\$2.00 Par Common--55,098,564 shares outstanding at June 30, 1997

\$79,127,000 of 5-1/2% Convertible Senior Debentures Due 2002

PART I

ITEM 1. FINANCIAL STATEMENTS

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS

	(Unaudited) June 30, 1997 -----	December 31, 1996 -----
ASSETS -----		
Cash	\$ 63,437,276	\$ 59,933,485
Investments		
Fixed Maturities (Cost: 1997--\$2,525,672,340; 1996--\$2,431,785,016)	2,667,269,970	2,561,805,150
Equity Securities (Cost: 1997--\$1,605,140,137; 1996--\$1,537,188,704)	4,588,151,178	3,740,180,384
Other Invested Assets	54,076,159	53,003,602
Finance Receivables	30,444,128	26,864,459
Premiums Receivable	163,372,727	162,045,482
Reinsurance Receivable	98,873,500	115,906,385
Prepaid Reinsurance Premiums	23,226,653	22,924,443
Investment Income Receivable	73,758,829	70,446,495
Land, Buildings and Equipment for Company Use (at Cost Less Accumulated Depreciation)	40,792,631	39,486,095
Deferred Acquisition Costs Pertaining to Unearned Premiums and to Life Policies in Force	130,001,215	127,587,814
Other Assets	45,590,425	65,330,026
	-----	-----
Total Assets	\$7,978,994,691	\$7,045,513,820
	=====	=====
LIABILITIES -----		
Insurance Reserves:		
Life Policy Reserves	\$ 461,728,060	\$ 440,280,714
Losses and Loss Expenses	1,904,749,309	1,881,167,249
Unearned Premiums	428,771,039	425,750,431
Notes Payable	274,490,793	262,097,826
5-1/2% Convertible Senior Debentures Due 2002	79,127,000	79,847,000
Federal Income Taxes		
Current	25,882,313	13,408,903
Deferred	949,732,168	676,892,687
Other Liabilities	113,145,431	103,180,572
	-----	-----
Total Liabilities	4,237,626,113	3,882,625,382
	=====	=====
SHAREHOLDERS' EQUITY -----		
Common Stock, \$2 per Share; Authorized 80,000,000 Shares; Issued 1997--55,897,974; 1996--55,828,615 Shares; Outstanding 1997--55,098,564; 1996--55,636,476 Shares	111,795,948	111,657,230
Paid-In Capital	404,599,557	401,861,619
Retained Earnings	1,237,459,949	1,132,879,714
Unrealized Gain on Investments, Less Taxes	2,042,245,040	1,527,707,080
	-----	-----
	3,796,100,494	3,174,105,643
Less Treasury Shares at Cost (1997--799,410 Shares; 1996--192,139 Shares)	(54,731,916)	(11,217,205)
	-----	-----
Total Shareholders' Equity	3,741,368,578	3,162,888,438
	-----	-----
Total Liabilities and Shareholders' Equity	\$7,978,994,691	\$7,045,513,820
	=====	=====

Accompanying notes are an integral part of these financial statements.

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

	Six Months Ended June 30,		Three Months Ended June 30,	
	1997	1996	1997	1996
	----	----	----	----
Revenues:				
Premiums Earned:				
Property and Casualty	\$716,984,243	\$670,843,484	\$359,483,990	\$337,471,448
Life	27,437,454	25,043,469	13,904,609	13,090,538
Accident and Health	3,953,706	3,757,828	2,003,726	1,862,445
	-----	-----	-----	-----
Net Premiums Earned	748,375,403	699,644,781	375,392,325	352,424,431
Investment Income, Less Expenses ..	170,920,990	162,522,515	86,689,780	80,050,820
Realized Gain on Investments	44,290,988	25,889,445	19,987,851	6,612,297
Other Income	4,352,134	5,783,402	2,132,682	2,954,147
	-----	-----	-----	-----
Total Revenues	967,939,515	893,840,143	484,202,638	442,041,695
	-----	-----	-----	-----
Benefits & Expenses:				
Ins. Losses and Policyholder Ben...	525,690,079	539,929,072	259,191,907	267,174,308
Commissions	140,878,672	124,210,052	73,436,248	63,132,385
Other Operating Expenses	67,164,834	54,983,897	34,029,757	28,454,992
Taxes, Licenses & Fees	24,954,367	21,706,451	12,972,546	11,802,041
Increase in Deferred Acquisition Costs Pertaining to Unearned Premiums and to Life Policies in Force	(2,413,401)	(2,669,401)	(2,239,770)	(2,325,243)
Interest Expense	9,778,511	9,121,546	4,741,961	4,563,395
Other Expenses	3,266,907	3,087,578	1,728,721	2,217,465
	-----	-----	-----	-----
Total Expenses	769,319,969	750,369,195	383,861,370	375,019,343
	-----	-----	-----	-----
Income Before Income Taxes	198,619,546	143,470,948	100,341,268	67,022,352
	-----	-----	-----	-----
Provision (Ben.) for Inc. Taxes:				
Current	45,946,306	34,032,377	25,710,264	14,111,044
Deferred	2,795,953	(4,405,872)	(1,199,282)	(1,484,753)
	-----	-----	-----	-----
Total	48,742,259	29,626,505	24,510,982	12,626,291
	-----	-----	-----	-----
Net Income	\$149,877,287	\$113,844,443	\$ 75,830,286	\$ 54,396,061
	=====	=====	=====	=====
Weighted Average Shares Outstanding including Common Stock Equivalents	57,519,422	57,819,408	57,455,348	57,828,063
	=====	=====	=====	=====
Per Common Share:				
Total Net Income	\$ 2.63	\$ 1.99	\$ 1.33	\$.95
	=====	=====	=====	=====
Cash Dividends Declared	\$.82	\$.72	\$.41	\$.37
	=====	=====	=====	=====

Accompanying notes are an integral part of these financial statements.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENT OF SHAREHOLDERS' EQUITY
(UNAUDITED)SIX MONTHS ENDED JUNE 30, 1996 AND 1997

	Common Stock Shares	Amount	Treasury Stock	Paid-In Capital	Retained Earnings	Unrealized Capital Gains
	-----	-----	-----	-----	-----	-----
Bal. Dec. 31, 1995	53,084,081	\$ 106,168,162	\$ (1,383,492)	\$ 237,171,509	\$1,156,626,751	\$1,159,388,263
Net Income					113,844,443	
Change in Unreal Gains Net of Inc. Taxes of \$38,387,240						71,290,589
Div. Declared					(40,279,110)	
5% Stock Div at Market	2,652,110	5,304,220		160,452,655	(166,008,726)*	
Issuance of Treasury Shares			324,115	515,287		
Stock Options Exercised	51,811	103,622		1,869,242		
	-----	-----	-----	-----	-----	-----
Bal. June 30, 1996	55,788,002	\$ 111,576,004	\$ (1,059,377)	\$ 400,008,693	\$1,064,183,358	\$1,230,678,852
	=====	=====	=====	=====	=====	=====
Bal. Dec. 31, 1996	55,828,615	\$ 111,657,230	\$ (11,217,205)	\$ 401,861,619	\$1,132,879,714	\$1,527,707,080
Net Income					149,877,287	
Change in Unreal Gains Net of Inc. Taxes of \$277,058,902						514,537,960
Div. Declared					(45,296,750)	
Purchase/Issuance of Treasury Shares			(43,514,711)	19,656		
Stock Options Exercised	53,229	106,458		2,030,542		
Conversion of Debentures	16,130	32,260		687,740	(302)	
	-----	-----	-----	-----	-----	-----
Bal. June 30, 1997	55,897,974	\$ 111,795,948	\$ (54,731,916)	\$ 404,599,557	\$1,237,459,949	\$2,042,245,040
	=====	=====	=====	=====	=====	=====

Accompanying notes are an integral part of these financial statements.

*Includes \$251,851 for fractional shares on March 15, 1996.

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

	Six Months Ended June 30,	
	1997	1996
	----	----
Cash flows from operating activities:		
Net income.....	\$149,877,287	\$ 113,844,443
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization.....	4,847,883	1,318,060
Increase in net unearned premiums.....	2,718,398	3,354,827
Increase in net life policy reserves.....	21,447,346	18,662,373
Increase in net loss and loss expense reserves	40,614,945	61,103,459
Increase in net premiums receivable.....	(1,327,245)	(12,736,911)
Increase in deferred acquisition costs.....	(2,413,401)	(2,669,401)
Increase (Decrease) in other liabilities.....	7,940,737	(7,979,882)
Increase in investment income receivable.....	(3,312,334)	(3,457,298)
Decrease (Increase) in accounts receivable.....	536,599	(3,183,866)
Decrease in other assets.....	19,203,002	557,489
Decrease in deferred income taxes.....	(4,219,421)	(4,405,872)
Increase (Decrease) in current income taxes.....	12,473,410	(4,967,620)
Realized gain on investments.....	(44,290,988)	(25,889,445)
Other.....	341,571	(4,497,775)
	-----	-----
Net cash provided by operating activities.....	204,437,789	129,052,581
	-----	-----
Cash flows from investing activities:		
Sale of fixed maturities investments.....	70,668,581	78,743,812
Maturity of fixed maturities investments.....	194,743,490	133,911,701
Sale of equity securities investments.....	160,386,632	100,078,311
Collection of finance receivables.....	5,648,059	4,852,197
Purchase of fixed maturities investments.....	(352,119,646)	(279,769,482)
Purchase of equity securities investments.....	(189,994,998)	(160,832,659)
Investment in land, buildings and equipment.....	(7,279,695)	(7,132,306)
Investment in finance receivables.....	(9,227,728)	(7,597,431)
Investment in other invested assets.....	(1,520,676)	1,958,424
	-----	-----
Net cash used in investing activities.....	(128,695,981)	(135,787,433)
	-----	-----
Cash flows from financing activities:		
Proceeds from stock options exercised.....	2,137,000	1,972,865
Purchase/Issuance of treasury shares.....	(43,495,055)	839,403
Increase in notes payable.....	12,392,967	31,704,062
Payment of cash dividends to shareholders.....	(43,272,929)	(37,683,591)
	-----	-----
Net cash used in financing activities	(72,238,017)	(3,167,261)
	-----	-----
Net Increase (Decrease) in cash.....	3,503,791	(9,902,113)
Cash at beginning of period.....	59,933,485	20,019,459
	-----	-----
Cash at end of period.....	\$ 63,437,276	\$ 10,117,346
	=====	=====
Supplemental disclosures of cash flow information		
Interest paid.....	\$ 10,474,156	\$ 10,117,173
	=====	=====
Income taxes paid.....	\$ 40,488,270	\$ 39,000,000
	=====	=====

Accompanying notes are an integral part of these financial statements.

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

NOTE I - ACCOUNTING POLICIES

The consolidated financial statements include the accounts of the Company and all of its subsidiaries, each of which is wholly owned, and are presented in conformity with generally accepted accounting principles. All significant inter-company investments and transactions have been eliminated in consolidation. The December 31, 1996 consolidated balance sheet amounts are derived from the audited financial statements but do not include all disclosures required by generally accepted accounting principles.

INVESTMENTS--Fixed maturities and equity securities have been classified as available for sale and are carried at fair values at June 30, 1997 and December 31, 1996.

UNREALIZED GAINS AND LOSSES--The increases (decreases) in unrealized gains for fixed maturities and equity securities (net of income tax effect) for the six-month and three-month periods ended June 30 are as follows:

	Fixed Maturities -----	Equity Securities -----	Total -----
Six-Month Periods Ended			
June 30, 1997	\$ 7,525,373	\$ 507,012,587	\$ 514,537,960
June 30, 1996	\$ (47,773,533)	\$ 119,064,122	\$ 71,290,589
Three-Month Periods Ended			
June 30, 1997	\$ 24,408,787	\$ 248,758,375	\$ 273,167,162
June 30, 1996	\$ (26,245,457)	\$ (38,520,345)	\$ (64,765,802)

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

REINSURANCE--Premiums earned are net of premiums on ceded business, and insurance losses and policyholder benefits are net of reinsurance recoveries in the accompanying statements of income for the six-month and three-month periods ended June 30 as follows:

	Ceded Premiums -----	Reinsurance Recoveries -----
Six-Month-Periods Ended		
June 30, 1997	\$48,593,130	\$13,314,313
June 30, 1996	\$45,496,606	\$18,776,455
Three-Month Periods Ended		
June 30, 1997	\$24,388,011	\$ 303,877
June 30, 1996	\$22,567,656	\$ 8,846,722

NOTE II - STOCK OPTIONS

The Company has primarily qualified stock option plans under which options are granted to employees of the Company at prices which are not less than market price at the date of grant and which are exercisable over ten-year periods.

On June 30, 1997, outstanding options were as follows:

Stock Option Plan -----	Range of Exercise Prices -----	Number of Shares -----
III	\$11.87 to \$22.03	92,378
IV	\$22.38 to \$79.25	990,613
V	\$61.43 to \$79.25	298,175

NOTE III RECENTLY ISSUED ACCOUNTING STANDARDS

The Financial Accounting Standards Board recently issued Statement of Financial Accounting Standards No. 128 "Earnings Per Share," which is effective for financial statements for both interim and annual periods ending after December 15, 1997. Early adoption of the statement is not permitted. The Company has applied this statement to the 1997 and 1996 second quarter and first six-month results and determined that the restated amounts are as follows:

	Second Quarter -----		Six-Month -----	
	1997 ----	1996 ----	1997 ----	1996 ----
Net Income per Common Share	\$ 1.37 =====	\$.98 =====	\$ 2.71 =====	\$ 2.04 =====
Net Income per Common Share-- Assuming Dilution	\$ 1.33 =====	\$.95 =====	\$ 2.63 =====	\$ 1.99 =====

The Financial Accounting Standards Board has issued Statements of Financial Accounting Standards No. 130--Reporting Comprehensive Income ("FAS 130") and No. 131--Disclosures about Segments of an Enterprise and Related Information ("FAS 131"). FAS 130 and FAS 131, which must be adopted in 1998, will have no effect on the Company's financial position but may require additional disclosure.

NOTE IV INTERIM ADJUSTMENTS

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

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

Premiums earned for the six months ended June 30, 1997 have increased \$48,730,622 (7%) over the six months ended June 30, 1996. Also, premiums earned have increased \$22,967,894 (7%) for the three months ended June 30, 1997 over the three months ended June 30, 1996. For the six-month and three-month periods ended June 30, 1997, the growth rate of our property and casualty subsidiaries is less than last year on both a gross written and earned premium basis. These growth rates were less than last year because the increases in new business and some rate increases on personal lines business were offset by the continued softness of the commercial lines market and by lower premiums on workers' compensation coverages. The premium growth of our life and health subsidiary has increased 9% for the six months ended June 30, 1997 and 6% for the three months ended June 30, 1997 compared to the comparable periods of 1996. The premium growth in our life subsidiary is mainly attributable to increased sales of both traditional and interest-sensitive products. For the six-month and three-month periods ended June 30, 1997, investment income, net of expenses, has increased \$8,398,475 (5%) and \$6,638,960 (8%) when compared with the first six months and second three months of 1996, respectively. This increase is the result of the growth of the investment portfolio because of investing cash flows from operations and dividend increases from equity securities. The growth rate of our investment earnings for the first six months is less than usual because of the one-time adjustment of \$2.7 million related to accrual of discount that was included in income for the first six months of 1996.

Realized gains on investments for the six months ended June 30, 1997 amounted to \$44,290,988 compared to \$25,889,445 for the six-month period ended June 30, 1996, and \$19,987,851 for the three-month period ended June 30, 1997 compared to \$6,612,297 for the three-month period ended June 30, 1996. The realized gains are predominantly the result of the sale of equity securities and management's decision to realize the gains and reinvest the proceeds at higher yields.

Insurance losses and policyholder benefits (net of reinsurance recoveries) decreased \$14,238,993 (3%) for the first six months of 1997 over the same period in 1996 and decreased \$7,982,401 (3%) for the second quarter when compared to the second quarter of 1996. The losses and benefits of the property and casualty companies have decreased \$16,269,486 for the six-month period and decreased \$10,501,055 for the second quarter of 1997 compared to the comparable periods for 1996. The property and casualty losses for the first six months and for the second quarter of 1997 have decreased because the decrease in catastrophe losses exceeded the increase in losses due to the growth of our business. Catastrophe losses were \$14.5 million and \$37.2 million, respectively, for the first six months of 1997 and 1996 and were \$8.7 million and \$24.8 million, respectively, for the second quarter of 1997 and 1996. These losses were substantially lower for the first six months and the second quarter of 1997 compared to the comparable periods of 1996 because of a lower incidence and severity of these weather related claims. Policyholder benefits of the life insurance subsidiary increased \$2,030,493 for the first six months of 1997 over the same period of 1996 and increased \$2,518,654 for the second quarter when compared to the second quarter of 1996. The majority of the six-month and second quarter increase is the result of a higher incidence of death claims and life related costs.

Commission expenses increased \$16,668,620 for the six-month period ended June 30, 1997 compared to the same period of 1996 and increased \$10,303,863 for the second quarter of 1997 compared to the same period in 1996. The increase is attributable to the increases in new business and higher contingency commissions. Other operating expenses increased \$12,180,937 for the six-month period ended June 30, 1997 compared to the same period for 1996 and increased \$5,574,765 for the second quarter of 1997 compared to the same period in 1996. The increase is attributable to increases in staff and costs associated to our investment in infrastructure to support future growth.

Provision for income taxes, current and deferred, have increased by \$19,115,754 for the first six months of 1997 compared to the first six months of 1996 and have increased \$11,884,691 for the second quarter of 1997 compared to the second quarter of 1996. The increase in federal taxes is primarily attributable to an increase in the effective tax rate to 24.5% from 20.6% at June 30, 1997 and 1996, respectively, and an increase in the effective tax rate to 24.4% from 20.8% for the second quarter of 1997 and 1996, respectively.

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

On November 22, 1996, the Board authorized repurchase of up to three million of the Company's outstanding shares as management deems appropriate, over an unspecified period of time. As of June 30, 1997, the Company has repurchased 707,098 shares.

PART II
OTHER INFORMATION

ITEM 1. Legal Proceedings

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

ITEM 2. Changes in Securities

There have been no material changes in securities during the second quarter.

ITEM 3. Defaults Upon Senior Securities

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

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

On April 5, 1997, the registrant held its Annual Meeting of Stockholders for which the Board of Directors solicited proxies; and all nominees named in the Registrant's Proxy Statement were elected.

The four directors were:

	Shares -----	
	For ---	Against/Abstain -----
William F. Bahl	45,885,764	196,653
Kenneth C. Lichtendahl	45,879,543	202,874
Jackson H. Randolph	45,881,394	201,023
John J. Schiff, Jr.	45,886,056	196,361

ITEM 5. Other Information No matters to report.

ITEM 6. Exhibits and Reports on Form 8-K

(a) Exhibits included:

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

(b) The Company was not required to file any reports on Form 8-K during the quarter ended June 30, 1997.

Signature

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

CINCINNATI FINANCIAL CORPORATION

(Registrant)

Date August 8, 1997

By /s/ T.F. Elchynski
T.F. Elchynski
Senior Vice President and Chief
Financial Officer
(Principal Financial Officer)

CINCINNATI FINANCIAL CORPORATION
STATEMENT RE COMPUTATION OF PER SHARE EARNINGS
(in thousands except for per share amounts)

	Six Months Ended June 30,		Three Months Ended June 30,	
	1997	1996	1997	1996
Weighted average shares outstanding	55,360	55,745	55,243	55,760
Equivalent shares assumed to be outstanding for:				
Stock options	386	282	439	276
Convertible debentures	1,773	1,792	1,773	1,792
Weighted average shares outstanding including common stock equivalents	57,519	57,819	57,455	57,828
Other dilutive equivalent shares-- stock options	105	-0-	105	-0-
Number of shares assuming full dilution	57,624	57,819	57,560	57,828
Net income	\$ 149,877	\$ 113,844	\$ 75,830	\$ 54,396
Interest on convertible debentures-- net of tax	1,421	1,430	708	715
Net income for per share computation	\$ 151,298	\$ 115,274	\$ 76,538	\$ 55,111
Earnings per share:				
Total Primary	\$ 2.63	\$ 1.99	\$ 1.33	\$.95
Fully Diluted	\$ 2.63	\$ 1.99	\$ 1.33	\$.95

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

6-MOS	
	DEC-31-1997
	JAN-01-1997
	JUN-30-1997
2,667,269,970	0
	0
	4,588,151,178
	9,030,800
	15,927,353
	7,309,497,307
	63,437,276
	2,138,512
130,001,215	
	7,978,994,691
	2,320,678,439
428,771,039	
	42,592,040
12,401,809	
	353,617,793
	111,795,948
	0
	0
	3,629,572,630
7,978,994,691	
	748,375,403
	170,920,990
	44,290,988
	4,352,134
	525,690,079
155,311,466	
	88,318,424
	198,619,546
	48,742,259
149,877,287	
	0
	0
	0
	149,877,287
	2.63
	2.63
1,702,415,290	
	0
	0
	0
	0
1,751,116,588	
	0

Equals the sum of Fixed Maturities, Equity Maturities and Other Invested Assets

Equals the sum of Life Policy Reserves and Losses and Loss Expenses less the Life Company liability for Supplementary Contracts without Life Contingencies of \$3,206,890 which is classified as Other Policyholder Funds

Equals the sums of Notes Payable and the 5-1/2% Convertible Senior Debenture

Equals the Total Shareholders Equity

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

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

Equals the net reserve for unpaid claims for the property casualty subsidiaries less loss checks payable as of June 30, 1997