



Social

# Sustainability Disclosure Using SASB Standards for the Insurance Industry

for the year ending December 31, 2022



Environmental



Governance



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## Introduction

Cincinnati Financial Corporation offers primarily business, home and auto insurance 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 insurance, fixed annuities and surplus lines property and casualty insurance.

The following disclosure is aligned with the Sustainability Accounting Standards Board (SASB) [standards](#) for the insurance industry. For more information about SASB, please visit [sasb.org](#). For additional information about Cincinnati Financial or its subsidiaries, please visit [cinfin.com](#).

## Transparent Information & Fair Advice for Customers

### SASB Code FN-IN-270a.1

*Total amount of monetary losses as a result of legal proceedings associated with marketing and communication of insurance product-related information to new and returning customers*

We discuss legal proceedings in our [2022 Annual Report on Form 10-K](#) on page 44. Neither the company nor any of our subsidiaries is involved in any material litigation other than ordinary, routine litigation incidental to the nature of the business of the company and its subsidiaries.

### SASB Code FN-IN-270a.2

*Complaints-to-claims ratio*

Ninety two percent of our policyholders are highly satisfied with the overall claims process based on almost 27,000 standard lines auto and property policyholders responding via electronic claim satisfaction survey between January 1, 2020, and December 31, 2022. The National Association of Insurance Commissioners (NAIC) also provides state-specific data about insurer consumer complaint ratios. Visit [naic.org](#) to see the current data.

### SASB Code FN-IN-270a.3

*Customer retention rate*

Our commercial lines policy retention rate was in the upper 80% range for both 2022 and 2021, while it was near the high end of the mid-80% range for 2020.

Our personal lines policy retention rate was in the low- to mid-90% range for 2022, while it was in the upper 80% range for 2021 and near the high end of the mid-80% range for 2020.

### SASB Code FN-IN-270a.4

*Description of approach to informing customers about products*

We provide well-designed property casualty and life insurance products to bring policyholders convenience, discounts and a reduced risk of coverage gaps or disputes. For most agencies that represent us, we believe we offer insurance solutions for approximately 75% of the typical insurable risks of their clients. Products for various business lines within our reporting segments include insurance coverages for business property and liability, automobiles and homes.

We offer our broad array of insurance products through the independent agency distribution channel. We recognize that locally based independent agencies have relationships in their communities and local marketplace intelligence that can lead to profitable business and policyholder satisfaction and loyalty. Several of our strategic initiatives are intended not only to help us compete but also to enhance support of agencies that represent us, thereby contributing to agency success. We seek to be a consistent and predictable property casualty carrier that agencies can rely on to serve their clients.

We rely on our force of over 1,800 field associates to provide service and be accountable to our agencies for decisions we make at the local level. These associates live in the communities our agents serve, so they are readily available when agencies or policyholders need them. While their work is often conducted at the premises of the agency or policyholder, they also work from offices in their homes. Headquarters associates – many of whom have remote work options - support agencies and field associates with underwriting, accounting, technology assistance, training and other services. Company executives and headquarters associates typically travel to visit agencies, strengthening the personal relationships we have with these organizations. Agents have opportunities for direct, personal conversations with our senior management team, and headquarters associates have opportunities to refresh their knowledge of marketplace conditions and field activities.

The field team is coordinated by field marketing representatives responsible for underwriting new commercial lines business. They are joined by field representatives specializing in claims, loss control, commercial lines key accounts, personal lines, excess and surplus lines, machinery and equipment, management liability and surety, premium audit and life insurance. The field team provides a variety of services, such as recommending specific actions to improve the safety of the policyholder's operations. We seek to develop long-term relationships by understanding the unique needs of each agency's clients, who are also our policyholders.

Technology enhances our service to agencies, allowing them to more easily access our systems and process business transactions. Policyholders can conveniently access pertinent policy information online, helping to reduce costs for agencies and the company. Technology and ongoing training also help our associates collaborate and process business efficiently, providing more time for personal service to agencies and their clients.

We also provide and continue to develop enhanced, tailored services offered at the time a claim is reported for an insured loss event. Those services include assisting with car rental or towing, arranging temporary housing and coordinating emergency repairs to homes so additional damage is minimized.

Our claims philosophy reflects our belief that we prosper as a company by responding to claims person to person, paying covered claims promptly, preventing false claims from unfairly adding to overall premiums and building financial strength to meet future obligations.

Our nearly 900 locally based field claims associates work from their homes and are assigned to specific agencies. They respond personally to policyholders and claimants and are equipped to handle a claim from nearly anywhere. We believe we have a competitive advantage because of the person-to-person approach and the resulting high level of service that our field claims representatives and Express Claims Center associates deliver. For field claims associates handling excess and surplus lines claims, guidance is provided by headquarters-based excess and surplus lines claims managers. Claims may be reported directly to us by calling our claims call center. Home and auto customers can also report claims online via our company website or through the MyCincinnati<sup>SM</sup> app using a mobile device.

Catastrophe response teams are comprised of our experienced field claims associates who have the authority they need to do their jobs. In times of widespread loss, our field claims representatives confidently and quickly resolve claims, with the ability to provide claims payments on the same day they inspect the loss. Technology helps to enable fast initial contact with policyholders and easy sharing of information and data among storm teams, headquarters associates and local field claims representatives. When hurricanes or other weather events are predicted, we can identify through mapping technologies the expected number of our policyholders that may be impacted by the event and choose to have catastrophe response

team members travel to strategic locations near the expected impact area. They are then in position to quickly get to the affected area and begin providing service to policyholders.

We staff a Special Investigations Unit (SIU) that includes former law enforcement and claims professionals whose qualifications make them well suited to gathering facts to uncover potential fraud. While we believe our job is to pay what is due under each policy contract, we also want to prevent false claims from unfairly increasing overall premiums. Our SIU also operates a computer forensics lab that supports field investigation efforts in various ways including assistance with video evidence and data recovery.

We seek to attract and retain high-quality independent insurance agencies with knowledgeable, professional staffs. In turn, we make an exceptionally strong commitment to assist them in keeping their knowledge up to date and educating new people they bring on board as they grow. This includes offering classes, usually at no cost to agencies, except travel-related expenses they may incur, and other training support. We also offer noninsurance financial services. We believe that providing these services enhances agency relationships with the company and their clients, increasing loyalty while diversifying the agency's revenues.

Through the Cincinnati Customer Care Center, we provide a flexible solution for agents to provide efficient and exceptional service to their small business, personal lines, management liability and commercial surety accounts. While the concept of service centers isn't new, we believe our model is unique:

- Agents choose which accounts to move to the Customer Care Center while continuing to earn a commission.
- Policyholders call a local phone number and speak directly with their own account manager.
- Care Center account managers are experienced Cincinnati underwriters and licensed agents with the authority to answer questions, make changes and issue policies.

The MyCincinnati app for personal lines policyholders is available for Android™ and Apple® devices and recent upgrades include fingerprint and facial recognition for easier sign in and the ability to make payments and obtain automobile ID cards without logging in.

In early 2018, we implemented a digital wallet program for personal lines policyholders. Using Apple and Android devices, insureds can view statements and access their accounts. The digital wallet program supplements various online bill pay and pay-by-phone options. As of December 31, 2022, we have over 30,000 digital wallet subscribers.

We discuss our agent-centered strategy in our [2022 Annual Report on Form 10-K](#) in Item 1, Our Business and Our Strategy

## Incorporation of Environmental, Social, and Governance Factors in Investment Management

### SASB Code FN-IN-410a.1

#### *Total invested assets by industry and asset class*

The fair value of our total investments was approximately \$22.4 billion at year-end 2022, including \$12.1 billion in fixed-maturity securities and \$9.8 billion in equity securities.

We discuss our investments segment in our [2022 Annual Report on Form 10-K](#) beginning on page 24. The discussion includes information about industry and asset class. In addition, our portfolio is published quarterly and is available on our [Quarterly Results](#) page on our public website.

## SASB Code FN-IN-410a.2

*Description of approach to incorporation of environmental, social, and governance (ESG) factors in investment management processes and strategies*

Our investment management process and strategy consider multiple relevant factors, including environmental, social, and governance, in addition to significant regulatory requirements that limit our investment instruments that increase credit and equity risk. Insurance regulation is designed to make sure that an insurer has the liquidity necessary to pay claims as they arise.

Our investment department operates under risk guidelines set forth in our investment policy along with oversight of the investment committee of our board of directors. These guidelines set parameters for risk tolerances governing, among other items, the allocation of the portfolio as well as security and sector concentrations. These parameters are part of an integrated corporate risk management program. When allocating cash to various asset classes, we consider market-based factors such as risk adjusted after-tax yields as well as internal measures based in part on insurance department regulations and rating agency guidance. The investment department factors all elements of risk in its analysis, including not only those that are readily visible but also longer-term risks that may be less apparent today.

We have obligations to insurance policyholders as well as shareholders and therefore work to appropriately balance capital preservation and growth. Our investment strategy includes pursuing equity market exposure with an eye toward sector diversification as a risk management tool. We have positions in all S&P 500 sectors, including energy. We believe market forces will ultimately drive adaptive management teams at high-quality companies, such as Exxon Mobil Corporation (NYSE:XOM) and Chevron Corporation (NYSE:CVX), to be a part of the long-term solution to carbon alternatives. We support management teams in proxy voting unless we believe the issue at stake is in direct conflict with our duty to create long-term value for our policyholders and shareholders.

The fair value of our total investments was approximately \$22.4 billion at year-end 2022, including \$12.1 billion in fixed-maturity securities and \$9.8 billion in equity securities. We discuss our investments segment in our [2022 Annual Report on Form 10-K](#) beginning on page 24. The discussion includes information about industry and asset class. In addition, our portfolio is published quarterly and is available in our [Quarterly Results](#) page on our public website.

## Policies Designed to Incentivize Responsible Behavior

### SASB Code FN-IN-410b.1

*Net premiums written related to energy efficiency and low carbon technology*

Cincinnati Financial Corporation does not currently segment premium data for policies written related to energy efficiency or low carbon technology. Our premium data is segmented by line of business and by state, as required by insurance regulators. For more information on how we segment our business, please see our [2022 Annual Report on Form 10-K](#). We discuss our segments beginning on page 14 and our financial results beginning on page 60.

### SASB Code FN-IN-410b.2

*Discussion of products and/or product features that incentivize health, safety, and/or environmentally responsible actions and/or behaviors*

Through its lead subsidiary, The Cincinnati Insurance Company and affiliated companies, Cincinnati Financial Corporation offers several products and services for policyholders that incentivize health and safety and environmentally responsible actions and behaviors.

## Health & Safety

The Cincinnati Insurance Company can write workers' compensation and the accompanying employers liability coverage in 46 states. For those monopolistic states that do not allow private insurers to compete with the state workers' compensation fund, we may be able to offer separate employers liability or stop gap coverage.

Through our workers' compensation and loss control products and services, we strive to help business policyholders maintain healthy and safe work environments for their employees and prevent, prepare for and recover from covered employee injuries.

When they do occur, workers' compensation claims cost businesses time, money and productivity. Our use of predictive modeling, behavioral science, case management and a comprehensive pharmacy program help businesses by controlling expenses and allow injured employees to return to work as soon as medically appropriate.

- **Workers' Compensation Predictive Model:** Cincinnati Insurance's proprietary claim model helps identify injured employees who are at risk for chronic pain, complex medical conditions and potential return to work challenges. The model can identify and track the use of opioids, a common treatment for chronic pain. By using managed care resources, our dedicated workers' compensation professionals can work in cooperation with treating physicians toward modifying treatment and pharmacy regimens to encourage swift return to work and positive claim outcome. Currently, our claim model scores every claim reported to us through our dedicated Claim Reporting Center.
- **Behavioral Science:** Psychosocial issues are a leading driver of claim costs. By using innovative technology to identify real-time risks, our claim handlers are able to promptly communicate with the injured worker to provide resources and encouragement. When the injured worker feels supported through the injury, they are more likely to have an expedited recovery.
- **Nurse Case Management:** We use nurse case managers local to the communities of our policyholders and injured workers to support our claim handlers. Nurse case managers support return to work and help injured workers navigate through their medical recovery. We use bilingual nurse case managers in many markets.
- **Pharmacy Bill Manager:** Our pharmacy benefit manager partnership provides vitally important clinical oversight to the prescription regimens of our workers' compensation claims. Claim handlers are equipped with key claim details, state-specific formulary notifications, and readily available clinical support to review medications presented to a claim. Our pharmacy bill manager dedicates ongoing attention to monitoring and intervening in initial and chronic opioid use and brand-to-generic conversions. We continue to have consistent reductions in opioid use and continue to emphasize injured worker safety.

Loss control services help our commercial policyholders protect their business and enhance the health and safety of their employees by properly identifying and effectively communicating risk levels and potential impact on the organization and community. We provide high-quality, complimentary loss control services to policyholders in areas such as:

- **General safety:** Consultation and customized safety and risk management solutions that help reduce liability, prevent falls, keep employees safe at job sites, protect property from loss and help assure business continuity in the event of a loss.
- **Auto safety:** Programs that reduce the risk of vehicular accidents by addressing distracted driving, driver training and vehicle telematics while supporting regulatory requirements for commercial vehicle operators.

- Construction safety: Reducing risk at construction job sites by helping to identify hazards and proper controls, as well as facilitating the overall quality of construction management.
- Fire Prevention: We provide many services to proactively control the fire peril that can threaten both lives and property. These include risk evaluations to identify physical hazards and controls, evaluation of fire protection systems for adequacy and operating condition, and use of infrared cameras to scan electrical systems for hot spots and potential sources of electrical failure.
- Industrial hygiene: We provide services such as noise monitoring and air sampling to help identify hazards and support our commercial policyholders' efforts to ensure a safe and healthy work environment.
- Vendor alliances: Through a variety of relationships with high-quality vendors, we can offer commercial policyholders access to and discounts on a wide variety of services including background screening services, sample construction contracts and sexual abuse prevention and risk management resources. See all of our [vendor alliances here](#).

Educational resources and tips on a variety of loss control and general safety topics are available through our corporate blog ([blog.cinfin.com](http://blog.cinfin.com)) and [cinfin.com](http://cinfin.com).

#### Environmental Responsibility

Environmental stewardship continues to influence our business opportunities, including product development and service delivery. For commercial policyholders, we offer a property green endorsement that provides:

- Additional coverage, at no additional charge, to cover the increased cost of repairing a building insured at replacement costs values with a current green certification.
- Coverage, at an additional premium charge, to repair a building not currently green certified using green materials and building techniques to help it qualify for green certification in the future.

For personal insurance policyholders, our Executive Capstone™ homeowners insurance policy automatically provides some coverage for the reasonable costs to repair or replace covered, damaged property with green alternatives. A Green Upgrade coverage endorsement is also available and offers broader benefits, such as coverage for green upgrade expenses after a covered loss.

Home and auto policyholders can also go paperless and receive policy information via a secure online portal or through our mobile app for Android™ and Apple devices. Converting policyholders to the paperless option eliminates the need to print and mail multi-page policy documents, avoiding postal mailing and related emissions. As of year-end 2022, nearly 30% of our personal lines policyholders had gone paperless, up nearly 50% from year-end 2019, and we continue to actively promote this option.

In June 2021, we launched paperless policy delivery for the majority of our commercial lines business. Instead of automatically receiving paper copies of commercial insurance documents, agencies receive electronic copies and amend print preferences at the policy level. Moving to paperless policy delivery will greatly reduce paper consumption and associated physical delivery emissions.



## Environmental Risk Exposure

### SASB Code FN-IN-450a.1

#### *Probable Maximum Loss (PML) of insured products from weather-related natural catastrophes*

A single large loss or an unexpected rise in claims severity or frequency due to a catastrophic event is a risk to the company's liquidity and financial strength. To control such losses, we limit marketing property casualty insurance in specific geographic areas and monitor our exposure in certain coastal regions. Examples of this include limiting our earthquake writings in the New Madrid region or leveraging more restrictive terms and conditions through the use of our excess and surplus company in higher risk areas for wildfire or hurricane. Loss exposures in these areas have been identified as a major contributor to our catastrophe probable maximum loss estimates. The table below includes probable maximum loss estimates for the peril of hurricane. These estimates were subsequently reduced, in large part due to less exposure from southeastern U.S. homeowner policies. We also continually review aggregate exposures to large disasters and purchase reinsurance protection to cover these exposures. For business other than Cincinnati Re<sup>®</sup> and Cincinnati Global Underwriting Ltd.<sup>SM</sup>, we use the Risk Management Solutions (RMS) and Applied Insurance Research (AIR) models to evaluate exposures to a once-in-a-100-year and a once-in-a-250-year event to help determine appropriate reinsurance coverage programs. In conjunction with these activities, we also continue to evaluate information provided by our reinsurance broker. Examples include deterministic modeling of probable maximum loss contribution from growth in new geographic territories.

To help determine appropriate reinsurance coverage for hurricane, earthquake and tornado/hail exposures, for business other than Cincinnati Re and Cincinnati Global we use the RMS and AIR models to estimate the probable maximum loss from a single event or multiple events occurring in a one-year period. The models are proprietary in nature, and the vendors that provide them periodically update the models, sometimes resulting in significant changes to their estimate of probable maximum loss. As of the end of 2022, both models indicated that a hurricane event represents our largest amount of exposure to losses. The table below summarizes estimated probabilities and the corresponding probable maximum loss from a single hurricane event occurring in a one-year period, for business other than Cincinnati Re and Cincinnati Global, and indicates the effect of such losses on consolidated shareholders' equity at December 31, 2022. Net losses are net of reinsurance, estimated reinstatement premiums and income taxes, assuming a 21% federal tax rate, and assume our 2023 reinsurance programs apply.

(Dollars in millions)	RMS Model			AIR Model		
	Gross Losses	Net Losses	Percent of total equity	Gross Losses	Net Losses	Percent of total equity
Probability at December 31, 2022						
2.0% (1 in 50 year event)	\$ 488	\$ 247	2.30 %	\$ 512	\$ 249	2.4 %
1.0% (1 in 100 year event)	776	326	3.1	785	319	3
0.4% (1 in 250 year event)	1,306	619	5.9	1,271	563	5.3
0.2% (1 in 500 year event)	1,893	1,056	10	1,750	900	8.5

The modeled losses according to RMS in the table are based on its RiskLink version 22 catastrophe model and use a long-term storm catalog methodology. The modeled losses according to AIR in the table are based on its AIR Touchstone<sup>®</sup> version 10.0 catastrophe model and use a long-term methodology. The AIR and RMS storm catalogs include decades of documented weather events used in simulations for probable maximum loss projections.

We discuss our 2023 Reinsurance Ceded Program in our [2022 Annual Report on Form 10-K](#) beginning on page 104.

### SASB Code FN-IN-450a.2

*Total amount of monetary losses attributable to insurance payouts from (1) modeled natural catastrophes and (2) nonmodeled natural catastrophes, by type of event and geographic segment (net and gross of reinsurance)*

The following table shows catastrophe losses incurred for the most recent calendar year, net of reinsurance, as well as the effect of loss development on prior period catastrophe reserves. We individually list declared catastrophe events for which our incurred losses reached or exceeded \$25 million.

### Catastrophe Losses Incurred

(Dollars in millions, net of reinsurance)

Dates	Events	Regions	Commercial lines	Personal lines	Excess and surplus lines	Other	Total
<b>2022</b>							
Jun. 11-17	Flood, Hail, Wind	Midwest, Northeast, South	18	18	—	—	36
Sep. 27 - Oct. 1	Flood, Hail, Wind	South (Ian)	28	42	—	133	203
Dec. 21-31	Flood, Freeze, Ice, Snow, Wind	Midwest, Northeast, South, West	110	46	2	3	161
All other 2022 catastrophes			151	130	3	20	304
Development on 2021 and prior catastrophes			-23	-44	-1	-4	-72
Calendar year incurred total			<u>\$284</u>	<u>\$192</u>	<u>\$4</u>	<u>\$152</u>	<u>\$632</u>

We discuss our consolidated results, including catastrophe losses, in our [2022 Annual Report on Form 10-K](#) beginning on page 61.

### SASB Code FN-IN-450a.3

*Description of approach to incorporation of environmental risks into (1) the underwriting process for individual contracts and (2) the management of firm-level risks and capital adequacy*

We manage enterprise risk through formal risk management programs overseen by an executive officer of the company. Our ERM framework includes an enterprise risk management committee, which is responsible for overseeing risk activities and is comprised of senior executive-level risk owners from across the enterprise. The risk committee's activities are supported by a team of representatives from business areas that focus on identifying, evaluating and developing risk plans for emerging risks. A comprehensive report is provided quarterly to our chairman and chief executive officer and also to our board of directors and our senior executive team, as appropriate, on the status of risk metrics relative to identified tolerances and limits, risk assessments and risk plans. The use of operational audits, strategic plans and departmental business plans, as well as our culture of open communications and fundamental respect for our [Code of Conduct](#), continue to help us manage risks on an ongoing basis.

Our risk management programs include a formalized risk appetite element and a risk identification and quantification process. The overall enterprise objective is to appropriately balance risk and reward to achieve an appropriate return on risk capital. Our capital model reflects consideration of these risk factors in evaluating capital adequacy and in determining an appropriate level of risk capital required for supporting our business plan. The company's key risks are discussed in our [2022 Annual Report on Form 10-K](#), Item 1A, Risk Factors, including risks related to natural catastrophes, investments and operations.

We continue to study emerging risks, including climate change risk and its potential financial effects on our results of operations and on those we insure. These effects include deterioration in the credit quality of our municipal or corporate bond portfolios and increased losses without sufficient corresponding increases in premiums. As with any risk, we seek to identify the extent of the risk exposure and possible actions to mitigate potential negative effects of risk at an enterprise level.

The extent of losses from a catastrophe is a function of both the total amount of insured and reinsured exposure in the area affected by the event and the severity of the event. Our ability to appropriately manage catastrophe risk depends partially on catastrophe models, which may be affected by inaccurate or incomplete data, the uncertainty of the frequency and severity of future events and the uncertain impact of climate change. Additionally, these models are recalibrated and changed over time, with more data availability and changing opinions regarding the effect of current or emerging loss patterns and conditions.

According to these models, probable maximum loss estimates from a single hurricane event that combine the effects of property casualty insurance written on a direct basis by The Cincinnati Insurance Companies, the Cincinnati Re reinsurance portfolio and risks insured by Cincinnati Global include the following amounts, net of amounts recoverable through reinsurance ceded and also income taxes: \$540 million for a once-in-a-100-year event and \$798 million for a once-in-a-250-year event. Please see our [2022 Annual Report on Form 10-K](#), Item 7, Liquidity and Capital Resources, 2023 Reinsurance Programs, for a discussion of modeled losses considered in evaluating our risk mitigation strategy, which includes our ceded reinsurance program.

The geographic regions in which we market insurance and reinsurance are exposed to numerous natural catastrophes, such as:

- Hurricanes in the gulf, eastern, southeastern and northeastern coastal regions.
- Earthquakes in many regions, most particularly in the New Madrid fault zone, California, the Northwest and Southwest.
- Tornadoes, wind and hail.
- Wildfires.
- Winter storms
- On a worldwide basis, in the event of a severe catastrophic event or terrorist attack we may be exposed to material losses through our Cincinnati Re and Cincinnati Global operations.

We incorporate environmental risk, specifically catastrophe risk, into our underwriting process through risk selection and analysis, policy construction, catastrophe modeling and pricing. Underwriting guidelines that outline hazards, limits and policy conditions exist for all catastrophe risks. Underwriters consider the modeled losses of a specific risk when determining deductibles. We have the ability to use deductibles for various weather-related losses in accordance with the laws of each state. This modeling and appropriate use of deductibles helps us properly manage our catastrophe exposures.

We discuss our enterprise risk management program and our risk factors in our [2022 Annual Report on Form 10-K](#) beginning on page 31.

## Systemic Risk Management

### SASB Code FN-IN-550a.1

*Exposure to derivative instruments by category: (1) total potential exposure to noncentrally cleared derivatives, (2) total fair value of acceptable collateral posted with the Central Clearinghouse, and (3) total potential exposure to centrally cleared derivatives*

#### Market Risk

Market risk is the potential for a decrease in securities' fair value resulting from broad yet uncontrollable forces such as: inflation, economic growth or recession, interest rates, world political conditions or other widespread unpredictable events. We take an active approach to managing market and other investment risks, including the accountabilities and controls over these activities. Actively managing these market risks is integral to our operations.

During the five years ended December 31, 2022, we held no derivative instruments except for one during the first two months of 2019. On January 3, 2019, the company entered into a foreign exchange forward contract, which provided an economic hedge between the agreed upon purchase price for a pending acquisition in British pounds and currency fluctuations between the U.S. dollar and British pound during January 3 through February 28, 2019. Foreign exchange rates during 2019 did not have a material impact to our consolidated financial statements.

We discuss market risk in our [2022 Annual Report on Form 10-K](#) beginning on page 112.

### SASB Code FN-IN-550a.2

*Total fair value of securities lending collateral assets*

During the five years ended December 31, 2022, we did not have securities lending collateral assets.

### SASB Code FN-IN-550a.3

*Description of approach to managing capital-and-liquidity-related risks associated with systemic noninsurance activities*

We have two noninsurance subsidiaries – CFC Investment Company and CSU Producer Resources. Both are related to our insurance operations and are not considered to be material sources of risk to the enterprise. For example, CFC-I, our subsidiary that offers commercial leasing and financing services, had \$92 million in receivables, representing less than 1% of consolidated assets at year-end 2022.

We manage enterprise risk through formal risk management programs that oversee risk activities. Our use of operational audits, strategic plans and departmental business plans, as well as our culture of open communications and our fundamental respect for our [Code of Conduct](#), continue to help us manage risks on an ongoing basis.

We discuss our enterprise risk management program in our [2022 Annual Report on Form 10-K](#) beginning on page 31.

## Activity Metric

### SASB Code FN-IN-000.A

*Number of policies in force by segment: (1) property and casualty, (2) life, (3) assumed reinsurance*

We prefer to write personal lines coverage as package accounts that include both auto and homeowner coverages as well as coverages that are part of our other personal business line. At the end of 2022, approximately 83% of our homeowner policies were accompanied by a personal auto policy in the same account. Please see our personal lines segment discussion on page 18 of our [2022 Annual Report on Form 10-K](#) for more information. Amounts for policies in force shown below are as of the respective year-end periods.

#### Personal Auto

	2020	2021	2022
In-Force Policies	292,817	281,575	288,847
Change from prior year	-5.9%	-3.8%	2.6%

#### Homeowners

	2020	2021	2022
In-Force Policies	361,100	351,025	359,633
Change from prior year	-4.3%	-2.8%	2.5%

Our commercial and specialty lines of business are not managed by policy, but rather by relationship. Coverages are often bundled together and offered on a multi-year basis. Therefore, the number of policies in force is not a meaningful metric for those lines of businesses. See our commercial lines segment discussion on page 15 of our [2022 Annual Report on Form 10-K](#) for more information about our multi-year commercial lines policies.

We continue to emphasize cross-serving opportunities between our life insurance business and personal lines and commercial lines accounts of our property casualty agencies. See our life insurance segment discussion on page 22 of our Annual Report on Form 10-K for more information.

#### Ordinary Life Insurance

	2020	2021	2022
In-Force Policies	437,382	442,433	444,499
Change from prior year	0.4%	1.2%	0.5%

Our reinsurance assumed operations, known as Cincinnati Re, is not managed by policy. Instead, contracts referred to as treaties are used to assume a portion of risks insured by other insurance or reinsurance companies.