

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: May 18, 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 240.13a-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 7.01 Regulation FD Disclosure

On May 18, 2020, Cincinnati Financial Corporation posted presentation slides in PDF format on *cinfin.com/investors* that will be used in investor presentations beginning May 20, 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: May 18, 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 April 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 cinfin.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 34% of investment portfolio
 - 31 years of favorable reserve development

CUMULATIVE TOTAL RETURN*

■ Cincinnati Financial Corporation ■ S&P 500 Index ■ S&P Composite 1500 Property & Casualty Insurance Index

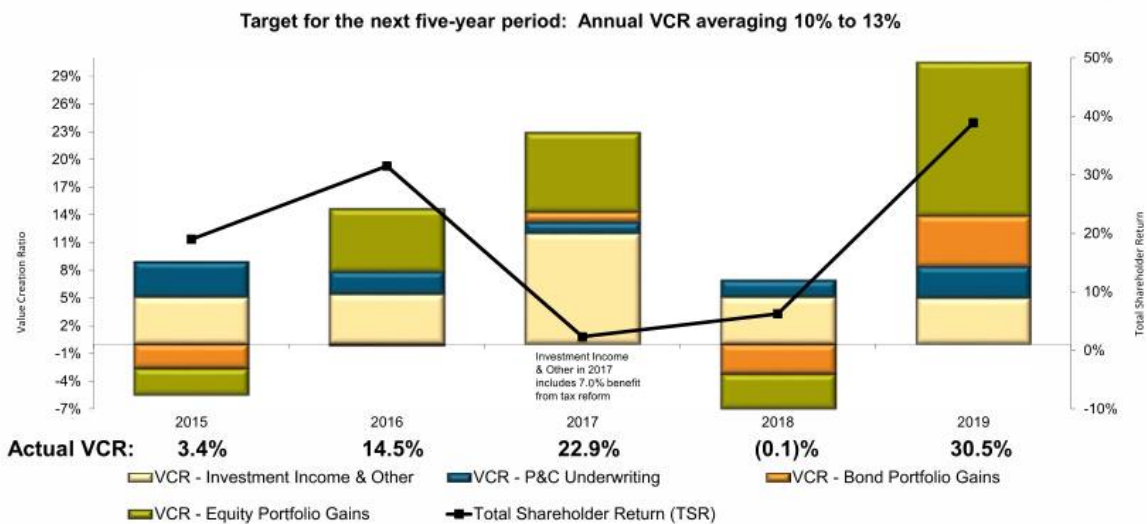


* \$100 invested on December 31, 2014, in CINF stock or indexes shown, including reinvestment of dividends.
Periods shown represent each respective fiscal year ending December 31.

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
 - Pausing cancellations due to nonpayment of premium and waiving late fees until at least May 31 for personal and commercial policyholders
 - Waiving vacancy clauses for buildings temporarily closed due to pandemic
 - Providing additional risk management advice to businesses considering adapting their operations to manufacture personal protective equipment
 - Providing credits, when requested, on commercial policies for vehicles not being used
 - Waiving restrictions on policyholders now performing delivery services in efforts to protect the wellbeing of their communities

PANDEMIC FINANCIAL EFFECTS

- **No material 1Q20 effect, new data/information to be evaluated in Q2**
- **Premiums: New business submissions reduction late March/early April**
 - 15% personal auto policyholder credit announced for April and May, estimated at \$16M
- **Loss experience will be influenced by many factors the next few quarters**
 - Fewer vehicle miles driven should 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://insurance.ohio.gov/wps/portal/gov/odi/about-us/divisions/communications/resources/insurance-coronavirus-covid-19>

PERFORMANCE TARGETS & TRENDS

- Negative 16.4% VCR for 1Q20 was below target:
10% to 13% annual average over the next five-year period
 - Negative 17.8% contribution from non-operating items, primarily due to a reduction of overall net gains from investment portfolio
- Related performance drivers at YTD 3-31-20 consistent with long-term targets:
 - 10% growth in P&C net written premiums, vs. 4% full-year 2020 projection for industry
 - 98.5% combined ratio, within 95% to 100% long-term target range
 - 5% 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 0.6% of total bond portfolio at 3-31-20, no municipal exposure exceeded 0.3%
 - 34.3% of investment portfolio in common stocks to grow book value
 - No single security exceeded 6.6% 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 10.1% debt-to-total-capital at 3-31-20
 - Nonconvertible, noncallable debentures due in 2028 and 2034
 - Capacity for growth with premiums-to-surplus at 1.2-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

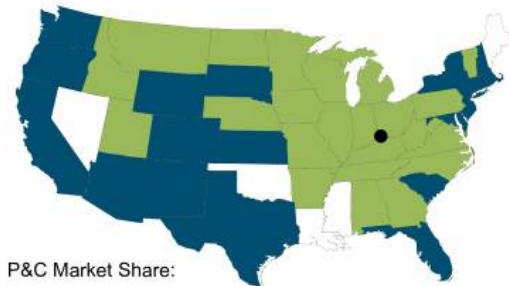
- Ongoing underwriting expertise enhancement
 - Predictive modeling tools and analytics to improve property casualty pricing precision and segmentation on an individual policy basis
 - Data management for better underwriting and more granular pricing decisions
 - Staff specialization and augmentation 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
 - 50 appointed YTD 3-31-20 marketing most or all lines, 11 personal lines only
- Expanding marketing and service capabilities
 - Enhanced marketing, products and services for high net worth (HNW) clients of our agencies
 - \$101 million in first-quarter 2020 HNW net written premiums, up 31% from 2019;
 - Increased opportunities for agencies to cross-serve their clients to meet insurance needs
 - Expansion of reinsurance assumed through Cincinnati ReSM to further deploy capital, diversify risk
 - Cincinnati Global Underwriting Ltd.SM acquisition expected to produce profitable premium growth over time
- 10% growth in 1Q20 P&C net written premiums
 - Commercial lines up 8%, personal lines up 3%, E&S up 20%, Cincinnati Re up 25%
 - Cincinnati Global contributed 1 percentage point to overall growth percentage
 - Higher average renewal pricing: personal lines and E&S up mid-single-digit percentage rate; commercial lines up near the high end of the low-single-digit percentage rate
 - Term life insurance earned premiums up 4%

SELECT GROUP OF AGENCIES IN 45 STATES

1,814 agency relationships with 2,492 locations
(as of March 31, 2020)



Our Commercial Top Five = 38%
Ohio, Pennsylvania, Illinois,
Indiana, North Carolina

Our Personal Top Five = 46%
Ohio, Georgia, Michigan,
North Carolina, Indiana

Market Share Top Five

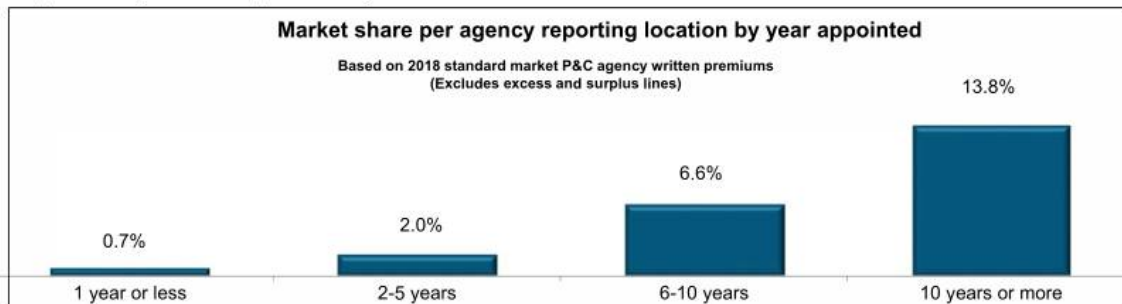
Ohio: 4.4%
Indiana: 2.4%
Montana: 2.4%
Vermont: 2.4%
Kentucky: 2.3%

Based on 2018 data excluding A&H, Flood and Crop

PREMIUM GROWTH POTENTIAL

STEADILY INCREASE OUR SHARE WITHIN APPOINTED AGENCIES

- Cincinnati's share of \$66 billion total* premiums (including approximately \$4 billion E&S) produced by currently appointed agencies is approximately 8%.



- New appointments also drive premium growth opportunity
 - Agency relationship net count increased by 54% 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 CINCINNATI 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

FIRST-QUARTER 2020 HIGHLIGHTS

- EPS of negative \$7.56 per share vs. positive \$4.22 per share in 1Q19
 - Non-GAAP operating income decrease 20%, or \$35 million, including \$41 million from higher weather-related catastrophe losses
 - \$1.818 billion (\$11.16 per share) decrease in EPS from the change in unrealized gains and losses of equity securities still held
- Investment income rose 5%
 - Dividend income was up 15%, interest income was up 1%
- Property casualty net written premiums grew 10%
 - Higher average renewal pricing: personal lines and E&S up mid-single-digit percentage rate; commercial lines up low-single-digits (near the high end of the range)
- Combined ratio of 98.5%, 5.5 points worse than 1Q19
 - 1Q20 increase included 3.3 points from higher catastrophe losses

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 in 1Q20 ordinary cash dividend declared
 - Yield is attractive, 4.5% in early-May 2020

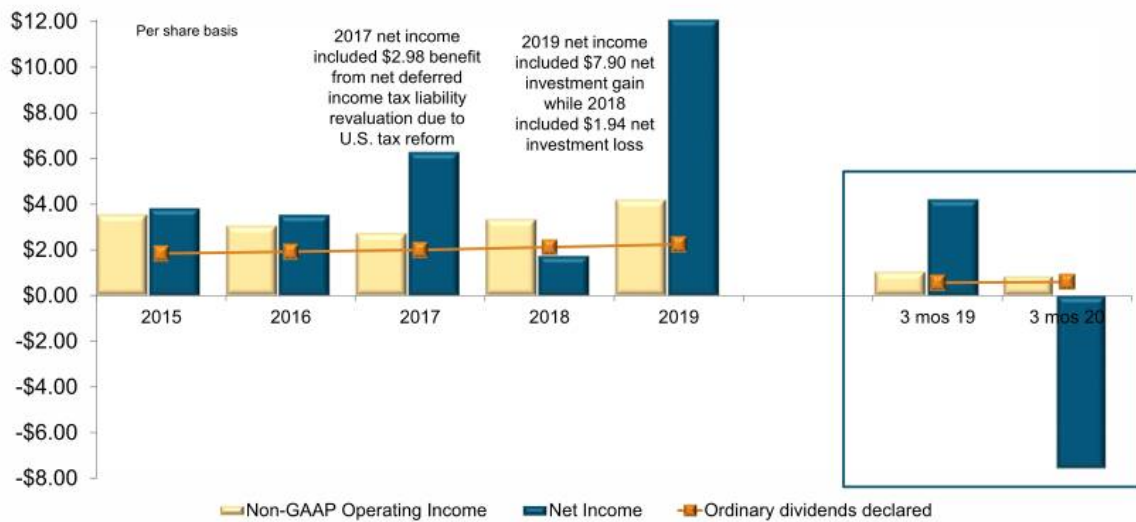


Appendix

Income, Dividend & Cash Flow Trends
Reserve Adequacy & Prior Accident Year Development
Pricing Precision, Premium Growth Trends & Business Mix
Investment Portfolio Management & Performance
Reinsurance Ceded Program & Financial Strength Ratings
Valuation Comparison to Peers



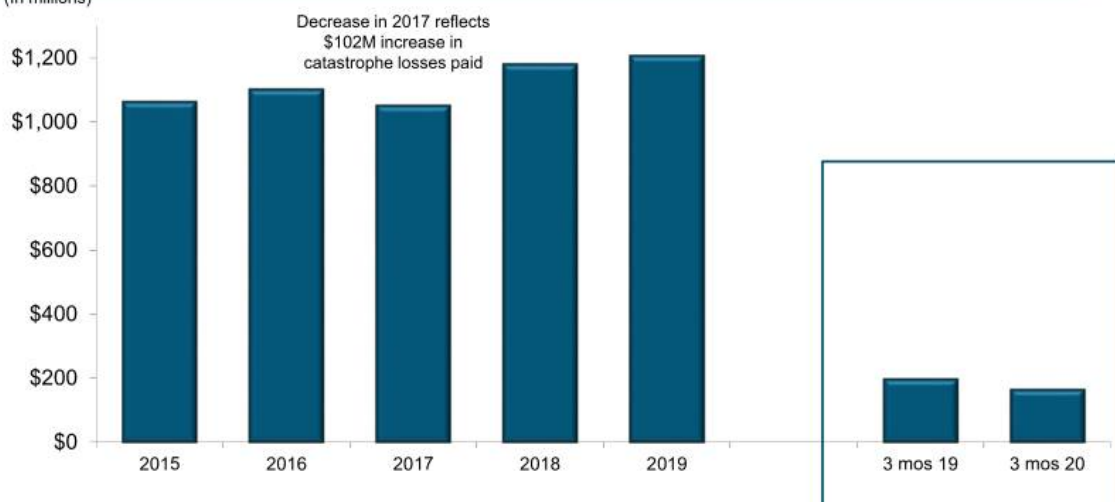
INCOME AND SHAREHOLDER DIVIDENDS



STRONG OPERATING CASH FLOW

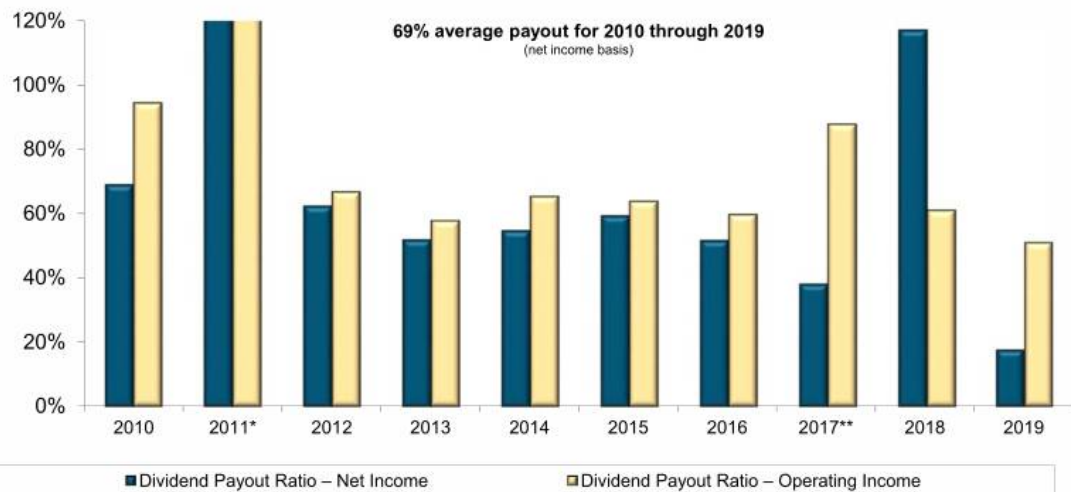
CONTRIBUTED TO \$578M OF FULL-YEAR 2019 NET PURCHASES IN INVESTMENT PORTFOLIO

(In millions)



CASH DIVIDEND PAYOUT RATIO

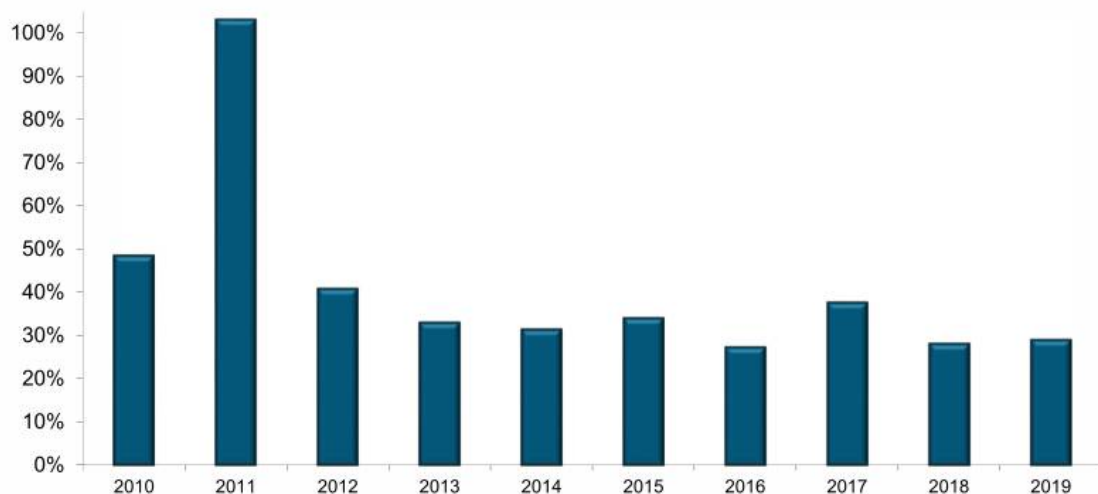
STRONG CAPITAL, CASH FLOW SUPPORT PAYOUT LEVELS



* 2011 payout ratios (159% net income basis, 211% operating income basis) not fully shown on graph due to record-high catastrophe losses

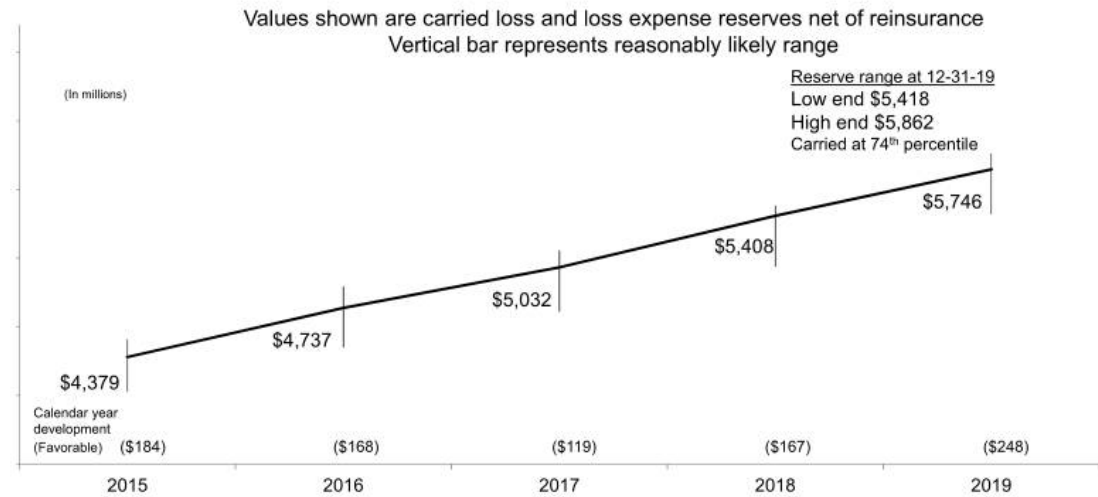
** 2017 net income included \$495 million benefit from net deferred income tax liability revaluation due to U.S. tax reform

DIVIDEND AS A PERCENTAGE OF NET CASH FLOW FROM OPERATIONS



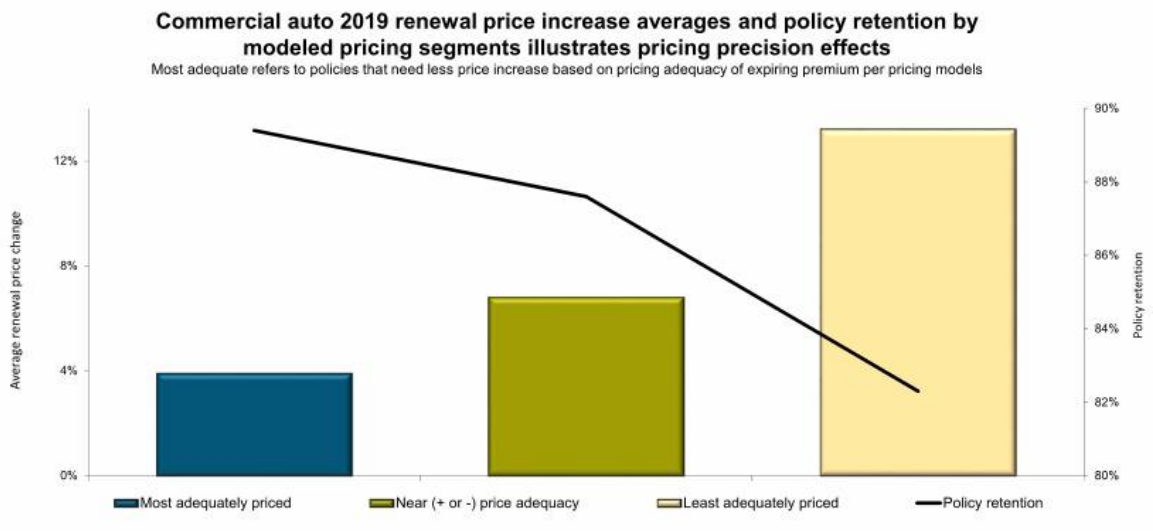
PROPERTY CASUALTY RESERVES

FAVORABLE DEVELOPMENT FOR 31 CONSECUTIVE YEARS



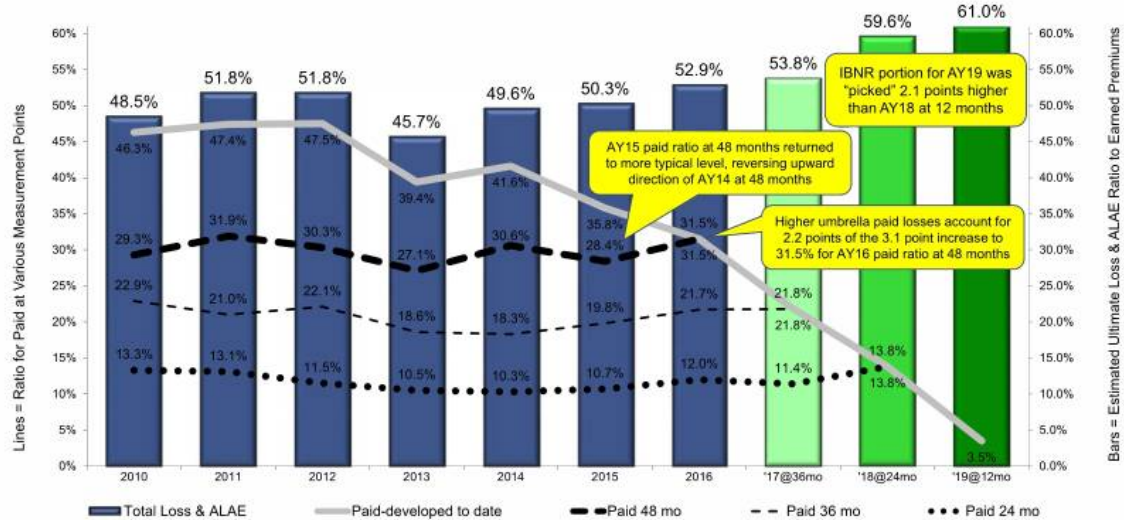
GREATER PRICING PRECISION

IMPROVING PROFIT MARGINS



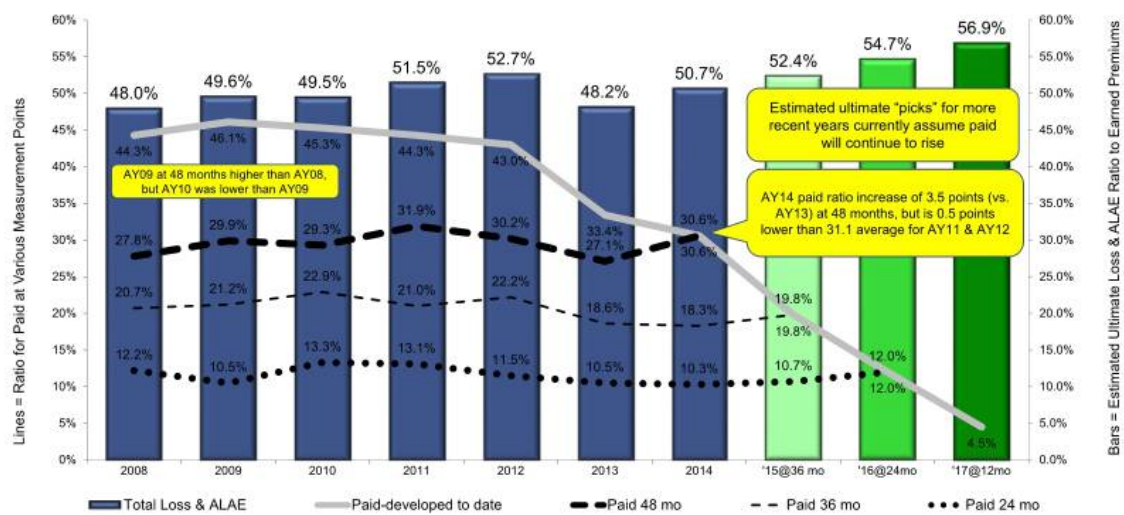
COMMERCIAL CASUALTY RATIOS

LOSS & ALAE BY ACCIDENT YEAR, DEVELOPED THROUGH 12-31-19



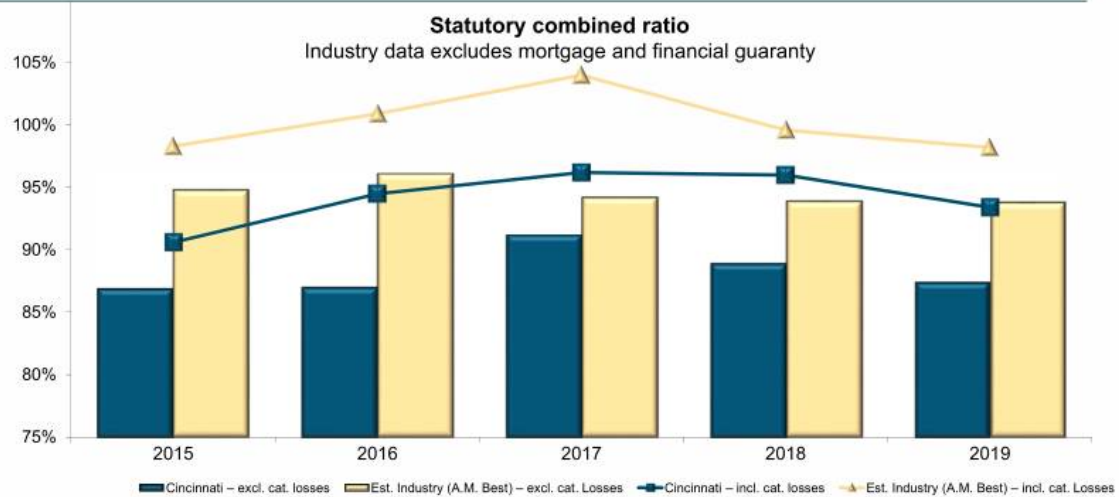
COMMERCIAL CASUALTY RATIOS

LOSS & ALAE BY ACCIDENT YEAR, DEVELOPED THROUGH 12-31-17



OUTPERFORMING THE INDUSTRY

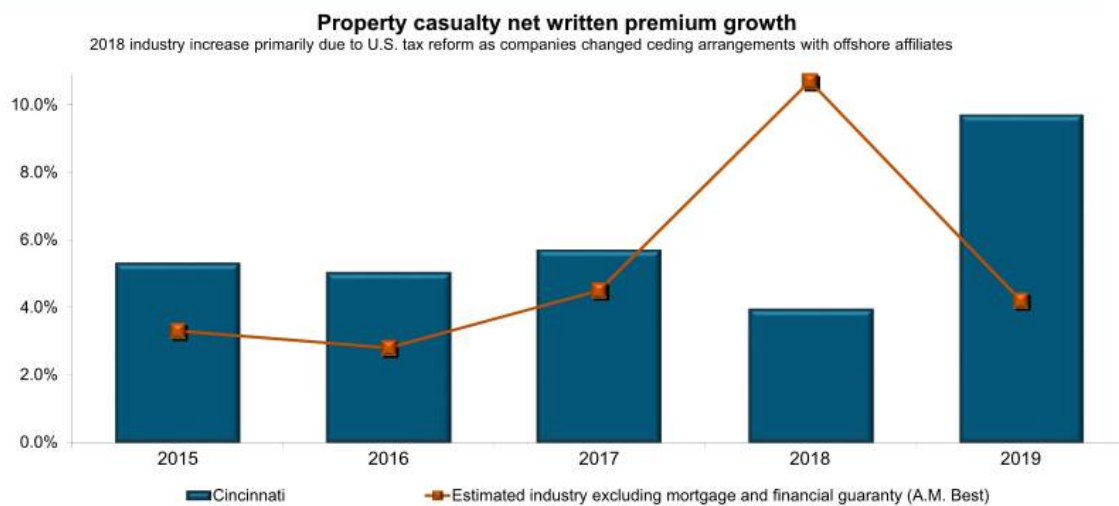
FIVE-YEAR AVERAGE COMBINED RATIO 5.9 POINTS BETTER



Cincinnati's historical catastrophe loss annual averages as of 12-31-19: 5-year = 6.4%, 10-year = 6.8%

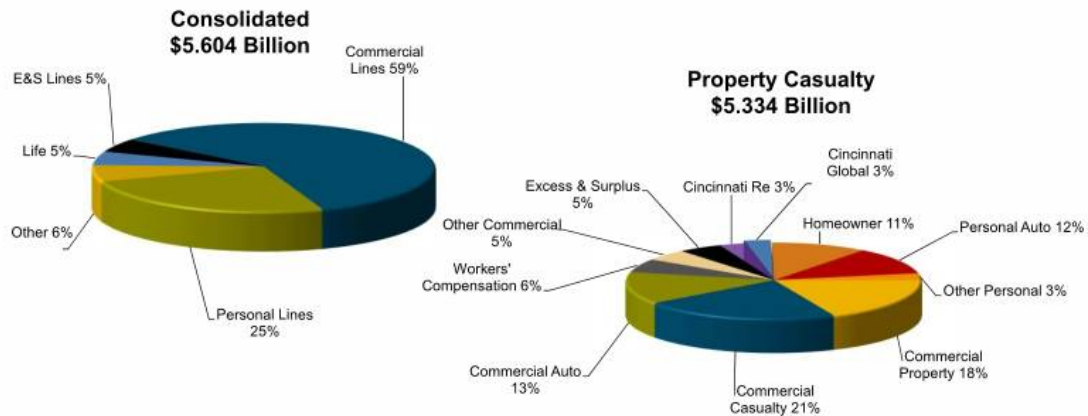
PREMIUM GROWTH VS. INDUSTRY

5.9% 5-YEAR CAGR EXCEEDED INDUSTRY'S 5.0%



MARKET FOR 75% OF AGENCY'S TYPICAL RISKS

2019 NET EARNED PREMIUMS



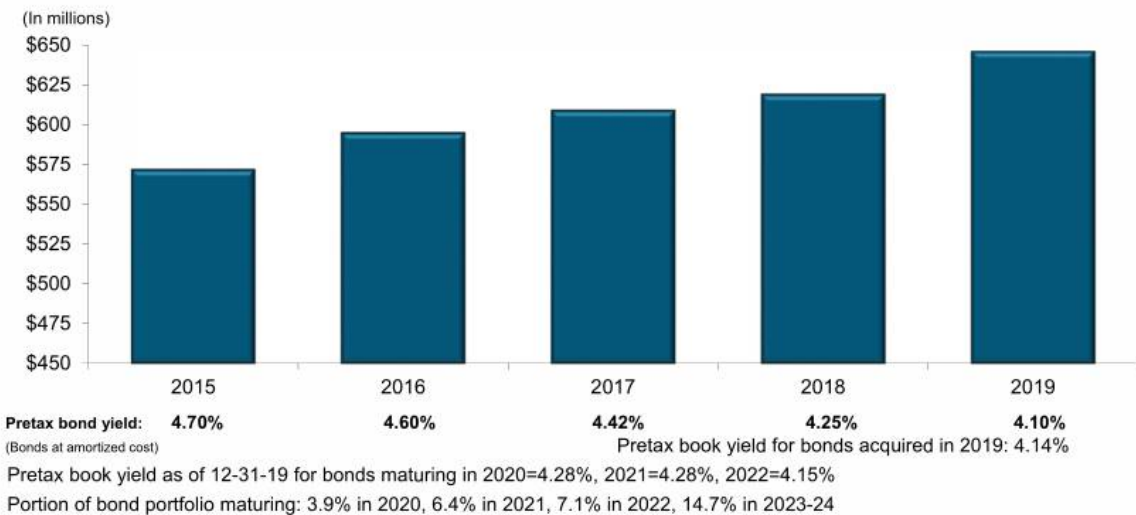
Approximately 20% of commercial premiums = policies with average annual premiums <\$10,000 & 25% >\$100,000; 83% HO accounts include auto

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

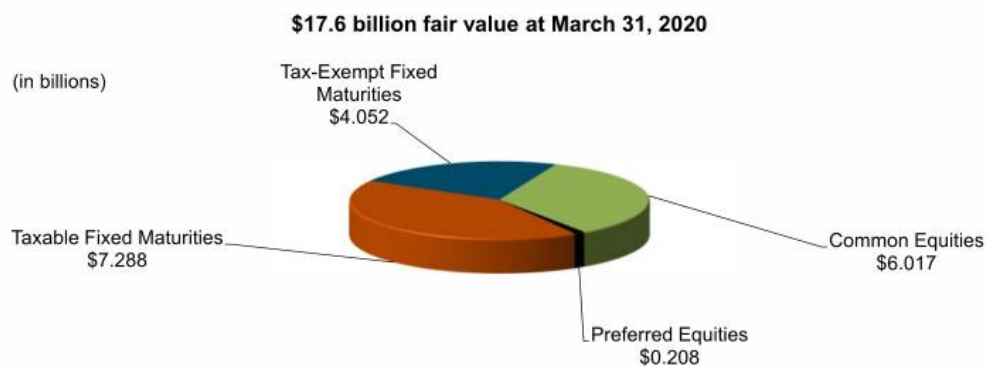
INVESTMENT INCOME

5% GROWTH IN 1Q20: DIVIDENDS UP 15%, INTEREST UP 1% (PRETAX)



INVESTMENT PORTFOLIO

INVEST FOR INCOME AND APPRECIATION



Investment leverage: 222% at March 31, 2020
Bond portfolio fair value exceeds insurance reserves liability by 25%

DIVERSIFIED EQUITY PORTFOLIO*

BALANCES INCOME STABILITY & CAPITAL APPRECIATION POTENTIAL

March 31, 2020

Sector	CFC	S&P 500 Weightings
Information technology	25.2%	25.5%
Financial	14.1	10.9
Healthcare	13.9	15.4
Industrials	11.8	8.2
Consumer discretionary	9.1	9.8
Consumer staples	7.0	7.8
Materials	4.8	2.4
Energy	4.6	2.7
Telecomm services	3.9	10.7
Utilities	2.8	3.6
Real estate	2.8	3.0

Portfolio Highlights at 3-31-20

- Microsoft is largest holding
 - 6.6% of publicly traded common stock portfolio
 - 2.3% of total investment portfolio
 - Next four largest holdings, totaling 15.7% of publicly traded common stock portfolio:
Apple, JPMorgan Chase, BlackRock and CME Group
- 15% increase in 1Q20 dividend income
- Appreciated value from cost totaled \$2.5 billion (pretax)
- Annual portfolio returns: (2019 & 2018)
31.9% & (3.3)% [S&P 500: 31.5% & (4.4)%]

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

BOND PORTFOLIO RISK PROFILE

\$11.3 BILLION AT MARCH 31, 2020

- **Credit risk – A2/A average rating**
 - 84.2% are rated investment grade, 2.7% are noninvestment grade, 13.1% are unrated
- **Interest rate risk**
 - 4.7 years effective duration, 7.7 years weighted average maturity
 - Generally laddered maturity structure
 - 17% of year-end 2019 portfolio matures by the end of 2022, 32% by 2024, 66% by 2029
 - With 34.3% of the investment portfolio invested in common stocks at 3-31-20, we estimated shareholders' equity would decline 5.3% if interest rates were to rise by 100 basis points
- **Bond portfolio is well-diversified**
 - Largest issuer (corporate bond) = 0.6% of total bond portfolio
 - Municipal bond portfolio, well-diversified with approximately 1,600 issuers
 - \$4.052 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
- \$60 million of additional earthquake coverage is included
- Up to \$50 million of additional coverage is provided by an aggregate excess of loss catastrophe treaty

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

AGGREGATE EXCESS OF LOSS CATASTROPHE TREATY

RENEWED FOR ONE YEAR EFFECTIVE 7-1-19

Summary of Coverage Limits

- \$50 million per occurrence for combinations of business written on a direct basis and by Cincinnati Re
- \$8 million for catastrophe events affecting only Cincinnati Re, subject to certain deductibles
- \$31 million for earthquakes in certain Western states
- \$31 million for brushfires or wildfires in certain Western states

Summary of Retention

- Retain first \$125 million of each loss
- Retain first \$45 million in aggregate
- Retain first \$20 million of each loss
- Retain first \$40 million of each loss

Note: There are many combinations of occurrences resulting in coverage up to the \$50 million aggregate limit. Cincinnati Global is excluded from the treaty.

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+
Fireman's Fund	A+	-	-	AA
Harleysville	A+	-	A1	A+
Hartford	A+	-	A1	A+
Central Mutual	A	-	-	-
CNA	A	A+	A2	A+
EMC	A	-	-	-
Frankenmuth	A	-	-	-
General Casualty	A	A+	-	A+
Hanover	A	A	A2	A
Liberty Mutual	A	A-	A2	A
Safeco	A	A-	A2	A
Selective	A	A+	A2	A
United Fire Group	A	-	-	-
West Bend	A	-	-	-
Westfield	A	-	-	-
Zurich	A	-	A2	A
State Auto	A-	-	-	-

Source: S&P Global Market Intelligence as of April 17, 2020. Ratings are under continuous review and subject to change and/or affirmation.

VALUATION COMPARISON TO PEERS

