

REFINITIV

# DELTA REPORT

## 10-Q

CINF - CINCINNATI FINANCIAL CORP

10-Q - MARCH 31, 2024 COMPARED TO 10-Q - SEPTEMBER 30, 2023

The following comparison report has been automatically generated

TOTAL DELTAS	1650
CHANGES	659
DELETIONS	571
ADDITIONS	420

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

FORM 10-Q

(Mark one)

☒ QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended **September 30, 2023** **March 31, 2024**.

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the transition period from \_\_\_\_\_ to \_\_\_\_\_.

Commission file number 0-4604

**CINCINNATI FINANCIAL CORPORATION**

(Exact name of registrant as specified in its charter)

Ohio	31-0746871
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
6200 S. Gilmore Road, Fairfield, Ohio	45014-5141
(Address of principal executive offices)	(Zip code)

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

N/A

(Former name, former address and former fiscal year, 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

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 ☐ No

Indicate by check mark whether the registrant has submitted electronically every Interactive Data File required to be submitted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit such files).

☒ Yes ☐ No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a nonaccelerated filer, a smaller reporting company or an emerging growth company. See definition of "large accelerated filer," "accelerated filer," "smaller reporting company" and "emerging growth company" in Rule 12b-2 of the Exchange Act.

☒ Large accelerated filer ☐ Accelerated filer ☐ Nonaccelerated filer ☐ Smaller reporting company

☐ 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. ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act):

☐ Yes ☒ No

As of **October 20, 2023** **April 19, 2024**, there were **156,907,720** **156,558,411** shares of common stock outstanding.

CINCINNATI FINANCIAL CORPORATION AND SUBSIDIARIES  
FORM 10-Q FOR THE QUARTER ENDED **September 30, 2023** **March 31, 2024**

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## Part I – Financial Information

### Item 1. Financial Statements (unaudited)

#### Cincinnati Financial Corporation and Subsidiaries Condensed Consolidated Balance Sheets

(Dollars in millions, except per share data)	(Dollars in millions, except per share data)	September 30, 2023	December 31, 2022	(Dollars in millions, except per share data)	March 31,	December 31,
		2024			2024	2023
<b>Assets</b>	<b>Assets</b>			<b>Assets</b>		
Investments	Investments			Investments		

Fixed maturities, at fair value (amortized cost: 2023—\$14,050; 2022—\$12,979)			
	\$	12,843	\$ 12,132
Equity securities, at fair value (cost: 2023—\$4,399; 2022—\$4,294)			
		10,031	9,841
Fixed maturities, at fair value (amortized cost: 2024—\$14,709; 2023—\$14,361)			
Equity securities, at fair value (cost: 2024—\$4,313; 2023—\$4,282)			
Other invested assets			
Other invested assets			
		534	452
Total investments	Total investments	23,408	22,425
Cash and cash equivalents			
		899	1,264
Investment income receivable			
Investment income receivable			
Investment income receivable	Investment income receivable	182	160
Finance receivable	Finance receivable	103	92
Premiums receivable	Premiums receivable	2,654	2,322
Reinsurance recoverable	Reinsurance recoverable	699	665
Prepaid reinsurance premiums	Prepaid reinsurance premiums	69	51
Deferred policy acquisition costs	Deferred policy acquisition costs	1,101	1,013
Land, building and equipment, net, for company use (accumulated depreciation: 2023—\$333; 2022—\$322)			
		199	202
Land, building and equipment, net, for company use (accumulated depreciation: 2024—\$331; 2023—\$337)			
Other assets	Other assets	683	646
Separate accounts	Separate accounts	918	892
Total assets	Total assets	\$ 30,915	\$ 29,732
Liabilities			

Liabilities			
Liabilities	Liabilities		
Insurance reserves	Insurance reserves		Insurance reserves
Loss and loss expense reserves	Loss and loss expense reserves	\$ 9,077	\$ 8,400
Life policy and investment contract reserves	Life policy and investment contract reserves	2,920	3,015
Unearned premiums	Unearned premiums	4,195	3,689
Other liabilities	Other liabilities	1,315	1,229
Deferred income tax	Deferred income tax	997	1,054
Note payable	Note payable	25	50
Long-term debt and lease obligations	Long-term debt and lease obligations	844	841
Separate accounts	Separate accounts	918	892
Total liabilities	Total liabilities	20,291	19,170
Commitments and contingent liabilities (Note 12)	Commitments and contingent liabilities (Note 12)		
Commitments and contingent liabilities (Note 12)	Commitments and contingent liabilities (Note 12)		
Shareholders' Equity	Shareholders' Equity		
Common stock, par value—\$2 per share; (authorized: 2023 and 2022—500 million shares; issued: 2023 and 2022—198.3 million shares)		397	397
Shareholders' Equity			
Shareholders' Equity			
Common stock, par value—\$2 per share; (authorized: 2024 and 2023—500 million shares; issued: 2024 and 2023—198.3 million shares)			
Paid-in capital	Paid-in capital	1,422	1,392
Retained earnings	Retained earnings	12,018	11,711
Accumulated other comprehensive income		(827)	(614)
Treasury stock at cost (2023—41.4 million shares and 2022—41.2 million shares)		(2,386)	(2,324)

Accumulated other comprehensive loss			
Treasury stock at cost (2024—41.8 million shares and 2023—41.3 million shares)			
Total shareholders' equity	Total shareholders' equity	10,624	10,562
Total liabilities and shareholders' equity	Total liabilities and shareholders' equity	\$ 30,915	\$ 29,732

Accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

Cincinnati Financial Corporation **Third-Quarter 2023** **First-Quarter 2024** 10-Q  
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## Cincinnati Financial Corporation and Subsidiaries Condensed Consolidated Statements of Income

(Dollars in millions, except per share data)	(Dollars in millions, except per share data)	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
(Dollars in millions, except per share data)					
(Dollars in millions, except per share data)					
Three months ended March 31,					
2024					
2024					
2023					
Revenues	Revenues	Revenues			
Earned premiums	Earned premiums	\$2,033	\$1,884	\$5,894	\$ 5,350
Investment income, net of expenses	Investment income, net of expenses	225	193	655	573
Investment gains and losses, net	Investment gains and losses, net	(456)	(674)	84	(2,494)
Fee revenues	Fee revenues	6	5	16	12
Other revenues	Other revenues	3	2	8	7
Total revenues	Total revenues	1,811	1,410	6,657	3,448
Benefits and Expenses	Benefits and Expenses	Benefits and Expenses			
Insurance losses and contract holders' benefits	Insurance losses and contract holders' benefits	1,332	1,418	4,070	3,772

Underwriting, acquisition and insurance expenses	Underwriting, acquisition and insurance expenses	609	551	1,744	1,604
Interest expense	Interest expense	13	14	40	40
Other operating expenses	Other operating expenses	5	4	17	13
Total benefits and expenses	Total benefits and expenses	1,959	1,987	5,871	5,429
<b>Income (Loss) Before Income Taxes</b>					
		(148)	(577)	786	(1,981)
<b>Provision (Benefit) for Income Taxes</b>					
<b>Income Before Income Taxes</b>					
<b>Provision for Income Taxes</b>					
Current	Current	57	19	124	90
Deferred	Deferred	(106)	(180)	2	(571)
Total provision (benefit) for income taxes		(49)	(161)	126	(481)
<b>Net Income (Loss)</b>		<b>\$ (99)</b>	<b>\$ (416)</b>	<b>\$ 660</b>	<b>\$ (1,500)</b>
<b>Total provision for income taxes</b>					
<b>Net Income</b>					
<b>Per Common Share</b>	<b>Per Common Share</b>	<b>Per Common Share</b>			
Net income (loss)—basic		<b>\$ (0.63)</b>	<b>\$ (2.63)</b>	<b>\$ 4.20</b>	<b>\$ (9.42)</b>
Net income (loss)—diluted		<b>(0.63)</b>	<b>(2.63)</b>	<b>4.17</b>	<b>(9.42)</b>
Net income — basic					
Net income — diluted					

Accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

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## Cincinnati Financial Corporation and Subsidiaries

### Condensed Consolidated Statements of Comprehensive Income

(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Net Income (Loss)</b>	<b>\$ (99)</b>	<b>\$ (416)</b>	<b>\$ 660</b>	<b>\$ (1,500)</b>
<b>Other Comprehensive Income (Loss)</b>				

Change in unrealized gains and losses on investments, net of benefit of \$(79), \$(109), \$(76) and \$(393), respectively	(290)	(405)	(284)	(1,477)
Amortization of pension actuarial loss and prior service cost, net of tax (benefit) of \$0, \$0, \$(2) and \$0, respectively	—	—	(5)	—
Change in life policy reserves, reinsurance recoverable and other, net of tax of \$22, \$25, \$19 and \$104, respectively	89	95	76	393
Other comprehensive loss	(201)	(310)	(213)	(1,084)
<b>Comprehensive Income (Loss)</b>	<b>\$ (300)</b>	<b>\$ (726)</b>	<b>\$ 447</b>	<b>\$ (2,584)</b>

(Dollars in millions)	Three months ended March 31,	
	2024	2023
<b>Net Income</b>	<b>\$ 755</b>	<b>\$ 225</b>
<b>Other Comprehensive Income (Loss)</b>		
Change in unrealized gains and losses on investments, net of tax (benefit) of \$(11) and \$35, respectively	(44)	128
Amortization of pension actuarial loss and prior service cost, net of tax (benefit) of \$0 and \$(1), respectively	—	(5)
Change in life policy reserves, reinsurance recoverable and other, net of tax (benefit) of \$10 and \$(9), respectively	37	(36)
Other comprehensive income (loss)	(7)	87
<b>Comprehensive Income</b>	<b>\$ 748</b>	<b>\$ 312</b>

Accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

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## Cincinnati Financial Corporation and Subsidiaries

### Condensed Consolidated Statements of Shareholders' Equity

(Dollars in millions)	(Dollars in millions)	Three months ended		Nine months ended	
		September 30,		September 30,	
		2023	2022	2023	2022
(Dollars in millions)					
(Dollars in millions)					
		Three months ended March 31,			
		2024			
		2024			
		2023			
<b>Common Stock</b>	<b>Common Stock</b>				
Beginning of period	Beginning of period				
Beginning of period	Beginning of period				
Beginning of period	Beginning of period	\$ 397	\$ 397	\$ 397	\$ 397
Share-based awards	Share-based awards	—	—	—	—
End of period	End of period	397	397	397	397
<b>Paid-In Capital</b>	<b>Paid-In Capital</b>				
<b>Paid-In Capital</b>	<b>Paid-In Capital</b>				
Beginning of period	Beginning of period				
Beginning of period	Beginning of period				
Beginning of period	Beginning of period	1,410	1,367	1,392	1,356



Share-based awards	Share-based awards	1	1	(5)	(11)
Share-based compensation	Share-based compensation	9	9	31	29
Other	Other	2	2	4	5
End of period	End of period	1,422	1,379	1,422	1,379
Retained Earnings	Retained Earnings				
Retained Earnings					
Beginning of period	Beginning of period	12,235	11,331	11,711	12,625
Cumulative effect of change in accounting for long-duration insurance contracts (Note 1)					
		—	—	—	10
Adjusted beginning of period		12,235	11,331	11,711	12,635
Net income (loss)		(99)	(416)	660	(1,500)
Beginning of period					
Beginning of period					
Net income					
Net income					
Net income					
Dividends declared	Dividends declared	(118)	(109)	(353)	(329)
End of period	End of period	12,018	10,806	12,018	10,806
Accumulated Other Comprehensive Income (Loss)					
Accumulated Other Comprehensive Loss					
Accumulated Other Comprehensive Loss					
Accumulated Other Comprehensive Loss					
Beginning of period	Beginning of period	(626)	(478)	(614)	648
Cumulative effect of change in accounting for long-duration insurance contracts (Note 1)					
		—	—	—	(352)
Adjusted beginning of period		(626)	(478)	(614)	296
Other comprehensive loss		(201)	(310)	(213)	(1,084)
Beginning of period					
Beginning of period					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
Other comprehensive income (loss)					
End of period	End of period	(827)	(788)	(827)	(788)

Treasury Stock	Treasury Stock				
Treasury Stock					
Treasury Stock					
Beginning of period					
Beginning of period					
Beginning of period	Beginning of period	(2,386)	(2,112)	(2,324)	(1,921)
Share-based awards	Share-based awards	1	1	8	13
Shares acquired - share repurchase authorization	Shares acquired - share repurchase authorization	—	(203)	(67)	(399)
Shares acquired - share-based compensation plans	Shares acquired - share-based compensation plans	(2)	—	(5)	(8)
Other		1	—	2	1
End of period					
End of period					
End of period	End of period	(2,386)	(2,314)	(2,386)	(2,314)
Total Shareholders' Equity	Total Shareholders' Equity	\$10,624	\$9,480	\$10,624	\$9,480
Total Shareholders' Equity					
Total Shareholders' Equity					
(In millions, except per common share)	(In millions, except per common share)				
(In millions, except per common share)					
(In millions, except per common share)					
Common Stock - Shares Outstanding	Common Stock - Shares Outstanding				
Common Stock - Shares Outstanding					
Common Stock - Shares Outstanding					
Beginning of period					
Beginning of period					
Beginning of period	Beginning of period	156.8	159.2	157.1	160.3
Share-based awards	Share-based awards	—	—	0.3	0.5
Shares acquired - share repurchase authorization	Shares acquired - share repurchase authorization	—	(2.1)	(0.6)	(3.7)

Shares acquired - share-based compensation plans					
Other		0.1	—	0.1	—
End of period					
End of period					
End of period	End of period	156.9	157.1	156.9	157.1
Dividends declared per common share	Dividends declared per common share	\$ 0.75	\$ 0.69	\$ 2.25	\$ 2.07
Dividends declared per common share					
Dividends declared per common share					

Accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

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## Cincinnati Financial Corporation and Subsidiaries Condensed Consolidated Statements of Cash Flows

(Dollars in millions)	(Dollars in millions)	Nine months ended September 30,		(Dollars in millions)	Three months ended March 31,	
		2023	2022			
2024				2024		
Cash Flows From Operating Activities	Cash Flows From Operating Activities	Cash Flows From Operating Activities				
Net income (loss)	\$ 660	\$(1,500)				
Net income						
Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:	Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation, amortization and other	Depreciation, amortization and other	88	102			
Investment gains and losses, net	Investment gains and losses, net	(69)	2,513			
Interest credited to contract holders	Interest credited to contract holders	33	34			
Interest credited to contract holders						
Interest credited to contract holders						
Deferred income tax expense	Deferred income tax expense	2	(571)			
Changes in:	Changes in:	Changes in:				
Premiums and reinsurance receivable						
Premiums and reinsurance receivable						
Premiums and reinsurance receivable	Premiums and reinsurance receivable	(392)	(354)			

Deferred policy acquisition costs	Deferred policy acquisition costs	(88)	(118)		
Other assets	Other assets	(30)	(6)		
Loss and loss expense reserves	Loss and loss expense reserves	677	808		
Life policy and investment contract reserves	Life policy and investment contract reserves	73	53		
Unearned premiums	Unearned premiums	506	527		
Other liabilities	Other liabilities	8	3		
Current income tax receivable/payable	Current income tax receivable/payable	7	(70)		
Net cash provided by operating activities	Net cash provided by operating activities	1,475	1,421		
<b>Cash Flows From Investing Activities</b>	<b>Cash Flows From Investing Activities</b>			<b>Cash Flows From Investing Activities</b>	
Sale, call or maturity of fixed maturities	Sale, call or maturity of fixed maturities	826	911		
Sale of equity securities	Sale of equity securities	68	333		
Sale of equity securities					
Sale of equity securities					
Purchase of fixed maturities	Purchase of fixed maturities	(1,853)	(1,445)		
Purchase of equity securities	Purchase of equity securities	(157)	(380)		
Changes in finance receivables	Changes in finance receivables	(10)	12		
Changes in finance receivables					
Changes in finance receivables					
Investment in building and equipment					
Investment in building and equipment					
Investment in building and equipment	Investment in building and equipment	(10)	(12)		
Change in other invested assets, net	Change in other invested assets, net	(102)	(65)		
Net cash used in investing activities	Net cash used in investing activities	(1,238)	(646)		
<b>Cash Flows From Financing Activities</b>	<b>Cash Flows From Financing Activities</b>			<b>Cash Flows From Financing Activities</b>	
Payment of cash dividends to shareholders	Payment of cash dividends to shareholders	(338)	(316)		
Shares acquired - share repurchase authorization	Shares acquired - share repurchase authorization	(67)	(399)		
Changes in note payable		(25)	(10)		
Proceeds from stock options exercised					
Proceeds from stock options exercised					
Proceeds from stock options exercised	Proceeds from stock options exercised	7	8		

Contract holders' funds deposited	Contract holders' funds deposited	67	54		
Contract holders' funds withdrawn	Contract holders' funds withdrawn	(165)	(98)		
Other	Other	(81)	(70)		
Net cash used in financing activities	Net cash used in financing activities	(602)	(831)		
Net change in cash and cash equivalents	Net change in cash and cash equivalents	(365)	(56)		
Cash and cash equivalents at beginning of year	Cash and cash equivalents at beginning of year	1,264	1,139		
Cash and cash equivalents at end of period	Cash and cash equivalents at end of period	\$ 899	\$ 1,083		
<b>Supplemental Disclosures of Cash Flow Information:</b>	<b>Supplemental Disclosures of Cash Flow Information:</b>			<b>Supplemental Disclosures of Cash Flow Information:</b>	
Interest paid	Interest paid	\$ 28	\$ 27		
Income taxes paid	Income taxes paid	94	144		
<b>Noncash Activities</b>	<b>Noncash Activities</b>			<b>Noncash Activities</b>	
Equipment acquired under finance lease obligations	Equipment acquired under finance lease obligations	\$ 10	\$ 13		
Equipment acquired under finance lease obligations					
Equipment acquired under finance lease obligations					
Share-based compensation	Share-based compensation	15	24		
Other assets and other liabilities	Other assets and other liabilities	120	203		

Accompanying Notes are an integral part of these Condensed Consolidated Financial Statements.

Cincinnati Financial Corporation **Third-Quarter 2023** **First-Quarter 2024** 10-Q

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## NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

### NOTE 1 — Accounting Policies

The condensed consolidated financial statements include the accounts of Cincinnati Financial Corporation and its consolidated subsidiaries, each of which is wholly owned. These statements are presented in conformity with accounting principles generally accepted in the United States of America (GAAP). All intercompany balances and transactions have been eliminated in consolidation.

The preparation of financial statements in conformity with GAAP requires us to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. Our actual results could differ from those estimates. Certain financial information that is normally included in annual financial statements prepared in accordance with GAAP, but that is not required for interim reporting purposes, has been condensed or omitted.

Our **September 30, 2023** **March 31, 2024**, condensed consolidated financial statements are unaudited. We believe that we have made all adjustments, consisting only of normal recurring accruals, that are necessary for fair presentation. These condensed consolidated financial statements should be read in conjunction with our consolidated financial statements included in our **2022** **2023** Annual Report on Form 10-K. The results of operations for interim periods do not necessarily indicate results to be expected for the full year.

#### **Adopted** **Pending Accounting Updates**

**ASU 2018-12, Financial Services - Insurance 2023-07, Segment Reporting (Topic 944) 280): Targeted Improvements to the Accounting for Long-Duration Contracts Reportable Segment Disclosures**

In August 2018, November 2023, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) 2018-12, 2023-07, *Financial Services - Insurance Segment Reporting* (Topic 944) 280: *Targeted Improvements to the Accounting for Long-Duration Contracts Reportable Segment Disclosures*. ASU 2018-12 requires changes 2023-07 enhances reportable segment disclosures by requiring entities to disclose significant segment expenses that are regularly provided to the measurement chief operating decision maker (CODM) and included within the reported measure of profit or loss. This ASU also requires disclosure of long-duration insurance contracts. In November 2020, the FASB issued an ASU that delayed title and position of the CODM as well as a description of how the reported measure of profit or loss is used to assess segment performance and allocate resources. The effective date of ASU 2018-12 to interim and 2023-07 is for annual reporting periods beginning after December 15, 2022, December 15, 2023, and interim reporting periods within annual periods beginning after December 15, 2024, and should be applied retrospectively to all prior periods presented. The ASU has not yet been adopted and will not have a material impact on our company's consolidated financial position, results of operations or cash flows, but the ASU will require additional disclosures in our annual and interim financial statements.

#### Related ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*

In December 2023, the company's term FASB issued ASU 2023-09, *Income Taxes (Topic 740): Improvements to Income Tax Disclosures*. ASU 2023-09 enhances the transparency and whole life products included in life policy and investment contract reserves, the new guidance requires that cash flow assumptions be reviewed at least annually to determine any necessary updates. Additionally, the discount rate assumption is required to be updated quarterly based on upper-medium grade fixed-income instrument yields (market value discount rates). The life policy and investment contract reserves balance is adjusted through insurance losses and contract holders' benefits for cash flow assumption updates and through accumulated other comprehensive decision usefulness of income (AOOCI) for discount rate updates.

These ASUs also amend the previous guidance related to life deferred policy acquisition costs tax disclosures by requiring amortization of those costs on a constant level basis for a group of contracts that approximates straight-line and the removal of shadow deferred policy acquisition costs for universal life and deferred annuity products. These ASUs also require entities to provide disclose specific categories within their rate reconciliation as well as additional items within those categories above a prescribed threshold. This ASU also requires disclosure of the amount of income taxes paid (net of refunds received) disaggregated by federal, state and foreign taxes as well as additional items within those categories above a prescribed threshold. The effective date of ASU 2023-09 is for annual reporting periods beginning after December 15, 2024, and should be applied prospectively with retrospective application permitted. The ASU has not yet been adopted and will not have a material impact on our company's consolidated financial position, results of operations or cash flows, but the ASU will require additional disclosures including disaggregated rollforwards of the life policy and investment contract reserves, separate account liabilities and life deferred policy acquisition costs.

We adopted these ASUs on a modified retrospective basis on January 1, 2023, resulting in an after-tax increase to shareholders' equity of \$31 million. our annual financial statements.

The following table illustrates the effect of adopting ASU 2018-12 in the condensed consolidated balance sheets:

(Dollars in millions)	September 30, 2023		December 31, 2022		Difference
			As originally reported	As adjusted	
Reinsurance recoverable	\$	699	\$ 640	\$ 665	\$ 25
Prepaid reinsurance premiums		69	79	51	(28)
Deferred policy acquisition costs		1,101	1,014	1,013	(1)
Total assets		30,915	29,736	29,732	(4)
Life policy and investment contract reserves		2,920	3,059	3,015	(44)
Deferred income tax		997	1,045	1,054	9
Total liabilities		20,291	19,205	19,170	(35)
Retained earnings		12,018	11,702	11,711	9
Accumulated other comprehensive income		(827)	(636)	(614)	22
Total shareholders' equity		10,624	10,531	10,562	31
Total liabilities and shareholders' equity		30,915	29,736	29,732	(4)

The following table illustrates the effect of adopting ASU 2018-12 in the condensed consolidated statements of income and condensed consolidated statements of comprehensive income:

(Dollars in millions, except per share data)		Three months ended September 30,			
		2023	2022		
			As originally reported	As adjusted	Difference
Earned premiums	\$	2,033	\$ 1,882	\$ 1,884	\$ 2
Insurance losses and contract holders' benefits		1,332	1,418	1,418	—
Underwriting, acquisition and insurance expenses		609	551	551	—
Deferred income tax expense		(106)	(180)	(180)	—
Net Income (Loss)		(99)	(418)	(416)	2
Change in life policy reserves, reinsurance recoverable and other, net of tax		89	—	95	95
Other comprehensive income (loss)		(201)	(405)	(310)	95
Comprehensive Income (Loss)		(300)	(823)	(726)	97
Net income (loss) per share:					
Basic	\$	(0.63)	\$ (2.64)	\$ (2.63)	\$ 0.01
Diluted		(0.63)	(2.64)	(2.63)	0.01

  

(Dollars in millions, except per share data)		Nine months ended September 30,			
		2023	2022		
			As originally reported	As adjusted	Difference
Earned premiums	\$	5,894	\$ 5,345	\$ 5,350	\$ 5
Insurance losses and contract holders' benefits		4,070	3,766	3,772	6
Underwriting, acquisition and insurance expenses		1,744	1,604	1,604	—
Deferred income tax expense		2	(571)	(571)	—
Net Income (Loss)		660	(1,499)	(1,500)	(1)
Change in life policy reserves, reinsurance recoverable and other, net of tax		76	1	393	392
Other comprehensive income (loss)		(213)	(1,476)	(1,084)	392
Comprehensive Income (Loss)		447	(2,975)	(2,584)	391
Net income (loss) per share:					
Basic	\$	4.20	\$ (9.41)	\$ (9.42)	\$ (0.01)
Diluted		4.17	(9.41)	(9.42)	(0.01)

The adoption of ASU 2018-12 did not have a material impact on the company's condensed consolidated cash flows.

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## NOTE 2 – Investments

The following table provides amortized cost, gross unrealized gains, gross unrealized losses and fair value for our fixed-maturity securities:

(Dollars in millions)	(Dollars in millions)	Amortized	Gross unrealized	Fair	(Dollars in millions)	Amortized	Gross unrealized	Fair
At September 30, 2023		cost	gains	losses	value	cost		value
At March 31, 2024								
Fixed-maturity securities:								
Fixed-maturity securities:								
Corporate	Corporate	\$ 7,786	\$27	\$ 700	\$ 7,113			
States, municipalities and political subdivisions	States, municipalities and political subdivisions	4,911	2	489	4,424			

Government-sponsored enterprises	Government-sponsored enterprises	897	—	23	874
Asset-backed					
United States government	United States government	223	—	6	217
Commercial mortgage-backed		214	—	18	196
Foreign government	Foreign government	19	—	—	19
Total					
Total					
Total	Total	<u>\$ 14,050</u>	<u>\$29</u>	<u>\$1,236</u>	<u>\$12,843</u>
At December 31, 2022					
At December 31, 2023					
At December 31, 2023					
At December 31, 2023					
Fixed-maturity securities:	Fixed-maturity securities:				Fixed-maturity securities:
Corporate	Corporate	\$ 7,412	\$37	\$ 580	\$ 6,869
States, municipalities and political subdivisions	States, municipalities and political subdivisions	4,901	24	303	4,622
Government-sponsored enterprises	Government-sponsored enterprises	186	—	3	183
Asset-backed					
United States government	United States government	196	—	5	191
Commercial mortgage-backed		250	—	16	234
Foreign government	Foreign government	34	—	1	33
Total	Total	<u>\$ 12,979</u>	<u>\$61</u>	<u>\$ 908</u>	<u>\$12,132</u>
Total					
Total					

The increase in net unrealized investment losses in our fixed-maturity portfolio at September 30, 2023 March 31, 2024, are primarily due to an increase in U.S. Treasury yields that were partially offset by a tightening of corporate credit spreads. Our commercial mortgage-backed asset-backed securities had an average rating of Aa3/AA- and Aa2/AA- at September 30, 2023 both March 31, 2024, and December 31, 2022, respectively. December 31, 2023.

The table below provides fair values and gross unrealized losses by investment category and by the duration of the securities' continuous unrealized loss positions:

(Dollars in millions)	(Dollars in millions)	Less than 12 months		12 months or more		Total		(Dollars in millions)	Less than 12 months	12 months or more	Total
		Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses				
At September 30, 2023											



At March 31, 2024									At March 31, 2024	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value
Fixed-maturity securities:	Fixed-maturity securities:								Fixed-maturity securities:					
Corporate	Corporate	\$ 1,283	\$ 58	\$ 5,431	\$ 642	\$ 6,714	\$ 700							
States, municipalities and political subdivisions	States, municipalities and political subdivisions	2,331	89	1,902	400	4,233	489							
Government-sponsored enterprises	Government-sponsored enterprises	742	17	95	6	837	23							
Asset-backed														
United States government	United States government	80	1	130	5	210	6							
Commercial mortgage-backed		1	—	194	18	195	18							
Foreign government	Foreign government	9	—	5	—	14	—							
Total	Total	\$ 4,446	\$ 165	\$ 7,757	\$ 1,071	\$ 12,203	\$ 1,236							
At December 31, 2022														
At December 31, 2023														
At December 31, 2023														
At December 31, 2023														
Fixed-maturity securities:	Fixed-maturity securities:								Fixed-maturity securities:					
Corporate	Corporate	\$ 5,651	\$ 412	\$ 661	\$ 168	\$ 6,312	\$ 580							
States, municipalities and political subdivisions	States, municipalities and political subdivisions	2,600	274	77	29	2,677	303							
Government-sponsored enterprises	Government-sponsored enterprises	123	3	3	—	126	3							
Asset-backed														
United States government	United States government	146	3	41	2	187	5							
Commercial mortgage-backed		215	13	14	3	229	16							
Foreign government	Foreign government	25	1	4	—	29	1							
Total	Total	\$ 8,760	\$ 706	\$ 800	\$ 202	\$ 9,560	\$ 908							
Total														
Total														

Contractual maturity dates for fixed-maturities securities were:

(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)	(Dollars in millions)
At September 30, 2023	Amortized cost	Fair value	% of fair value												

At March 31, 2024															
Maturity dates:															
Maturity dates:															
Maturity dates:	Maturity dates:														
Due in one year or less	Due in one year or less	\$	825	\$	814	6.3	%	Due in one year or less	\$	971	\$	963	6.8	6.8	%
Due after one year through five years	Due after one year through five years		4,507		4,314	33.6									
Due after five years through ten years	Due after five years through ten years		3,522		3,246	25.3									
Due after ten years	Due after ten years		5,196		4,469	34.8									
Total	Total	\$	14,050	\$	12,843	100.0	%	Total	\$	14,709	\$	14,084	100.0	100.0	%

Actual maturities may differ from contractual maturities when there is a right to call or prepay obligations with or without call or prepayment penalties.

The following table provides investment income and investment gains and losses, net:

(Dollars in millions)	(Dollars in millions)	Three months ended September 30, 2023				Nine months ended September 30, 2022			
		2023	2022	2023	2022				
(Dollars in millions)									
(Dollars in millions)									
2024									2024 2023
Investment income:	Investment income:								
Interest	Interest								
Interest	Interest								
Interest	Interest	\$ 154	\$ 129	\$441	\$ 376				
Dividends	Dividends	69	66	205	203				
Other	Other	5	3	18	6				
Total	Total	228	198	664	585				

Less investment expenses	Less investment expenses	3	5	9	12
Total	Total	\$ 225	\$ 193	\$ 655	\$ 573
Investment gains and losses, net:	Investment gains and losses, net:				
Investment gains and losses, net:					
Investment gains and losses, net:					
Equity securities:	Equity securities:	Equity securities:			
Investment gains and losses on securities sold, net	Investment gains and losses on securities sold, net	\$ (5)	\$ 16	\$ 2	\$ 34
Unrealized gains and losses on securities still held, net	Unrealized gains and losses on securities still held, net	(458)	(705)	99	(2,568)
Subtotal	Subtotal	(463)	(689)	101	(2,534)
Fixed-maturity securities:	Fixed-maturity securities:	Fixed-maturity securities:			
Gross realized gains	Gross realized gains	1	—	2	6
Gross realized losses	Gross realized losses	(1)	—	(2)	(3)
Write-down of impaired securities with intent to sell		—	—	(4)	—
Change in allowance for credit losses, net					
Subtotal					
Subtotal	Subtotal	—	—	(4)	3
Other	Other	7	15	(13)	37
Other					
Other					
Total					
Total					
Total	Total	\$ (456)	\$ (674)	\$ 84	\$ (2,494)

The fair value of our equity portfolio was \$10.031 billion \$11.557 billion and \$9.841 billion \$10.989 billion at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively. Apple Inc. Microsoft Corporation (Nasdaq:AAPL) MSFT), an equity holding, was our largest single investment holding with a fair value of \$764 \$942 million and \$597 million \$842 million, which was 7.9% 8.4% and 6.3% 7.9% of our publicly traded common equities portfolio and 3.3% 3.7% and 2.7% 3.4% of the total investment portfolio at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively.

The allowance for credit losses on fixed-maturity securities was \$3 million \$27 million and \$1 million \$18 million at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively. Changes decreased the allowance \$1 million for the three months ended September 30, 2023, and increased the allowance \$2 million for the nine months ended September 30, 2023. Changes were less than \$1 million for both the three and nine months ended September 30, 2022.

There were 4,490 3,329 and 2,840 fixed-maturity securities with in a total unrealized loss position of \$1.236 billion \$714 million and \$687 million at March 31, 2024, which were in an unrealized loss position at September 30, 2023, and December 31, 2023, respectively. Of that total, 202 those totals, 12 and 20 fixed-maturity securities had fair values below 70% of amortized cost. There were 3,272 fixed-maturity securities with a total unrealized loss of \$908 million cost at March 31, 2024, which were in an unrealized loss position at December 31, 2022. Of that total, 49 fixed-maturity securities had fair values below 70% of amortized cost, and December 31, 2023, respectively.

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### NOTE 3 – Fair Value Measurements

In accordance with accounting guidance for fair value measurements and disclosures, we categorized our financial instruments, based on the priority of the observable and market-based data for the valuation technique used, into a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices with readily available independent data in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable market inputs (Level 3). When various inputs for measurement fall within different levels of the fair value hierarchy, the lowest observable input that has a significant impact on fair value measurement is used. Our valuation techniques have not changed from those used at December 31, 2022 December 31, 2023, and ultimately management determines fair value. See our 2022 2023 Annual Report on Form 10-K, Item 8, Note 3, Fair Value Measurements, Page 137, 139, for information on characteristics and valuation techniques used in determining fair value.

#### Fair Value Disclosures for Assets

The following tables illustrate the fair value hierarchy for those assets measured at fair value on a recurring basis at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023. We do not have any liabilities carried at fair value.

(Dollars in millions)		(Dollars in millions)		Level	(Dollars in millions)					
At September 30, 2023		Level 1	Level 2	3	Total		Level 1	Level 2	Level 3	Total
At March 31, 2024										
Fixed maturities, available for sale:										
Fixed maturities, available for sale:										
Fixed maturities, available for sale:	Fixed maturities, available for sale:									
Corporate	Corporate	\$ —	\$ 7,113	\$ —	\$ 7,113					
States, municipalities and political subdivisions	States, municipalities and political subdivisions	—	4,424	—	4,424					
Government-sponsored enterprises	Government-sponsored enterprises	—	874	—	874					
Asset-backed										
United States government	United States government	217	—	—	217					
Commercial mortgage-backed		—	196	—	196					
Foreign government	Foreign government	—	19	—	19					
Subtotal										
Subtotal										
Subtotal	Subtotal	217	12,626	—	12,843					
Common equities	Common equities	9,678	—	—	9,678					
Nonredeemable preferred equities	Nonredeemable preferred equities	—	353	—	353					

Separate accounts taxable fixed maturities	Separate accounts taxable fixed maturities	—	823	—	823
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Separate accounts taxable fixed maturities

Separate accounts taxable fixed maturities

Top Hat savings plan mutual funds and common equity (included in Other assets)	Top Hat savings plan mutual funds and common equity (included in Other assets)	63	—	—	63
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Total	Total	\$9,958	\$13,802	\$ —	\$23,760
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At December 31, 2022

At December 31, 2023

At December 31, 2023

At December 31, 2023

Fixed maturities, available for sale:

Fixed maturities, available for sale:

Fixed maturities, available for sale:	Fixed maturities, available for sale:				
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Corporate	Corporate	\$ —	\$ 6,869	\$ —	\$ 6,869
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States, municipalities and political subdivisions	States, municipalities and political subdivisions	—	4,622	—	4,622
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Government-sponsored enterprises	Government-sponsored enterprises	—	183	—	183
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Asset-backed

United States government	United States government	191	—	—	191
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Commercial mortgage-backed		—	234	—	234
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Foreign government	Foreign government	—	33	—	33
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Subtotal	Subtotal				
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Subtotal	Subtotal	191	11,941	—	12,132
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Common equities	Common equities	9,454	—	—	9,454
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Nonredeemable preferred equities	Nonredeemable preferred equities	—	387	—	387
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Separate accounts taxable fixed maturities	Separate accounts taxable fixed maturities	—	815	—	815
--	--	---	-----	---	-----

Top Hat savings plan mutual funds and common equity (included in Other assets)	Top Hat savings plan mutual funds and common equity (included in Other assets)	57	—	—	57
Total	Total	\$9,702	\$13,143	\$ —	\$22,845

We also held Level 1 cash and cash equivalents of \$899 million \$619 million and \$1.264 billion \$907 million at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively.

Fair Value Disclosures for Assets and Liabilities Not Carried at Fair Value

The disclosures below are presented to provide information about the effects of current market conditions on financial instruments that are not reported at fair value in our condensed consolidated financial statements.

This table summarizes the book value and principal amounts of our long-term debt:

(Dollars in millions)																	
	(Dollars in millions)			Book value		Principal amount			(Dollars in millions)	Year of issue	2024	Book value			Principal amount		D
				September 30, 2023	December 31, 2022	September 30, 2023	December 31, 2022	March 31, 2023				December 31, 2024	March 31, 2023	December 31, 2023			
Interest rate	Interest rate	Year of issue							Interest rate	Year of issue							
			Senior debentures, due 2028	\$ 27	\$ 27	\$ 28	\$ 28										
6.900%	6.900%	1998															
			Senior debentures, due 2028	391	391	391	391										
6.920%	6.920%	2005															
			Senior notes, due 2034	372	371	374	374										
6.125%	6.125%	2004															
Total	Total			\$ 790	\$ 789	\$ 793	\$ 793										

The following table shows fair values of our note payable and long-term debt:

(Dollars in millions)	(Dollars in millions)	Level 1	Level 2	Level 3	Total	(Dollars in millions)	Level 1	Level 2	Level 3	Total
At September 30, 2023										
At March 31, 2024										
Note payable										
Note payable										
Note payable	Note payable	\$ —	\$ 25	\$ —	\$ 25					
6.900% senior debentures, due 2028	6.900% senior debentures, due 2028	—	28	—	28					
6.920% senior debentures, due 2028	6.920% senior debentures, due 2028	—	411	—	411					

6.125% senior notes, due 2034	6.125% senior notes, due 2034	—	371	—	371
Total	Total	\$ —	\$835	\$ —	\$835
At December 31, 2022					
At December 31, 2023					
At December 31, 2023					
At December 31, 2023					
Note payable					
Note payable					
Note payable	Note payable	\$ —	\$ 50	\$ —	\$ 50
6.900% senior debentures, due 2028	6.900% senior debentures, due 2028	—	29	—	29
6.920% senior debentures, due 2028	6.920% senior debentures, due 2028	—	418	—	418
6.125% senior notes, due 2034	6.125% senior notes, due 2034	—	388	—	388
Total	Total	\$ —	\$885	\$ —	\$885

The following table shows the fair value of our life policy loans included in other invested assets and the fair values of our deferred annuities and structured settlements included in life policy and investment contract reserves:

(Dollars in millions)	(Dollars in millions)	Level 1	Level 2	Level 3	Total	(Dollars in millions)			
At September 30, 2023		1	2	3	Total	Level 1	Level 2	Level 3	Total
At March 31, 2024									
Life policy loans									
Life policy loans									
Life policy loans	Life policy loans	\$ —	\$ —	\$ 36	\$ 36				
Deferred annuities									
Deferred annuities									
Deferred annuities	Deferred annuities	—	—	595	595				
Structured settlements	Structured settlements	—	129	—	129				
Total	Total	\$ —	\$129	\$595	\$724				
At December 31, 2022									
At December 31, 2023									
At December 31, 2023									
At December 31, 2023									
Life policy loans									
Life policy loans									
Life policy loans	Life policy loans	\$ —	\$ —	\$ 37	\$ 37				
Deferred annuities									
Deferred annuities									

Deferred annuities	Deferred annuities	—	—	621	621
Structured settlements	Structured settlements	—	143	—	143
Total	Total	\$ —	\$143	\$621	\$764

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Outstanding principal and interest for these life policy loans totaled \$31 million \$34 million and \$33 million at both September 30, 2023 March 31, 2024, and December 31, 2022, December 31, 2023, respectively.

Recorded reserves for the deferred annuities were \$680 million \$631 million and \$734 million \$656 million at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively. Recorded reserves for the structured settlements were \$124 million \$122 million and \$129 \$123 million at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively.

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#### NOTE 4 – Property Casualty Loss and Loss Expenses

This table summarizes activity for our consolidated property casualty loss and loss expense reserves:

(Dollars in millions)	(Dollars in millions)	Three months ended September 30, 2023		Three months ended September 30, 2022			
		2023	2022	2023	2022		
(Dollars in millions)							
(Dollars in millions)							
	2024					Three months ended March 31, 2024 2023	
Gross loss and loss expense reserves, beginning of period	Gross loss and loss expense reserves, beginning of period	\$8,807	\$7,603	\$8,336	\$7,229		
Less reinsurance recoverable	Less reinsurance recoverable	424	287	405	327		
Net loss and loss expense reserves, beginning of period	Net loss and loss expense reserves, beginning of period	8,383	7,316	7,931	6,902		
Net incurred loss and loss expenses related to:							
Net incurred loss and loss expenses related to:							
Net incurred loss and loss expenses related to:	Net incurred loss and loss expenses related to:						



Current accident year	Current accident year	1,314	1,391	4,053	3,687
Prior accident years	Prior accident years	(53)	(43)	(213)	(143)
Total incurred	Total incurred	1,261	1,348	3,840	3,544
Net paid loss and loss expenses related to:	Net paid loss and loss expenses related to:				
Current accident year	Current accident year	597	484	1,286	1,021
Prior accident years	Prior accident years	461	464	1,899	1,709
Total paid	Total paid	1,058	948	3,185	2,730
Net loss and loss expense reserves, end of period	Net loss and loss expense reserves, end of period	8,586	7,716	8,586	7,716
Plus reinsurance recoverable	Plus reinsurance recoverable	419	329	419	329
Gross loss and loss expense reserves, end of period	Gross loss and loss expense reserves, end of period	\$9,005	\$8,045	\$9,005	\$8,045

Net paid loss and loss expenses related to:

We use actuarial methods, models and judgment to estimate, as of a financial statement date, the property casualty loss and loss expense reserves required to pay for and settle all outstanding insured claims, including incurred but not reported (IBNR) claims, as of that date. The actuarial estimate is subject to review and adjustment by an inter-departmental committee that includes actuarial, claims, underwriting, loss prevention and accounting management. This committee is familiar with relevant company and industry business, claims and underwriting trends, as well as general economic and legal trends that could affect future loss and loss expense payments. The amount we will actually have to pay for claims can be highly uncertain. This uncertainty, together with the size of our reserves, makes the loss and loss expense reserves our most significant estimate. The reserve for loss and loss expenses in the condensed consolidated balance sheets also included **\$72 million** **\$68 million** and **\$68 million** **\$67 million** at **September 30, 2023** **March 31, 2024**, and **2022** **2023**, respectively, for certain life and health loss and loss expense reserves.

We experienced **\$53 million** **\$100 million** of favorable development on prior accident years, including **\$34 million** **\$38 million** of favorable development in commercial lines, **\$8 million** **\$33 million** of favorable development in personal lines and **no net** **\$3 million** of favorable development in excess and surplus lines for the three months ended **September 30, 2023** **March 31, 2024**. Within commercial lines, we recognized favorable reserve development of **\$20 million** **\$22 million** for the commercial property line and **\$12 million** for the workers' compensation line and **\$11 million** for the commercial property line due to reduced uncertainty of prior accident year loss and loss adjustment expense for these lines.

We experienced **\$213 million** of favorable development on prior accident years, including **\$125 million** of favorable development in commercial lines, **\$54 million** of favorable development in personal lines and **\$14 million** of favorable development in excess and surplus lines for the nine months ended **September 30, 2023**. Within commercial lines, we recognized favorable reserve development of **\$46 million** for the workers' compensation line and **\$36 million** for both the commercial property and commercial casualty lines due to reduced uncertainty of prior accident year loss and loss adjustment expense for these lines. Within personal lines, we recognized favorable reserve development of **\$44 million** **\$25 million** for the homeowner line and **\$12 million** **\$5 million** for the personal auto line.

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We experienced **\$43 million** **\$59 million** of favorable development on prior accident years, including **\$4 million** **\$32 million** of favorable development in commercial lines, **\$8 million** **\$31 million** of favorable development in personal lines and **\$7** **\$9 million** of favorable development in excess and surplus lines for the three months ended **September 30, 2022** **March 31, 2023**. Within commercial lines, we recognized favorable reserve development of **\$24 million** **\$16 million** for the commercial property line and **\$16** **\$15 million** for the

workers' compensation line due to reduced uncertainty of prior accident year loss and loss adjustment expense for these lines. This was partially offset by unfavorable reserve development of \$23 million for the commercial casualty line and \$16 million for the commercial auto line.

We experienced \$143 million of favorable development on prior accident years, including \$51 million of favorable development in commercial lines, \$56 million of favorable development in personal lines and \$13 million of favorable development in excess and surplus lines for the nine months ended September 30, 2022. Within commercial lines, we recognized favorable reserve development of \$43 million for the workers' compensation line and \$36 million for the commercial property line due to reduced uncertainty of prior accident year loss and loss adjustment expense for these lines. This was partially offset by unfavorable reserve development of \$25 million for the commercial casualty line and \$15 million for the commercial auto line. Within personal lines, we recognized favorable reserve development of \$51 million \$27 million for the homeowner line.

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## NOTE 5 – Life Policy and Investment Contract Reserves

In the first quarter of 2023, we adopted ASU 2018-12 which resulted in changes to the life policy and investment contract reserves and the expansion of required disclosures. The below disclosures represent application of the updated guidance. See Note 1, Accounting Policies, for further discussion.

We establish the reserves for traditional life policies including term, whole life and other products based on the present value of future benefits and claim expenses less the present value of future net premiums. Net premium is the portion of gross premium required to provide for all benefits and claim expenses. We estimate future benefits and claim expenses and net premium using certain cash flow assumptions including expected expenses, mortality, morbidity and lapse rates and timing of claim presentation. These as well as a discount rate assumption. The cash flow assumptions are established based on our current expectations and are reviewed annually to determine any necessary updates.

Assumptions These assumptions are also updated on an interim basis if evidence suggests that they should be revised. We use both our own experience and industry experience, adjusted for historical trends, in arriving at our assumptions for expected mortality, morbidity and lapse rates. These reserves also include a cash flow assumptions. The discount rate assumption that is based on market upper-medium grade fixed-income instrument yields (market value discount rates rates) and is updated quarterly. Certain assumptions, including the mortality, lapse and long-term interest rate reversion targets, were updated in the second quarter of 2023 as part of our annual assumption unlocking. Changes in the inputs, judgments and assumptions during the period and the related measurement impact on the liability are reflected in the below tables.

We establish reserves for the company's our universal life, deferred annuity universal life and structured settlement policies other investment contracts equal to the cumulative account balances, which include premium deposits plus credited interest less charges and withdrawals. Some of our universal life policies contain no-lapse guarantee provisions. For these policies, we establish a reserve in addition to the account balance, based on expected no-lapse guarantee benefits and expected policy assessments.

The following table summarizes our life policy and investment contract reserves and provides a reconciliation of the balances described in the below tables to those in the condensed consolidated balance sheets:

(Dollars in millions)	(Dollars in millions)	September 30, 2023	December 31, 2022	(Dollars in millions)	March 31, 2024	December 31, 2023
Life policy reserves:	Life policy reserves:					
Term	Term					
Term	Term					
Term	Term	\$ 956	\$ 961			
Whole life	Whole life	381	408			
Other	Other	97	94			
Subtotal	Subtotal	1,434	1,463			
Investment contract reserves:	Investment contract reserves:					
Deferred annuities	Deferred annuities					
Deferred annuities	Deferred annuities					
Deferred annuities	Deferred annuities	680	734			
Universal life	Universal life	575	578			
Structured settlements	Structured settlements	124	129			
Other	Other	107	111			
Subtotal	Subtotal	1,486	1,552			

Total life policy and investment contract reserves	Total life policy and investment contract reserves	\$	2,920	\$	3,015
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The table below shows the ASU 2018-12 adoption impacts to the life policy and investment contract reserves as of January 1, 2021 (transition date), pretax:

(Dollars in millions)						
At January 1, 2021	Term	Whole life	Deferred annuity	Universal life	Other	Total
Balance, pre-adoption at December 31, 2020	\$ 901	\$ 363	\$ 761	\$ 567	\$ 323	\$ 2,915
Removal of shadow adjustments	—	—	—	—	13	13
Net premiums in excess of gross premiums	14	1	—	—	—	15
Remeasurement at market value discount rates	372	245	—	—	—	617
Balance, post-adoption at January 1, 2021	\$ 1,287	\$ 609	\$ 761	\$ 567	\$ 336	\$ 3,560

The table below shows the ASU 2018-12 adoption impacts to the life reinsurance recoverable asset as of January 1, 2021, pretax:

(Dollars in millions)						
At January 1, 2021	Term	Whole life	Deferred annuity	Universal life	Other	Total
Balance, pre-adoption at December 31, 2020	\$ 113	\$ 26	\$ —	\$ —	\$ 78	\$ 217
Remeasurement at market value discount rates	29	18	—	—	—	47
Other adjustments	20	1	—	2	—	23
Balance, post-adoption at January 1, 2021	\$ 162	\$ 45	\$ —	\$ 2	\$ 78	\$ 287

Other above includes structured settlements, other life policy reserves and other investment contract reserves. The removal of shadow adjustments above represents an increase to the life policy and investment contract reserve balance as it is no longer required under ASU 2018-12 for liabilities amortized in accordance with deferred acquisition costs. Shadow adjustments were historically included to present the carrying amount of the liability as if unrealized holding gains and losses had been realized. The net premiums in excess of gross premiums adjustment represents an increase to the liability as the remeasured net premiums, calculated as the present value of future benefits and related expenses using updated cash flow assumptions as of the transition date less the carrying amount of the liability prior to transition, exceeded the present value of future gross premiums. For purposes of calculating the updated present value of future benefits and related expenses above, the discount rate assumption that was used prior to adoption of ASU 2018-12 was retained. The remeasurement at market value discount rates adjustment represents the increase to the liability as a result of updating the discount rate assumption for our term and whole life products from the rates used prior to adoption of ASU 2018-12 to market value discount rates that existed at the transition date. As the discount rate assumption decreased significantly from the date the contracts were initially made, this adjustment represents the largest impact on the liability as a result of the initial adoption of ASU 2018-12. The life reinsurance recoverable asset is included in the remeasurement as the assumptions used in estimating the life reinsurance recoverable are consistent with those used in estimating the related liabilities. Other adjustments includes a reclassification from prepaid reinsurance premiums to reinsurance recoverable.

The shadow removal and remeasurement at market value discount rates adjustments were recorded as an increase to the life policy and investment contract reserves liability and a decrease to opening AOCI as of the transition date. The net premiums in excess of gross premiums adjustment was recorded as an increase to the life policy and investment contract reserves liability and a decrease to the opening balance of retained earnings as of the transition date.

The balances and changes in the term and whole life policy reserves included in life policy and investment contract reserves is as follows:

(Dollars in millions)		Three months ended September 30,	
		2023	2022

	Term	Whole life	Term	Whole life
Present value of expected net premiums:				
Balance, beginning of period	\$ 1,664	\$ 212	\$ 1,723	\$ 210
Beginning balance at original discount rate	1,712	219	1,704	209
Effect of changes in cash flow assumptions	—	(1)	(13)	(2)
Effect of actual variances from expected experience	(3)	2	(3)	—
Adjusted beginning of period balance	1,709	220	1,688	207
Issuances	33	7	50	11
Interest accrual	18	3	17	2
Net premiums collected	(45)	(7)	(44)	(6)
Ending balance at original discount rate	1,715	223	1,711	214
Effect of changes in discount rate assumptions	(133)	(17)	(94)	(13)
Balance, end of period	1,582	206	1,617	201
Present value of expected future policy benefits:				
Balance, beginning of period	2,662	633	2,702	646
Beginning balance at original discount rate	2,737	615	2,663	590
Effect of changes in cash flow assumptions	—	—	(12)	(2)
Effect of actual variances from expected experience	(6)	2	(2)	—
Adjusted beginning of period balance	2,731	617	2,649	588
Issuances	33	7	49	11
Interest accrual	30	8	29	7
Benefits paid	(39)	(9)	(48)	(7)
Ending balance at original discount rate	2,755	623	2,679	599
Effect of changes in discount rate assumptions	(234)	(37)	(159)	(5)
Balance, end of period	2,521	586	2,520	594
Net liability for future policy benefits:				
Present value of expected future policy benefits less expected net premiums	939	380	903	393
Impact of flooring at cohort level	17	1	22	2
Net life policy reserves	956	381	925	395
Less reinsurance recoverable at original discount rate	(99)	(25)	(98)	(25)
Less effect of discount rate assumption changes on reinsurance recoverable	(7)	(3)	(9)	(4)
Net life policy reserves, after reinsurance recoverable	\$ 850	\$ 353	\$ 818	\$ 366
Weighted-average duration of the net life policy reserves in years	11	16	11	16

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(Dollars in millions)		(Dollars in millions)		(Dollars in millions)		(Dollars in millions)	
Nine months ended September 30,		2023		2022		Three months ended March 31,	
		Term		Whole life		Term	
2024		Term		Whole life		2024	
		Term		Whole life		Term	
Present value of expected net premiums:	Present value of expected net premiums:						
Balance, beginning of period	Balance, beginning of period						
Balance, beginning of period	Balance, beginning of period						

Balance, beginning of period	Balance, beginning of period	\$ 1,643	\$ 208	\$1,801	\$ 241
Beginning balance at original discount rate	Beginning balance at original discount rate	1,708	217	1,503	201
Effect of changes in cash flow assumptions	Effect of changes in cash flow assumptions	(5)	(7)	132	(3)
Effect of actual variances from expected experience	Effect of actual variances from expected experience	(15)	3	5	—
Adjusted beginning of period balance	Adjusted beginning of period balance	1,688	213	1,640	198
Issuances	Issuances	111	24	154	30
Interest accrual	Interest accrual	53	7	49	6
Net premiums collected	Net premiums collected	(137)	(21)	(132)	(20)
Ending balance at original discount rate	Ending balance at original discount rate	1,715	223	1,711	214
Effect of changes in discount rate assumptions	Effect of changes in discount rate assumptions	(133)	(17)	(94)	(13)
Balance, end of period	Balance, end of period	1,582	206	1,617	201
Present value of expected future policy benefits:	Present value of expected future policy benefits:				
Present value of expected future policy benefits:					
Present value of expected future policy benefits:					
Balance, beginning of period					
Balance, beginning of period					
Balance, beginning of period	Balance, beginning of period	2,584	614	2,993	826
Beginning balance at original discount rate	Beginning balance at original discount rate	2,692	607	2,425	577

Effect of changes in cash flow assumptions	Effect of changes in cash flow assumptions	5	(10)	150	(5)
Effect of actual variances from expected experience	Effect of actual variances from expected experience	(19)	3	15	—
Adjusted beginning of period balance	Adjusted beginning of period balance	2,678	600	2,590	572
Issuances	Issuances	111	24	153	29
Interest accrual	Interest accrual	90	23	84	22
Benefits paid	Benefits paid	(124)	(24)	(148)	(24)
Ending balance at original discount rate	Ending balance at original discount rate	2,755	623	2,679	599
Effect of changes in discount rate assumptions	Effect of changes in discount rate assumptions	(234)	(37)	(159)	(5)
Balance, end of period	Balance, end of period	2,521	586	2,520	594
Net liability for future policy benefits:	Net liability for future policy benefits:				
Net liability for future policy benefits:	Net liability for future policy benefits:				
Present value of expected future policy benefits less expected net premiums	Present value of expected future policy benefits less expected net premiums				
Present value of expected future policy benefits less expected net premiums	Present value of expected future policy benefits less expected net premiums				
Present value of expected future policy benefits less expected net premiums	Present value of expected future policy benefits less expected net premiums	939	380	903	393
Impact of flooring at cohort level	Impact of flooring at cohort level	17	1	22	2
Net life policy reserves	Net life policy reserves	956	381	925	395

Less reinsurance recoverable at original discount rate	Less reinsurance recoverable at original discount rate	(99)	(25)	(98)	(25)
Less effect of discount rate assumption changes on reinsurance recoverable	Less effect of discount rate assumption changes on reinsurance recoverable	(7)	(3)	(9)	(4)
Net life policy reserves, after reinsurance recoverable	Net life policy reserves, after reinsurance recoverable	\$ 850	\$ 353	\$ 818	\$ 366
Weighted-average duration of the net life policy reserves in years	Weighted-average duration of the net life policy reserves in years	11	16	11	16
Weighted-average duration of the net life policy reserves in years					
Weighted-average duration of the net life policy reserves in years					
		11	16	12	16

The total impact of flooring at cohort level in the above tables includes the effect of discount rate assumption changes of \$2 million and \$5 million at March 31, 2024 and \$13 million at September 30, 2023 and 2022, 2023, respectively.

The following table shows the amount of undiscounted and discounted expected future benefit payments and expected gross premiums for our term and whole life policies:

(Dollars in millions)	(Dollars in millions)	At September 30,				(Dollars in millions)	At March 31,			
		2023		2022			2024		2023	
		Undiscounted	Discounted	Undiscounted	Discounted		Undiscounted	Discounted	Undiscounted	Discounted
Term	Term									
Expected future benefit payments	Expected future benefit payments									
Expected future benefit payments	Expected future benefit payments									
Expected future benefit payments	Expected future benefit payments	\$ 4,768	\$ 2,521	\$ 4,618	\$ 2,520					

[illegible]

(Dollars in millions)	(Dollars in millions)	Three months ended September 30, 2023	Nine months ended September 30, 2023
		2022	2022

(Dollars in millions)		Three months ended March 31,	
2024		2024	2023

The following table shows the weighted-average interest rate for our term and whole life products:

At September 30,



2023				2022	
				At March 31,	
				At March 31,	
				At March 31,	
2024					
2024					
2024					
Term					
Term					
Term	Term				
Interest accretion rate	Interest accretion rate	5.29	%	5.15	%
Interest accretion rate					
Interest accretion rate					
Current discount rate					
Current discount rate					
Current discount rate	Current discount rate	5.73		5.18	
Whole life	Whole life				
Whole life					
Whole life					
Interest accretion rate					
Interest accretion rate					
Interest accretion rate	Interest accretion rate	5.92	%	5.97	%
Current discount rate	Current discount rate	5.95		5.51	
Current discount rate					
Current discount rate					

The discount rate assumption was developed by calculating forward rates from market yield curves of upper-medium grade fixed-income instruments.

The following table shows the balances and changes in policyholders' account balances included in investment contract reserves:

(Dollars in millions)	(Dollars in millions)	Three months ended September 30,				Nine months ended September 30,			
		2023		2022		2023		2022	
		Deferred annuity	Universal life	Deferred annuity	Universal life	Deferred annuity	Universal life	Deferred annuity	Universal life
(Dollars in millions)									
(Dollars in millions)									
	2024							Three months ended March 31,	
	Deferred annuity							2024	2023
								Deferred annuity	Universal life
Balance, beginning of period	Balance, beginning of period	\$ 696	\$ 456	\$ 755	\$ 457	\$ 734	\$ 457	\$ 763	\$ 454
Premiums received	Premiums received	13	8	12	8	38	28	23	29
Policy charges	Policy charges	—	(9)	—	(10)	—	(29)	—	(29)

Surrenders and withdrawals	Surrenders and withdrawals	(32)	(2)	(17)	(4)	(100)	(9)	(37)	(9)
Benefit payments	Benefit payments	(3)	(1)	(3)	(1)	(9)	(5)	(13)	(4)
Interest credited	Interest credited	6	4	5	5	17	14	16	14
Balance, end of period	Balance, end of period	\$ 680	\$ 456	\$ 752	\$ 455	\$ 680	\$ 456	\$ 752	\$ 455
Balance, end of period									
Balance, end of period									
Weighted average crediting rate									
Weighted average crediting rate									
Weighted average crediting rate	Weighted average crediting rate	3.45 %	4.29 %	3.10 %	4.24 %	3.45 %	4.29 %	3.10 %	4.24 %
Net amount at risk	Net amount at risk	\$ —	\$3,989	\$ —	\$4,108	\$ —	\$3,989	\$ —	\$4,108
Cash surrender value	Cash surrender value	675	424	748	421	675	424	748	421

The net amount at risk above represents the guaranteed benefit amount in excess of the current account balances.

The following table shows the balance of account values by range of guaranteed minimum crediting rates, in basis points, and the related range of the difference between rates being credited to policyholders and the respective guaranteed minimums for our deferred annuity and universal life contracts:

(Dollars in millions)	(Dollars in millions)	1 to 50 basis points	51-150 basis points	Greater than 150 basis points	(Dollars in millions)	At guaranteed minimum	1 to 50 basis points above	51-150 basis points above	Greater than 150 basis points	Total
At September 30, 2023	At March 31, 2024	At guaranteed minimum	1 to 50 basis points above	51-150 basis points above	Greater than 150 basis points	Total				
Deferred annuity	Deferred annuity									
Deferred annuity	Deferred annuity									
1.00-3.00%	1.00-3.00%									
1.00-3.00%	1.00-3.00%									
1.00-3.00%	1.00-3.00%									
3.01-4.00%	3.01-4.00%									
3.01-4.00%	3.01-4.00%									
3.01-4.00%	3.01-4.00%									
Total	Total									
Total	Total									
Universal life	Universal life									
Universal life	Universal life									
1.00-3.00%	1.00-3.00%									
1.00-3.00%	1.00-3.00%									
1.00-3.00%	1.00-3.00%									
3.01-4.00%	3.01-4.00%									
3.01-4.00%	3.01-4.00%									
3.01-4.00%	3.01-4.00%									
Total	Total									
Total	Total									

Greater than 4.00%	Greater than 4.00%	282	—	—	—	282
Total	Total	\$ 396	\$ —	\$ 57	\$ 3	\$456
At September 30, 2022						
At March 31, 2023						
At March 31, 2023						
At March 31, 2023						
Deferred annuity	Deferred annuity					
Deferred annuity						
Deferred annuity						
1.00-3.00%						
1.00-3.00%						
1.00-3.00%	1.00-3.00%	\$ 467	\$ —	\$ 170	\$ 64	\$701
3.01-4.00%	3.01-4.00%	51	—	—	—	51
Total	Total	\$ 518	\$ —	\$ 170	\$ 64	\$752
Total						
Total						
Universal life	Universal life					
1.00-3.00%						
1.00-3.00%						
1.00-3.00%	1.00-3.00%	\$ 59	\$ 46	\$ 8	\$ 2	\$115
3.01-4.00%	3.01-4.00%	52	—	—	—	52
Greater than 4.00%	Greater than 4.00%	288	—	—	—	288
Total	Total	\$ 399	\$ 46	\$ 8	\$ 2	\$455

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The following table shows the balances and changes in the other additional liability related to the no-lapse guarantees contained within our universal life contracts:

[illegible]

Balance, beginning of period before shadow reserve adjustments					
Balance, beginning of period before shadow reserve adjustments					
Balance, beginning of period before shadow reserve adjustments	Balance, beginning of period before shadow reserve adjustments	124	123	123	131
Effect of changes in cash flow assumptions	Effect of changes in cash flow assumptions	—	—	(5)	(2)
Effect of actual variances from expected experience	Effect of actual variances from expected experience	2	1	1	6
Adjusted beginning of period balance	Adjusted beginning of period balance	126	124	119	135
Interest accrual	Interest accrual	1	1	3	3
Excess death benefits	Excess death benefits	(4)	(2)	(6)	(14)
Attributed assessments	Attributed assessments	3	3	9	9
Effect of changes in interest rate assumptions	Effect of changes in interest rate assumptions	(5)	(4)	(4)	(11)
Effect of changes in interest rate assumptions					
Effect of changes in interest rate assumptions					
Balance, end of period before shadow reserve adjustments	Balance, end of period before shadow reserve adjustments	121	122	121	122
Shadow reserve adjustments	Shadow reserve adjustments	(2)	(3)	(2)	(3)
Balance, end of period	Balance, end of period	119	119	119	119
Less reinsurance recoverable, end of period	Less reinsurance recoverable, end of period	7	5	7	5
Net other additional liability, after reinsurance recoverable	Net other additional liability, after reinsurance recoverable	\$126	\$124	\$126	\$124

Net other additional liability, after reinsurance recoverable							
Weighted- average duration of the other additional liability in years	Weighted- average duration of the other additional liability in years	32	34	32	34		
Weighted-average duration of the other additional liability in years							
Weighted-average duration of the other additional liability in years						31	34

(Dollars in millions)	(Dollars in millions)	Three months ended September 30,	Nine months ended September 30,
		2023	2022

Balance, beginning of period	Balance, beginning of period	\$911	\$860	\$892	\$959
Interest credited before policy charges	Interest credited before policy charges	11	9	31	29
Change in unrealized gains and losses impacting separate accounts liabilities		—	20	—	(85)
Benefit payments					
Benefit payments	Benefit payments	(3)	—	(6)	(10)
Other					
Other	Other	(1)	(1)	1	(5)
Balance, end of period	Balance, end of period	\$918	\$888	\$918	\$888
Cash surrender value	Cash surrender value	\$912	\$886	\$912	\$886
Cash surrender value					
Cash surrender value					

## NOTE 6 – Deferred Policy Acquisition Costs

Expenses directly related to successfully acquired insurance policies – primarily commissions, premium taxes and underwriting costs – are deferred and amortized over the terms of the policies. We update our acquisition cost assumptions periodically to reflect actual experience. For property casualty, we evaluate the costs for recoverability. The adoption of ASU 2018-12 on January 1, 2023 resulted in a simplified amortization of life deferred acquisition costs and the removal of shadow deferred acquisition costs. See Note 1, Accounting Policies, for further discussion. The table below shows the deferred policy acquisition costs and asset reconciliation.

(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
<b>Property casualty:</b>				
Deferred policy acquisition costs asset, beginning of period	\$ 771	\$ 723	\$ 682	\$ 602
Capitalized deferred policy acquisition costs	355	325	1,134	1,064
Amortized deferred policy acquisition costs	(366)	(342)	(1,056)	(960)
Deferred policy acquisition costs asset, end of period	<u>\$ 760</u>	<u>\$ 706</u>	<u>\$ 760</u>	<u>\$ 706</u>
<b>Life:</b>				
Deferred policy acquisition costs asset, beginning of period	\$ 338	\$ 323	\$ 331	\$ 314
Capitalized deferred policy acquisition costs	10	11	32	33
Amortized deferred policy acquisition costs	(7)	(7)	(22)	(20)
Deferred policy acquisition costs asset, end of period	<u>\$ 341</u>	<u>\$ 327</u>	<u>\$ 341</u>	<u>\$ 327</u>
<b>Consolidated:</b>				
Deferred policy acquisition costs asset, beginning of period	\$ 1,109	\$ 1,046	\$ 1,013	\$ 916
Capitalized deferred policy acquisition costs	365	336	1,166	1,097
Amortized deferred policy acquisition costs	(373)	(349)	(1,078)	(980)
Deferred policy acquisition costs asset, end of period	<u>\$ 1,101</u>	<u>\$ 1,033</u>	<u>\$ 1,101</u>	<u>\$ 1,033</u>

The removal of shadow deferred policy acquisition costs as a result of the adoption of ASU 2018-12 resulted in a \$33 million increase, across all products, from \$263 million pre-adoption at December 31, 2020, to \$296 million post-adoption at January 1, 2021.

The table below shows the life deferred policy acquisition costs asset by product:

(Dollars in millions)					
<b>Three months ended September 30, 2023</b>					
	Term	Whole life	Deferred annuity	Universal life	Total
Balance, beginning of period	\$ 233	\$ 45	\$ 8	\$ 52	\$ 338
Capitalized deferred policy acquisition costs	8	2	—	—	10
Amortized deferred policy acquisition costs	(7)	—	—	—	(7)
Balance, end of period	<u>\$ 234</u>	<u>\$ 47</u>	<u>\$ 8</u>	<u>\$ 52</u>	<u>\$ 341</u>
<b>Three months ended September 30, 2022</b>					
Balance, beginning of period	\$ 222	\$ 40	\$ 7	\$ 54	\$ 323
Capitalized deferred policy acquisition costs	9	2	—	—	11
Amortized deferred policy acquisition costs	(5)	(1)	—	(1)	(7)
Balance, end of period	<u>\$ 226</u>	<u>\$ 41</u>	<u>\$ 7</u>	<u>\$ 53</u>	<u>\$ 327</u>
<b>Nine months ended September 30, 2023</b>					
	Term	Whole life	Deferred annuity	Universal life	Total
Balance, beginning of period	\$ 228	\$ 43	\$ 7	\$ 53	\$ 331

Capitalized deferred policy acquisition costs	24	6	1	1	32
Amortized deferred policy acquisition costs	(18)	(2)	—	(2)	(22)
Balance, end of period	<u>\$ 234</u>	<u>\$ 47</u>	<u>\$ 8</u>	<u>\$ 52</u>	<u>\$ 341</u>
Nine months ended September 30, 2022					
Balance, beginning of period	\$ 215	\$ 38	\$ 7	\$ 54	\$ 314
Capitalized deferred policy acquisition costs	27	5	—	1	\$ 33
Amortized deferred policy acquisition costs	(16)	(2)	—	(2)	\$ (20)
Balance, end of period	<u>\$ 226</u>	<u>\$ 41</u>	<u>\$ 7</u>	<u>\$ 53</u>	<u>\$ 327</u>

No premium deficiencies were recorded in the condensed consolidated statements of income, as the sum of the anticipated loss and loss expenses, policyholder dividends and unamortized deferred acquisition expenses did not exceed the related unearned premiums and anticipated investment income.

The table below shows the deferred policy acquisition costs and asset reconciliation.

(Dollars in millions)		Three months ended March 31,	
		2024	2023
Property casualty:			
Deferred policy acquisition costs asset, beginning of period	\$	749	\$ 682
Capitalized deferred policy acquisition costs		407	372
Amortized deferred policy acquisition costs		(360)	(340)
Deferred policy acquisition costs asset, end of period	<u>\$</u>	<u>796</u>	<u>\$ 714</u>
Life:			
Deferred policy acquisition costs asset, beginning of period	\$	344	\$ 331
Capitalized deferred policy acquisition costs		10	11
Amortized deferred policy acquisition costs		(7)	(8)
Deferred policy acquisition costs asset, end of period	<u>\$</u>	<u>347</u>	<u>\$ 334</u>
Consolidated:			
Deferred policy acquisition costs asset, beginning of period	\$	1,093	\$ 1,013
Capitalized deferred policy acquisition costs		417	383
Amortized deferred policy acquisition costs		(367)	(348)
Deferred policy acquisition costs asset, end of period	<u>\$</u>	<u>1,143</u>	<u>\$ 1,048</u>

The table below shows the life deferred policy acquisition costs asset by product:

(Dollars in millions)					
Three months ended March 31, 2024					
	Term	Whole life	Deferred annuity	Universal life	Total
Balance, beginning of period	\$ 236	\$ 48	\$ 8	\$ 52	\$ 344
Capitalized deferred policy acquisition costs	8	2	—	—	10
Amortized deferred policy acquisition costs	(6)	(1)	—	—	(7)
Balance, end of period	<u>\$ 238</u>	<u>\$ 49</u>	<u>\$ 8</u>	<u>\$ 52</u>	<u>\$ 347</u>
Three months ended March 31, 2023					
Balance, beginning of period	\$ 228	\$ 43	\$ 7	\$ 53	\$ 331
Capitalized deferred policy acquisition costs	9	2	—	—	11
Amortized deferred policy acquisition costs	(6)	(1)	—	(1)	(8)
Balance, end of period	<u>\$ 231</u>	<u>\$ 44</u>	<u>\$ 7</u>	<u>\$ 52</u>	<u>\$ 334</u>

## NOTE 7 – Accumulated Other Comprehensive Income

The adoption of ASU 2018-12 on January 1, 2023 resulted in restatement of certain amounts below. See Note 1, Accounting Policies, for further discussion. Accumulated other comprehensive income (AOCI) includes changes in unrealized gains and losses on investments, changes in pension obligations and changes in life policy reserves, reinsurance recoverable and other as follows:

(Dollars in millions)							Three months ended September 30,					
							2023			2022		
							Before tax	Income tax	Net	Before tax	Income tax	Net
<b>Investments:</b>												
AOCI, beginning of period							\$ (838)	\$ (179)	\$ (659)	\$ (564)	\$ (119)	\$ (445)
OCI before investment gains and losses, net, recognized in net income							(369)	(79)	(290)	(514)	(109)	(405)
Investment gains and losses, net, recognized in net income							—	—	—	—	—	—
OCI							(369)	(79)	(290)	(514)	(109)	(405)
AOCI, end of period							\$ (1,207)	\$ (258)	\$ (949)	\$ (1,078)	\$ (228)	\$ (850)
<b>Pension obligations:</b>												
AOCI, beginning of period							\$ 29	\$ 7	\$ 22	\$ 27	\$ 7	\$ 20
OCI excluding amortization recognized in net income							—	—	—	—	—	—
Amortization recognized in net income							—	—	—	—	—	—
OCI							—	—	—	—	—	—
AOCI, end of period							\$ 29	\$ 7	\$ 22	\$ 27	\$ 7	\$ 20
<b>Life policy reserves, reinsurance recoverable and other:</b>												
AOCI, beginning of period							\$ 13	\$ 2	\$ 11	\$ (67)	\$ (14)	\$ (53)
OCI before investment gains and losses, net, recognized in net income							111	22	89	120	25	95
Investment gains and losses, net, recognized in net income							—	—	—	—	—	—
OCI							111	22	89	120	25	95
AOCI, end of period							\$ 124	\$ 24	\$ 100	\$ 53	\$ 11	\$ 42
<b>Summary of AOCI:</b>												
AOCI, beginning of period							\$ (796)	\$ (170)	\$ (626)	\$ (604)	\$ (126)	\$ (478)
Investments OCI							(369)	(79)	(290)	(514)	(109)	(405)
Pension obligations OCI							—	—	—	—	—	—
Life policy reserves, reinsurance recoverable and other OCI							111	22	89	120	25	95
Total OCI							(258)	(57)	(201)	(394)	(84)	(310)
AOCI, end of period							\$ (1,054)	\$ (227)	\$ (827)	\$ (998)	\$ (210)	\$ (788)

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(Dollars in millions)							Nine months ended September 30,					
							2023			2022		
							Before tax	Income tax	Net	Before tax	Income tax	Net
<b>Investments:</b>												
AOCI, beginning of period							\$ (847)	\$ (182)	\$ (665)	\$ 792	\$ 165	\$ 627
OCI before investment gains and losses, net, recognized in net income							(364)	(77)	(287)	(1,867)	(392)	(1,475)
Investment gains and losses, net, recognized in net income							4	1	3	(3)	(1)	(2)



OCI	(360)	(76)	(284)	(1,870)	(393)	(1,477)
AOCI, end of period	\$ (1,207)	\$ (258)	\$ (949)	\$ (1,078)	\$ (228)	\$ (850)
Pension obligations:						
AOCI, beginning of period	\$ 36	\$ 9	\$ 27	\$ 27	\$ 7	\$ 20
OCI excluding amortization recognized in net income	(5)	(2)	(3)	—	—	—
Amortization recognized in net income	(2)	—	(2)	—	—	—
OCI	(7)	(2)	(5)	—	—	—
AOCI, end of period	\$ 29	\$ 7	\$ 22	\$ 27	\$ 7	\$ 20
Life policy reserves, reinsurance recoverable and other:						
AOCI, beginning of period	\$ 29	\$ 5	\$ 24	\$ 1	\$ —	\$ 1
Cumulative effect of change in accounting for long duration insurance contracts	—	—	—	(445)	(93)	(352)
Adjusted AOCI, beginning of period	29	5	24	(444)	(93)	(351)
OCI before investment gains and losses, net, recognized in net income	95	19	76	497	104	393
Investment gains and losses, net, recognized in net income	—	—	—	—	—	—
OCI	95	19	76	497	104	393
AOCI, end of period	\$ 124	\$ 24	\$ 100	\$ 53	\$ 11	\$ 42
Summary of AOCI:						
AOCI, beginning of period	\$ (782)	\$ (168)	\$ (614)	\$ 820	\$ 172	\$ 648
Cumulative effect of change in accounting for long duration insurance contracts	—	—	—	(445)	(93)	(352)
Adjusted AOCI, beginning of period	(782)	(168)	(614)	375	79	296
Investments OCI	(360)	(76)	(284)	(1,870)	(393)	(1,477)
Pension obligations OCI	(7)	(2)	(5)	—	—	—
Life policy reserves, reinsurance recoverable and other OCI	95	19	76	497	104	393
Total OCI	(272)	(59)	(213)	(1,373)	(289)	(1,084)
AOCI, end of period	\$ (1,054)	\$ (227)	\$ (827)	\$ (998)	\$ (210)	\$ (788)

(Dollars in millions)	Three months ended March 31,					
	2024			2023		
	Before tax	Income tax	Net	Before tax	Income tax	Net
Investments:						
AOCI, beginning of period	\$ (570)	\$ (123)	\$ (447)	\$ (847)	\$ (182)	\$ (665)
OCI before investment gains and losses, net, recognized in net income	(65)	(13)	(52)	163	35	128
Investment gains and losses, net, recognized in net income	10	2	8	—	—	—
OCI	(55)	(11)	(44)	163	35	128
AOCI, end of period	\$ (625)	\$ (134)	\$ (491)	\$ (684)	\$ (147)	\$ (537)
Pension obligations:						
AOCI, beginning of period	\$ 30	\$ 8	\$ 22	\$ 36	\$ 9	\$ 27
OCI excluding amortization recognized in net income	—	—	—	(5)	(1)	(4)
Amortization recognized in net income	—	—	—	(1)	—	(1)
OCI	—	—	—	(6)	(1)	(5)
AOCI, end of period	\$ 30	\$ 8	\$ 22	\$ 30	\$ 8	\$ 22
Life policy reserves, reinsurance recoverable and other:						
AOCI, beginning of period	\$ (13)	\$ (3)	\$ (10)	\$ 29	\$ 5	\$ 24
OCI before investment gains and losses, net, recognized in net income	47	10	37	(45)	(9)	(36)
Investment gains and losses, net, recognized in net income	—	—	—	—	—	—
OCI	47	10	37	(45)	(9)	(36)
AOCI, end of period	\$ 34	\$ 7	\$ 27	\$ (16)	\$ (4)	\$ (12)

Summary of AOCI:						
AOCI, beginning of period	\$	(553)	\$	(118)	\$	(435)
Investments OCI		(55)		(11)		(44)
Pension obligations OCI		—		—		—
Life policy reserves, reinsurance recoverable and other OCI		47		10		37
Total OCI		(8)		(1)		(7)
AOCI, end of period	\$	(561)	\$	(119)	\$	(442)

Investment gains and losses, net, and other investment gains and losses, net, are recorded in the investment gains and losses, net, line item in the condensed consolidated statements of income. Amortization of pension obligations is recorded in the insurance losses and contract holders' benefits and underwriting, acquisition and insurance expenses line items in the condensed consolidated statements of income.

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## NOTE 8 – Reinsurance

Primary components of our property casualty reinsurance assumed operations include involuntary and voluntary assumed as well as contracts from our reinsurance assumed operations, known as Cincinnati Re. Primary components of our ceded reinsurance include a property per risk treaty, property excess treaty, casualty per occurrence treaty, casualty excess treaty, property catastrophe treaty and retrocessions on our reinsurance assumed operations. Management's decisions about the appropriate level of risk retention are affected by various factors, including changes in our underwriting practices, capacity to retain risks and reinsurance market conditions.

The table below summarizes our consolidated property casualty insurance net written premiums, earned premiums and incurred loss and loss expenses:

(Dollars in millions)	(Dollars in millions)	Three months ended September 30, 2023		Nine months ended September 30, 2022	
		2023	2022	2023	2022
(Dollars in millions)					
(Dollars in millions)					
	2024				
Direct written premiums	Direct written premiums	\$1,939	\$1,730	\$5,869	\$5,304
Assumed written premiums	Assumed written premiums	89	92	527	548
Ceded written premiums	Ceded written premiums	(71)	(72)	(270)	(239)
Net written premiums	Net written premiums	\$1,957	\$1,750	\$6,126	\$5,613
Direct earned premiums	Direct earned premiums	\$1,912	\$1,743	\$5,478	\$4,935
Direct earned premiums	Direct earned premiums				
Assumed earned premiums	Assumed earned premiums	142	161	435	416
Ceded earned premiums	Ceded earned premiums	(97)	(95)	(252)	(227)

Earned premiums	Earned premiums	\$1,957	\$1,809	\$5,661	\$5,124
Direct incurred loss and loss expenses	Direct incurred loss and loss expenses	\$1,220	\$1,247	\$3,784	\$3,316
Direct incurred loss and loss expenses					
Direct incurred loss and loss expenses					
Assumed incurred loss and loss expenses	Assumed incurred loss and loss expenses	82	164	216	304
Ceded incurred loss and loss expenses	Ceded incurred loss and loss expenses	(41)	(63)	(160)	(76)
Incurred loss and loss expenses	Incurred loss and loss expenses	\$1,261	\$1,348	\$3,840	\$3,544

Our life insurance company purchases reinsurance for protection of a portion of the risks that are written. Primary components of our life reinsurance program include individual mortality coverage, aggregate catastrophe and accidental death coverage in excess of certain deductibles.

The table below summarizes our consolidated life insurance earned premiums and contract holders' benefits incurred:

		Three months ended September 30, 2023	Nine months ended September 30, 2023		
(Dollars in millions)	(Dollars in millions)	2023	2022	2023	2022
(Dollars in millions)					
(Dollars in millions)					
	2024			Three months ended March 31, 2024	2023
Direct earned premiums	Direct earned premiums	\$ 97	\$ 94	\$293	\$283
Ceded earned premiums					
Ceded earned premiums					
Ceded earned premiums	Ceded earned premiums	(21)	(19)	(60)	(57)
Earned premiums	Earned premiums	\$ 76	\$ 75	\$233	\$226

Direct contract holders' benefits incurred	Direct contract holders' benefits incurred	92	90	289	302
Direct contract holders' benefits incurred					
Direct contract holders' benefits incurred					
Ceded contract holders' benefits incurred					
Ceded contract holders' benefits incurred					
Ceded contract holders' benefits incurred	Ceded contract holders' benefits incurred	(21)	(20)	(59)	(74)
Contract holders' benefits incurred	Contract holders' benefits incurred	\$ 71	\$ 70	\$230	\$228

The ceded benefits incurred can vary depending on the type of life insurance policy held and the year the policy was issued.

The allowance for uncollectible property casualty premiums was \$16 million and \$13 million at September 30, 2023 both March 31, 2024, and December 31, 2022, respectively. December 31, 2023. The allowances for credit losses on other premiums receivable and reinsurance recoverable assets were immaterial at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023.

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## NOTE 9 – Income Taxes

The differences between the 21% statutory federal income tax rate and our effective income tax rate were as follows:

(Dollars in millions)	(Dollars in millions)	Three months ended September 30,				Nine months ended September 30,			
		2023		2022	2023		2022		
(Dollars in millions)									
(Dollars in millions)		Three months ended March 31,							
		2024						2024	2023
Tax at statutory rate:	Tax at statutory rate:	\$ (31) 21.0 %		\$ (122) 21.0 %	\$ 165 21.0 %		\$ (416) 21.0 %		
Increase (decrease) resulting from:	Increase (decrease) resulting from:								
	Tax-exempt income from municipal bonds	(5) 3.4		(5) 0.9	(15) (1.9)		(15) 0.8		

Other						
Other						
Provision for income taxes						
	Provision for income taxes	\$198	20.8	%	\$43	16.0
						%

We continue to believe that after considering all positive and negative evidence of taxable income in the carryback and carryforward periods as permitted by law, it is more likely than not that all of the deferred tax assets on our U.S. domestic operations and those related to Cincinnati Global Underwriting Ltd.<sup>SM</sup> (Cincinnati Global) will be realized. As a result, we have no valuation allowance for our U.S. domestic operations or Cincinnati Global at September 30, 2023 both March 31, 2024, and December 31, 2022. As more fully discussed below, we do carry a valuation allowance on the deferred tax assets related to Cincinnati Global Underwriting Ltd.<sup>SM</sup> (Cincinnati Global) December 31, 2023.

During the third quarter of 2022, we received favorable guidance from the Internal Revenue Service (IRS) supporting our tax position related to our unrecognized tax benefit set up in 2018. As a result of this guidance, we released our \$34 million gross unrecognized tax benefit liability at September 30, 2022. The \$34 million release was recognized as an additional income tax benefit and shown separately in our effective income tax rate reconciliation.

As a result of operations for the three and nine months ended September 30, 2023, Cincinnati Global decreased its net deferred tax assets by \$10 million and \$20 million, respectively, with an offsetting decrease of \$10 million and \$20 million, respectively, to the valuation allowance. Cincinnati Global had a net deferred tax asset of \$11 million and an offsetting valuation allowance of \$11 million at September 30, 2023.

Cincinnati Global had no operating loss carryforwards in the United States of \$6 million and \$5 million \$91 million and \$100 million in the United Kingdom of \$99 million and \$109 million at September 30, 2023 March 31, 2024, and December 31, 2022 December 31, 2023, respectively. These Cincinnati Global losses can only be utilized within the Cincinnati Global group.

Net income— basic and diluted					
Denominator:	Denominator:	Denominator:			
Basic weighted- average common shares outstanding	Basic weighted- average common shares outstanding	156.9	158.0	157.0	159.3
Effect of share-based awards:	Effect of share-based awards:	Effect of share-based awards:			
Stock options	Stock options	—	—	0.7	—
Nonvested shares	Nonvested shares	—	—	0.5	—
Diluted weighted- average shares	Diluted weighted- average shares	156.9	158.0	158.2	159.3
Earnings (loss) per share:					
Earnings per share:		Earnings per share:			
Basic	Basic	\$(0.63)	\$(2.63)	\$4.20	\$ (9.42)
Diluted	Diluted	\$(0.63)	\$(2.63)	\$4.17	\$ (9.42)
Number of anti- dilutive share- based awards	Number of anti- dilutive share- based awards	2.4	2.3	1.3	1.9

The above table shows the number source of anti-dilutive share-based awards for the three and nine months ended September 30, 2023 and 2022. In accordance with Accounting Standards Codification 260, *Earnings per Share*, the assumed exercise dilution of share-based awards was excluded from the computation of diluted loss per share for the three months ended September 30, 2023 and for the three and nine months ended September 30, 2022, because their exercise would have anti-dilutive effects, our common shares are certain equity-based awards. See our 2022 2023 Annual Report on Form 10-K, Item 8, Note 17, Share-Based Associate Compensation Plans, Page 170, 177, for information about share-based awards. The above table shows the number of anti-dilutive share-based awards for the three months ended March 31, 2024 and 2023.

## NOTE 11 – Employee Retirement Benefits

The following summarizes the components of net periodic benefit for our qualified and supplemental pension plans:

		Three months ended September 30,		Nine months ended September 30,	
(Dollars in millions)	(Dollars in millions)	2023	2022	2023	2022
(Dollars in millions)					
(Dollars in millions)	Three months ended March 31,				
2024				2024	2023
Service cost	Service cost	\$ 1	\$ 2	\$ 4	\$ 7
Non-service (benefit) costs:	Non-service (benefit) costs:				
Interest cost					
Interest cost					
Interest cost	Interest cost	3	3	9	8

Expected return on plan assets	Expected return on plan assets	(5)	(6)	(15)	(17)
Amortization of actuarial loss and prior service cost	Amortization of actuarial loss and prior service cost	—	—	(2)	—
Other	Other	—	—	(5)	—
Total non-service benefit	Total non-service benefit	(2)	(3)	(13)	(9)
Net periodic benefit	Net periodic benefit	\$ (1)	\$ (1)	\$ (9)	\$ (2)

See our 2022 2023 Annual Report on Form 10-K, Item 8, Note 13, Employee Retirement Benefits, Page 163, 170, for information on our retirement benefits. The net periodic benefit is allocated in the same proportion primarily to the underwriting, acquisition and insurance expenses line item with the remainder allocated to the insurance losses and contract holders' benefits line item on the condensed consolidated statements of income for both 2023 2024 and 2022, 2023.

We made matching contributions totaling \$6 million \$9 million and \$8 million to our 401(k) and Top Hat savings plans during both the third first quarter of 2024 and 2023, and 2022 and contributions of \$20 million for both the first nine months of 2023 and 2022.

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respectively.

We made no contributions to our qualified pension plan during the first nine three months of 2023, 2024.

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## NOTE 12 – Commitments and Contingent Liabilities

The company, through its insurance subsidiaries, is involved in claims litigation arising in the ordinary course of conducting its business, both as a liability insurer defending or providing indemnity for third-party claims brought against insureds and as an insurer defending coverage claims brought against it. The company accounts for such activity through the establishment of unpaid loss and loss expense reserves. Subject to the uncertainties discussed in Note 4, Property Casualty Loss and Loss Expenses, and in the discussion in the balance of this Note, we believe that the ultimate liability, if any, with respect to such ordinary-course claims litigation, after consideration of provisions made for potential losses, costs of defense, and reinsurance recoveries, is immaterial to our consolidated financial position, results of operations and cash flows.

Beginning in April 2020, like many companies in the property casualty insurance industry, the company's property casualty subsidiaries were named as defendants in lawsuits seeking insurance coverage under commercial property insurance policies issued by the company for alleged losses resulting from the shutdown or suspension of their businesses due to the COVID-19 pandemic. Although the allegations vary, the plaintiffs generally seek a declaration of insurance coverage, damages for breach of contract in unspecified amounts for claim denials, interest and attorney fees. Some of the lawsuits also allege that the insurance claims were denied in bad faith or otherwise in violation of state laws and seek extra-contractual or punitive damages.

The company denies the allegations in these lawsuits and continues to vigorously defend them. The company maintains that it has no coverage obligations with respect to these lawsuits for business income allegedly lost by the plaintiffs due to the COVID-19 pandemic based on the terms of the applicable insurance policies. Although the policy terms vary, in general, the claims at issue in these lawsuits were denied because the policyholder identified no direct physical loss or damage to property at the insured premises, and the governmental orders that led to the complete or partial shutdown of the business were not due to the existence of any direct physical loss or damage to property in the immediate vicinity of the insured premises and did not prohibit access to the insured premises, as required by the terms of the insurance policies. Depending on the individual policy, additional policy terms and conditions may also prohibit coverage, such as exclusions for pollutants, ordinance or law, loss of use, and acts or decisions. The company's standard commercial property insurance policies generally did not contain a specific virus exclusion.

In addition to the inherent difficulty in predicting litigation outcomes, the COVID-19 pandemic business income coverage lawsuits present a number of uncertainties and contingencies that are not yet known, including how many policyholders will ultimately file claims, the number of lawsuits that will be filed, the extent to which any class may be certified, and the size and scope of any such classes. The legal theories advanced by plaintiffs vary by case as do the state laws that govern the policy interpretation. Most of these lawsuits have been dismissed, both by courts and by plaintiffs, but some have been appealed and a few others remain pending in trial courts. Appellate decisions issued to date

generally have been favorable for the insurance industry, and the company has received numerous favorable rulings on appeal with no adverse appellate rulings to date. Some cases remain to be decided and in some jurisdictions, cases have been stayed pending appellate decisions in their state or federal circuit. Accordingly, little discovery has occurred on pending cases. In addition, business income calculations depend upon a wide range of factors that are particular to the circumstances of each individual policyholder and, here, virtually none of the plaintiffs have submitted proofs of loss or otherwise quantified or factually supported any allegedly covered loss. Moreover, the company's experience shows that demands for damages often bear little relation to a reasonable estimate of potential loss. Accordingly, management cannot now reasonably estimate the possible loss or range of loss, if any. Nonetheless, given the number of claims and potential claims, the indeterminate amounts sought, and the inherent unpredictability of litigation, it is possible that adverse outcomes, if any, in the aggregate could have a material adverse effect on the company's consolidated financial position, results of operations and cash flows.

The company and its subsidiaries also are occasionally involved in other legal and regulatory proceedings, some of which assert claims for substantial amounts. These actions include, among others, putative class actions seeking certification of state or national classes. Such proceedings have alleged, for example, improper depreciation of labor costs in repair estimates. The company's insurance subsidiaries also are occasionally parties to individual actions in which extra-contractual damages, punitive damages or penalties are sought, such as claims alleging bad faith handling of insurance claims or writing unauthorized coverage or claims alleging discrimination by former or current associates.

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On a quarterly basis, we review these outstanding matters. Under current accounting guidance, we establish accruals when it is probable that a covered loss has been incurred and we can reasonably estimate its potential

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exposure. The company accounts for such probable and estimable losses, if any, through the establishment of legal expense reserves. Based on our quarterly review, we believe that our accruals for probable and estimable losses are reasonable and that the amounts accrued do not have a material effect on our consolidated financial position, results of operations and cash flows. However, if any one or more of these matters results in a judgment against us or settlement for an amount that is significantly greater than the amount accrued, the resulting liability could have a material effect on the company's consolidated financial position, results of operations and cash flows. Based on our most recent review, our estimate for any other matters for which the risk of loss is not probable, but more than remote, is immaterial.

NOTE 13 – Segment Information

We operate primarily in two industries, property casualty insurance and life insurance. Our chief operating decision maker CODM regularly reviews our reporting segments to make decisions about allocating resources and assessing performance. Our reporting segments are:

- Commercial lines insurance
- Personal lines insurance
- Excess and surplus lines insurance
- Life insurance
- Investments

We report as Other the noninvestment operations of the parent company and its noninsurer subsidiary, CFC Investment Company. We also report as Other the underwriting results of Cincinnati Re and Cincinnati Global. See our 2022 2023 Annual Report on Form 10-K, Item 8, Note 18, Segment Information, Page 173, 180, for a description of revenue, income or loss before income taxes and identifiable assets for each of the five segments.

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Segment information is summarized in the following table:

	Three months ended		Nine months ended	
(Dollars in millions)	(Dollars in millions)	September 30,	September 30,	
		2023	2022	2023 2022
(Dollars in millions)				
(Dollars in millions)				
	2024			
		Three months ended March 31,		
				2024 2023
Revenues:	Revenues:	Revenues:		



Commercial lines insurance	Commercial lines insurance	Commercial lines insurance			
Commercial casualty	Commercial casualty	\$ 365	\$ 360	\$ 1,115	\$ 1,046
Commercial property	Commercial property	321	292	933	846
Commercial auto	Commercial auto	216	213	644	627
Workers' compensation	Workers' compensation	66	73	212	209
Other commercial	Other commercial	94	90	280	256
Commercial lines insurance premiums	Commercial lines insurance premiums	1,062	1,028	3,184	2,984
Fee revenues	Fee revenues	1	1	3	3
Total commercial lines insurance	Total commercial lines insurance	1,063	1,029	3,187	2,987
Personal lines insurance	Personal lines insurance				
Personal lines insurance	Personal lines insurance				
Personal auto	Personal auto	185	158	524	465
Homeowner	Homeowner	271	213	755	609
Other personal	Other personal	71	60	205	172
Personal lines insurance premiums	Personal lines insurance premiums	527	431	1,484	1,246
Fee revenues	Fee revenues	1	1	3	3
Total personal lines insurance	Total personal lines insurance	528	432	1,487	1,249
Excess and surplus lines insurance	Excess and surplus lines insurance	135	125	394	361
Excess and surplus lines insurance	Excess and surplus lines insurance				
Excess and surplus lines insurance	Excess and surplus lines insurance				
Fee revenues	Fee revenues	1	1	2	2
Total excess and surplus lines insurance	Total excess and surplus lines insurance	136	126	396	363
Life insurance premiums	Life insurance premiums				
Life insurance premiums	Life insurance premiums				
Life insurance premiums	Life insurance premiums	76	75	233	226
Fee revenues	Fee revenues	3	2	8	4

Total life insurance	Total life insurance	79	77	241	230
Investments	Investments				
Investments					
Investments					
Investment income, net of expenses					
Investment income, net of expenses					
Investment income, net of expenses	Investment income, net of expenses	225	193	655	573
Investment gains and losses, net	Investment gains and losses, net	(456)	(674)	84	(2,494)
Total investment revenue	Total investment revenue	(231)	(481)	739	(1,921)
Other	Other				
Other					
Other					
Premiums	Premiums				
Premiums	Premiums	233	225	599	533
Other					
Other					
Other	Other	3	2	8	7
Total other revenues	Total other revenues	236	227	607	540
Total revenues	Total revenues	\$1,811	\$1,410	\$6,657	\$ 3,448
Income (loss) before income taxes:					
Income (loss) before income taxes:					
Income (loss) before income taxes:	Income (loss) before income taxes:				
Insurance underwriting results	Insurance underwriting results				
Commercial lines insurance	Commercial lines insurance	\$ 52	\$ 11	\$ 83	\$ 25
Personal lines insurance	Personal lines insurance	1	(18)	(92)	(2)
Excess and surplus lines insurance	Excess and surplus lines insurance	14	9	38	44
Life insurance	Life insurance	17	13	38	21
Investments	Investments	(262)	(508)	648	(2,003)
Other	Other	30	(84)	71	(66)

Total income (loss) before income taxes	\$ (148)	\$ (577)	\$ 786	\$ (1,981)
Total income before income taxes				

	September 30, 2023	December 31, 2022	March 31, 2024	December 31, 2023
Identifiable assets:				
Property casualty insurance	\$ 5,302	\$ 5,178		
Life insurance	1,556	1,518		
Investments	23,063	22,133		
Other	994	903		
Total	\$ 30,915	\$ 29,732		

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

The following discussion highlights significant factors influencing the condensed consolidated results of operations and financial position of Cincinnati Financial Corporation. It should be read in conjunction with the consolidated financial statements and related notes included in our 2022 2023 Annual Report on Form 10-K. Unless otherwise noted, the industry data is prepared by A.M. Best Co., a leading insurance industry statistical, analytical and financial strength rating organization. Information from A.M. Best is presented on a statutory basis for insurance company regulation in the United States of America. When we provide our results on a comparable statutory basis, we label it as such; all other company data is presented in accordance with accounting principles generally accepted in the United States of America (GAAP).

As discussed in Item 1, Note 1, Accounting Policies, Page 8, effective January 1, 2023, we adopted ASU 2018-12, Financial Services - Insurance (Topic 944): Targeted Improvements to the Accounting for Long-Duration Contracts. We adjusted applicable financial statements. Related financial data shown in Management's Discussion and Analysis of Financial Condition and Results of Operations also have been adjusted.

We present per share data on a diluted basis unless otherwise noted, adjusting those amounts for all stock splits and dividends. Dollar amounts are rounded to millions; calculations of percent changes are based on dollar amounts rounded to the nearest million. Certain percentage changes are identified as not meaningful (nm).

### SAFE HARBOR STATEMENT

This is our "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995. Our business is subject to certain risks and uncertainties that may cause actual results to differ materially from those suggested by the forward-looking statements in this report. Some of those risks and uncertainties are discussed in our 2022 2023 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 32 30.

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

- Effects of the COVID-19 pandemic that could affect results for reasons such as:
  - Securities market disruption or volatility and related effects such as decreased economic activity and continued supply chain disruptions that affect our investment portfolio and book value
  - An unusually high level of claims in our insurance or reinsurance operations that increase litigation-related expenses
  - An unusually high level of insurance losses, including risk of legislation or court decisions extending business interruption insurance in commercial property coverage forms to cover claims for pure economic loss related to the COVID-19 pandemic
  - Decreased premium revenue and cash flow from disruption to our distribution channel of independent agents, consumer self-isolation, travel limitations, business restrictions and decreased economic activity
  - Inability of our workforce, agencies or vendors to perform necessary business functions
- Ongoing developments concerning business interruption insurance claims and litigation related to the COVID-19 pandemic that affect our estimates of losses and loss adjustment expenses or our ability to reasonably estimate such losses, such as:
  - The continuing duration of the pandemic and governmental actions to limit the spread of the virus that may produce additional economic losses
  - The number of policyholders that will ultimately submit claims or file lawsuits

- o The lack of submitted proofs of loss for allegedly covered claims
- o Judicial rulings in similar litigation involving other companies in the insurance industry
- o Differences in state laws and developing case law
- o Litigation trends, including varying legal theories advanced by policyholders
- o Whether and to what degree any class of policyholders may be certified
- o The inherent unpredictability of litigation
- Effects of any future pandemic, or the resurgence of the COVID-19 pandemic, that could affect results for reasons such as:
  - Securities market disruption or volatility and related effects such as decreased economic activity and continued supply chain disruptions that affect our investment portfolio and book value
  - An unusually high level of claims in our insurance or reinsurance operations that increase litigation-related expenses
  - An unusually high level of insurance losses, including risk of court decisions extending business interruption insurance in commercial property coverage forms to cover claims for pure economic loss related to such pandemic
  - Decreased premium revenue and cash flow from disruption to our distribution channel of independent agents, consumer self-isolation, travel limitations, business restrictions and decreased economic activity
  - Inability of our workforce, agencies or vendors to perform necessary business functions
- Unusually high levels of catastrophe losses due to risk concentrations, changes in weather patterns (whether as a result of global climate change or otherwise), environmental events, war or political unrest, terrorism incidents, cyberattacks, civil unrest or other causes

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- Increased frequency and/or severity of claims or development of claims that are unforeseen at the time of policy issuance, due to inflationary trends or other causes
- Inadequate estimates or assumptions, or reliance on third-party data used for critical accounting estimates
- Declines in overall stock market values negatively affecting our equity portfolio and book value

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- Interest rate fluctuations or other factors that could significantly affect:
  - Our ability to generate growth in investment income
  - Values of our fixed-maturity investments, including accounts in which we hold bank-owned life insurance contract assets
  - Our traditional life policy reserves
- Domestic and global events, such as Russia's Russia's invasion of Ukraine, war in the Middle East and recent disruptions in the banking and financial services industry, resulting in insurance losses, capital market or credit market uncertainty, followed by prolonged periods of economic instability or recession, that lead to:
  - o Significant or prolonged decline in the fair value of a particular security or group of securities and impairment of the asset(s)
  - o Significant decline in investment income due to reduced or eliminated dividend payouts from a particular security or group of securities
  - o Significant rise in losses from surety or director and officer policies written for financial institutions or other insured entities or in losses from policies written by Cincinnati Re or Cincinnati Global
- Our inability to manage Cincinnati Global or other subsidiaries to produce related business opportunities and growth prospects for our ongoing operations
- Recession, prolonged elevated inflation or other economic conditions resulting in lower demand for insurance products or increased payment delinquencies
- Ineffective information technology systems or discontinuing to develop and implement improvements in technology may impact our success and profitability
- Difficulties with technology or data security breaches, including cyberattacks, that could negatively affect our or our agents' agents' ability to conduct business; disrupt our relationships with agents, policyholders and others; cause reputational damage, mitigation expenses and data loss and expose us to liability under federal and state laws
- Difficulties with our operations and technology that may negatively impact our ability to conduct business, including cloud-based data information storage, data security, cyberattacks, remote working capabilities, and/or outsourcing relationships and third-party operations and data security
- Disruption of the insurance market caused by technology innovations such as driverless cars that could decrease consumer demand for insurance products
- Delays, inadequate data developed internally or from third parties, or performance inadequacies from ongoing development and implementation of underwriting and pricing methods, including telematics and other usage-based insurance methods, or technology projects and enhancements expected to increase our pricing accuracy, underwriting profit and competitiveness

- Intense competition, and the impact of innovation, technological change and changing customer preferences on the insurance industry and the markets in which we operate, could harm our ability to maintain or increase our business volumes and profitability
- Changing consumer insurance-buying habits and consolidation of independent insurance agencies could alter our competitive advantages
- Inability to obtain adequate ceded reinsurance on acceptable terms, amount of reinsurance coverage purchased, financial strength of reinsurers and the potential for nonpayment or delay in payment by reinsurers
- Inability to defer policy acquisition costs for any business segment if pricing and loss trends would lead management to conclude that segment could not achieve sustainable profitability
- Inability of our subsidiaries to pay dividends consistent with current or past levels
- Events or conditions that could weaken or harm our relationships with our independent agencies and hamper opportunities to add new agencies, resulting in limitations on our opportunities for growth, such as:
  - Downgrades of our financial strength ratings
  - Concerns that doing business with us is too difficult
  - Perceptions that our level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace

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- Inability or unwillingness to nimbly develop and introduce coverage product updates and innovations that our competitors offer and consumers expect to find in the marketplace

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- Actions of insurance departments, state attorneys general or other regulatory agencies, including a change to a federal system of regulation from a state-based system, that:
  - Impose new obligations on us that increase our expenses or change the assumptions underlying our critical accounting estimates
  - Place the insurance industry under greater regulatory scrutiny or result in new statutes, rules and regulations
  - Restrict our ability to exit or reduce writings of unprofitable coverages or lines of business
  - Add assessments for guaranty funds, other insurance-related assessments or mandatory reinsurance arrangements; or that impair our ability to recover such assessments through future surcharges or other rate changes
  - Increase our provision for federal income taxes due to changes in tax law
  - Increase our other expenses
  - Limit our ability to set fair, adequate and reasonable rates
  - Place us at a disadvantage in the marketplace
  - Restrict our ability to execute our business model, including the way we compensate agents
- Adverse outcomes from litigation or administrative proceedings, including effects of social inflation and third-party litigation funding on the size of litigation awards
- Events or actions, including unauthorized intentional circumvention of controls, that reduce our future ability to maintain effective internal control over financial reporting under the Sarbanes-Oxley Act of 2002
- Unforeseen departure of certain executive officers or other key employees due to retirement, health or other causes that could interrupt progress toward important strategic goals or diminish the effectiveness of certain longstanding relationships with insurance agents and others
- Our inability, or the inability of our independent agents, to attract and retain personnel in a competitive labor market, impacting the customer experience and altering our competitive advantages
- Events, such as an epidemic, natural catastrophe or terrorism, that could hamper our ability to assemble our workforce at our headquarters location or work effectively in a remote environment

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

## CORPORATE FINANCIAL HIGHLIGHTS

### Net Income and Comprehensive Income Data

	(Dollars in millions, except per share data)	(Dollars in millions, except per share data)	Three months ended September 30,			Nine months ended September 30,		
					%			%
			2023	2022	Change	2023	2022	Change
(Dollars in millions, except per share data)								
(Dollars in millions, except per share data)		Three months ended March 31,						
		2024	2024					
			2023					
			% Change					
Earned premiums	Earned premiums	\$	2,033	\$1,884	8	\$5,894	\$5,350	10
Investment income, net of expenses (pretax)	Investment income, net of expenses (pretax)		225	193	17	655	573	14
Investment gains and losses, net (pretax)	Investment gains and losses, net (pretax)		(456)	(674)	32	84	(2,494)	nm
Total revenues	Total revenues		1,811	1,410	28	6,657	3,448	93
Net income (loss)			(99)	(416)	76	660	(1,500)	nm
Comprehensive income (loss)			(300)	(726)	59	447	(2,584)	nm
Net income (loss) per share—diluted			(0.63)	(2.63)	76	4.17	(9.42)	nm
Net income								
Comprehensive income								
Net income per share—diluted								
Cash dividends declared per share	Cash dividends declared per share		0.75	0.69	9	2.25	2.07	9
Diluted weighted average shares outstanding	Diluted weighted average shares outstanding		156.9	158.0	(1)	158.2	159.3	(1)

Total revenues increased \$401 million \$694 million for the third first quarter of 2024, compared with the first quarter of 2023, compared with the third quarter of 2022, primarily due to a smaller reduction an increase in net investment gains in addition to higher earned premiums and investment income. Premium and investment revenue trends are discussed further in the respective sections of Financial Results.

Investment gains and losses are recognized on the sales of investments, on certain changes in fair values of securities even though we continue to hold the securities or as otherwise required by GAAP. We have substantial discretion in the timing of investment sales, and that timing generally is independent of the insurance underwriting process. The change in fair value of securities is also generally independent of the insurance underwriting process.

The net loss of \$99 million Net income for the third first quarter of 2023, 2024, compared with a net loss in the third quarter of 2022 of \$416 million, was a change of \$317 first-quarter 2023, increased \$530 million, including increases of \$172 million \$399 million in after-tax net investment gains and losses, \$25 million in after-tax investment income and \$141 \$111 million in after-tax property casualty underwriting income and \$28 million in after-tax investment income. Catastrophe losses for the third first quarter of 2023, 2024, mostly weather related, were \$58 \$93 million lower after taxes and favorably affected both net income and property casualty underwriting income. Life insurance segment results increased by \$4 million \$2 million on a pretax basis.

For the first nine months of 2023, net income increased \$2.160 billion, compared with the first nine months of 2022, including increases of \$2.037 billion in after-tax investment gains and losses, \$66 million in after-tax investment income and \$81 million in after-tax property casualty underwriting income. The property casualty underwriting income increase included an unfavorable \$116 million after-tax effect from higher catastrophe losses. Life insurance segment results increased by \$17 million on a pretax basis.

The increase in property casualty underwriting income for the third quarter of 2023 included improved overall insured loss experience before catastrophe effects, as price increases have helped to offset elevated paid losses reflecting economic or other forms of inflation that are increasing our uncertainty regarding ultimate losses. Until longer-term paid loss cost trends become more clear, we intend to remain prudent in reserving for estimated ultimate losses and this is discussed further in Financial Results by property casualty insurance segment.

Performance by segment is discussed below in Financial Results. As discussed in our 2022 2023 Annual Report on Form 10-K, Item 7, Executive Summary, Page 48, there are several reasons why our performance during 2023 2024 may ultimately be below our long-term targets.

The board of directors is committed to rewarding shareholders directly through cash dividends and through share repurchase authorizations. Through 2022, 2023, the company had increased the annual cash dividend rate for 62 63 consecutive years, a record we believe is matched by only seven other U.S. publicly traded companies. In January 2023, 2024, the board of directors increased the regular quarterly dividend to 75 81 cents per share, setting the stage for our 63 64<sup>th</sup> consecutive year of increasing cash dividends. During the first nine three months of 2023, 2024, cash dividends declared by the company increased 9% 8% compared with the same period of 2022, 2023. Our board regularly evaluates relevant factors in decisions related to dividends and share repurchases. The 2023 2024 dividend

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increase reflected our strong operating performance and signaled management's and the board's positive outlook and confidence in our outstanding capital, liquidity and financial flexibility.

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Balance Sheet Data and Performance Measures

		At			
(Dollars in millions, except share data)	(Dollars in millions, except share data)	At September 30, 2023	December 31, 2022	(Dollars in millions, except share data)	
		2023	2022	At March 31,	At December 31,
		2024		2024	2023
Total investments	Total investments	\$ 23,408	\$22,425		
Total assets	Total assets	30,915	29,732		
Short-term debt	Short-term debt	25	50		
Long-term debt	Long-term debt	790	789		
Shareholders' equity	Shareholders' equity	10,624	10,562		
Book value per share	Book value per share	67.72	67.21		
Debt-to-total-capital ratio	Debt-to-total-capital ratio	7.1 %	7.4 %	Debt-to-total-capital ratio	
				6.1 %	6.3 %

Total assets at September 30, 2023 March 31, 2024, increased 4% 3% compared with year-end 2022, 2023, and included a 4% increase in total investments that reflected net purchases that were partially offset by lower and higher fair values for many securities in our equity portfolio. Shareholders' equity increased 1% 5% and book value per share also

increased **1%** **5%** during the first **nine three** months of **2023, 2024**. Our debt-to-total-capital ratio (capital is the sum of debt plus shareholders' equity) decreased compared with year-end **2022, 2023**.

Our value creation ratio is our primary performance metric. As shown in the tables below, that ratio was **4.4%** **5.9%** for the first **nine three** months of **2023, and was more 2024, better** than the same period in **2022 primarily due to 2023, including higher net income before investment gains and a higher amount in overall net gains from our investment portfolio**. Book value per share increased **\$0.71** **\$3.77** during the first **nine three** months of **2023 2024** and contributed **1.1** **4.9** percentage points to the value creation ratio, while dividends declared at **\$2.25** **\$0.81** per share contributed **3.3** **1.0** points. Value creation **ratios by ratio** major **components contributors** and in total, along with calculations from per-share amounts, are shown in the tables below.

	Three months ended September 30, 2023		Nine months ended September 30, 2023						
Value creation ratio major components:									
					Three months ended March 31,				
2024					2024				2023
Value creation ratio major contributors:									
Value creation ratio major contributors:									
Net income before investment gains	Net income before investment gains	2.4 %	1.1 %	5.6 %	3.7 %	Net income before investment gains	2.3	%	1.3 %
Change in fixed-maturity securities, realized and unrealized gains	Change in fixed-maturity securities, realized and unrealized gains	(2.6)	(3.9)	(2.7)	(11.5)				
Change in equity securities, investment gains	Change in equity securities, investment gains	(3.3)	(5.2)	0.8	(15.6)				
Other	Other	0.9	(0.4)	0.7	(0.6)				
Value creation ratio	Value creation ratio	(2.6)%	(8.4)%	4.4 %	(24.0)%	Value creation ratio	5.9	%	3.1 %

(Dollars are per share)	(Dollars are per share)	Three months ended September 30,	Nine months ended September 30,
		2023	2022
<b>Book value change per share</b>			
Book value as originally reported			
December 31,			
2022			
<b>\$67.01</b>			



Cumulative effect of change in accounting for long-duration insurance contracts, net of tax						0.20	
Book value as adjusted December 31, 2022						\$67.21	
(Dollars are per share)							
(Dollars are per share)						Three months ended March 31,	
2024						2024	
2023							
Value creation ratio:	Value creation ratio:					Value creation ratio:	
End of period book value*- as originally reported	\$	67.72	\$60.01	\$67.72	\$	60.01	
Less beginning of period book value - as originally reported		70.33	66.30	67.01		81.72	
Change in book value - as originally reported		(2.61)	(6.29)	0.71		(21.71)	
End of period book value*							
Less beginning of period book value							
Change in book value							
Dividend declared to shareholders	Dividend declared to shareholders	0.75	0.69	2.25	2.07		
Total value creation	Total value creation	\$ (1.86)	\$ (5.60)	\$ 2.96	\$(19.64)		
Value creation ratio from change in book value**							
Value creation ratio from change in book value**							
Value creation ratio from change in book value**	Value creation ratio from change in book value**	(3.7)%	(9.4)%	1.1 %	(26.5)%	4.9 %	
Value creation ratio from dividends declared to shareholders***	Value creation ratio from dividends declared to shareholders***	1.1	1.0	3.3	2.5		
Value creation ratio	Value creation ratio	(2.6)%	(8.4)%	4.4 %	(24.0)%	5.9 %	
Value creation ratio							
* Book value per share is calculated by dividing end of period total shareholders' equity by end of period shares outstanding							
* Book value per share is calculated by dividing end of period total shareholders' equity by end of period shares outstanding							
* Book value per share is calculated by dividing end of period total shareholders' equity by end of period shares outstanding							
** Change in book value divided by the beginning of period book value							

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

DRIVERS OF LONG-TERM VALUE CREATION

Operating through The Cincinnati Insurance Company, Cincinnati Financial Corporation is one of the 25 largest property casualty insurers in the nation, based on 2022 2023 net written premiums for approximately 2,000 U.S. stock and mutual insurer groups. We market our insurance products through a select group of independent insurance agencies as discussed in our 2022 2023 Annual Report on Form 10-K, Item 1, Our Business and Our Strategy, Page 6. At September 30, 2023 March 31, 2024, we actively marketed through 2,053 2,125 agencies located in 46 states. We maintain a long-term perspective that guides us in addressing immediate challenges or opportunities while focusing on the major decisions that best position our company for success through all market cycles.

To measure our long-term progress in creating shareholder value, our value creation ratio is our primary financial performance target. As discussed in our 2022 2023 Annual Report on Form 10-K, Item 7, Executive Summary, Page 48, management believes this measure is a meaningful indicator of our long-term progress in creating shareholder value and has three primary performance drivers:

- Premium growth – We believe our agency relationships and initiatives can lead to a property casualty written premium growth rate over any five-year period that exceeds the industry average. For the first nine three months of 2023, 2024, our consolidated property casualty net written premium year-over-year growth was 9%, compared with 11%. As of March 2024, A.M. Best projected the industry's 10% full-year 2024 written premium growth rate reported by A.M. Best for the first six months of 2023, at approximately 9%. For the five-year period 2018 2019 through 2022, 2023, our growth rate exceeded that of the industry. The industry's growth rate excludes its mortgage and financial guaranty lines of business.
- Combined ratio – We believe our underwriting philosophy and initiatives can generate a GAAP combined ratio over any five-year period that is consistently within the range of 95% 92% to 100% 98%. For the first nine three months of 2023, 2024, our GAAP combined ratio was 97.5% 93.6%, including 11.9 7.5 percentage points of current accident year catastrophe losses partially offset by 3.8 5.0 percentage points of favorable loss reserve development on prior accident years. Our statutory combined ratio was 96.5% 92.3% for the first nine three months of 2023, comparing favorably with 2024. As of March 2024, A.M. Best projected the industry's 104.5% reported by A.M. Best for the first six months full-year 2024 statutory combined ratio at approximately 101%, including approximately 7 percentage points of 2023, catastrophe losses and a favorable effect of less than 1 percentage point of loss reserve development on prior accident years. The industry's ratio again excludes its mortgage and financial guaranty lines of business.

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- Investment contribution – We believe our investment philosophy and initiatives can drive investment income growth and lead to a total return on our equity investment portfolio over a five-year period that exceeds the five-year return of the Standard & Poor's 500 Index. For the first nine three months of 2023, 2024, pretax investment income was \$655 \$245 million, up 14% 17% compared with the same period in 2022, 2023. We believe our investment portfolio mix provides an appropriate balance of income stability and growth with capital appreciation potential.

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Financial Strength

An important part of our long-term strategy is financial strength, which is described in our 2022 2023 Annual Report on Form 10-K, Item 1, Our Business and Our Strategy, Financial Strength, Page 8. One aspect of our financial strength is prudent use of reinsurance ceded to help manage financial performance variability due to catastrophe loss experience. A description of how we use reinsurance ceded is included in our 2022 2023 Annual Report on Form 10-K, Item 7, Liquidity and Capital Resources, 2023 2024 Reinsurance Ceded Programs, Page 104, 105. Another aspect of our financial strength is our investment portfolio, which remains well-diversified as discussed in this quarterly report in Item 3, Quantitative and Qualitative Disclosures About Market Risk. Our strong parent-company liquidity and financial strength increase our flexibility to maintain a cash dividend through all periods and to continue to invest in and expand our insurance operations.

At September 30, 2023 March 31, 2024, we held \$4.561 \$4.906 billion of our cash and cash equivalents and invested assets at the parent-company level, of which \$4.142 billion \$4.543 billion, or 90.8% 92.6%, was invested in common stocks, and \$227 million \$163 million, or 5.0% 3.3%, was cash or cash equivalents. Our debt-to-total-capital ratio was 7.1% 6.1% at September 30, 2023 March 31, 2024. Another important indicator of financial strength is our ratio of property casualty net written premiums to statutory surplus, which was 1.2-to-1 1.0-to-1 for the 12 months ended September 30, 2023 March 31, 2024, compared with 1.1-to-1 at matching year-end 2022. 2023.

Financial strength ratings assigned to us by independent rating firms also are important. In addition to rating our parent company's senior debt, four firms award insurer financial strength ratings to one or more of our insurance subsidiary companies based on their quantitative and qualitative analyses. These ratings primarily assess an insurer's ability to meet financial obligations to policyholders and do not necessarily address all of the matters that may be important to investors. Ratings are under continuous review and subject to change or withdrawal at any time by the rating agency. Each rating should be evaluated independently of any other rating; please see each rating agency's website for its most recent report on our ratings.

At October 25, 2023 April 24, 2024, our insurance subsidiaries continued to be highly rated.

Insurer Financial Strength Ratings									
Rating agency	Standard market property casualty insurance subsidiaries			Life insurance subsidiary			Excess and surplus lines insurance subsidiary		
	Rating tier			Rating tier			Rating tier		
A.M. Best Co. <i>ambest.com</i>	A+	Superior	2 of 16	A+	Superior	2 of 16	A+	Superior	2 of 16
Fitch Ratings <i>fitchratings.com</i>	A+	Strong	5 of 21	A+	Strong	5 of 21	-	-	-
Moody's Investors Service <i>moodys.com</i>	A1	Good	5 of 21	-	-	-	-	-	-
S&P Global Ratings <i>spratings.com</i>	A+	Strong	5 of 21	A+	Strong	5 of 21	-	-	-

CONSOLIDATED PROPERTY CASUALTY INSURANCE HIGHLIGHTS

Consolidated property casualty insurance results include premiums and expenses for our standard market insurance segments (commercial lines and personal lines), our excess and surplus lines segment, Cincinnati Re® and our London-based global specialty underwriter Cincinnati Global Underwriting Ltd.<sup>SM</sup> (Cincinnati Global).

	Three months ended September 30,				Nine months ended September 30,					
(Dollars in millions)	(Dollars in millions)	30,		%	30,		%			
	2023	2022	Change	2023	2022	Change				
(Dollars in millions)										
(Dollars in millions)								Three months ended March 31,		
	2024						2024	2023	% Change	
Earned premiums	Earned premiums	\$ 1,957	\$ 1,809	8	\$ 5,661	\$ 5,124	10			
Fee revenues	Fee revenues	3	3	0	8	8	0			
Total revenues	Total revenues	1,960	1,812	8	5,669	5,132	10			
Loss and loss expenses from:	Loss and loss expenses from:							Loss and loss expenses from:		
Current accident year before catastrophe losses	Current accident year before catastrophe losses	1,130	1,116	1	3,380	3,127	8			

Combined ratio

	Pt.	Change
1	100	0
2	100	0
3	100	0
4	100	0
5	100	0
6	100	0
7	100	0
8	100	0
9	100	0
10	100	0
11	100	0
12	100	0
13	100	0
14	100	0
15	100	0
16	100	0
17	100	0
18	100	0
19	100	0
20	100	0
21	100	0
22	100	0
23	100	0
24	100	0
25	100	0
26	100	0
27	100	0
28	100	0
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34	100	0
35	100	0
36	100	0
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38	100	0
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41	100	0
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43	100	0
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69	100	0
70	100	0
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82	100	0
83	100	0
84	100	0
85	100	0
86	100	0
87	100	0
88	100	0
89	100	0
90	100	0
91	100	0
92	100	0
93	100	0
94	100	0
95	100	0
96	100	0
97	100	0
98	100	0
99	100	0
100	100	0

Contribution from catastrophe losses and prior years reserve development	Contribution from catastrophe losses and prior years reserve development	6.7	12.8	(6.1)	8.1	8.1	0.0
Combined ratio before catastrophe losses and prior years reserve development	Combined ratio before catastrophe losses and prior years reserve development	87.7	% 91.1	% (3.4)	89.4	% 91.1	% (1.7)

Our consolidated property casualty insurance operations generated an underwriting profit of \$112 million for the third quarter of 2023 and \$149 million \$131 million for the first nine months quarter of the year. 2024. Compared with an underwriting loss of \$66 million \$10 million for the third first quarter of 2022, 2023, the third-quarter 2023 first-quarter 2024 improvement of \$178 million \$141 million included a favorable decrease of \$73 \$118 million in losses from catastrophes, mostly caused by severe weather. The third-quarter 2023 first-quarter 2024 change in underwriting profitability also included higher current accident year loss and loss expenses before catastrophe losses that grew more slowly than earned premiums and higher amounts of favorable reserve development on prior accident years. The nine-month underwriting profit improvement of \$102 million, compared with the first nine months of 2022, included an unfavorable increase of \$147 million in losses from catastrophes. The nine-month 2023 period also experienced higher current accident year loss and loss expenses before catastrophe losses that grew more slowly slightly faster than earned premiums and higher amounts of favorable reserve development on prior accident years.

Underwriting results for the first quarter of 2024 included improved overall insured loss experience before catastrophe effects, as price increases have helped to offset recent-year elevated paid losses reflecting economic or other forms of inflation. Elevated inflation was a driver of higher losses and loss expenses in both 2024 and 2023 as costs have increased significantly to repair damaged autos or other property that we insure. We also experienced higher losses for liability coverages for some of our lines of business. Due to increased uncertainty regarding ultimate losses, we intend to remain prudent in reserving for estimated ultimate losses until longer-term loss cost trends become more clear. The higher loss experience is discussed in Financial Results by property casualty insurance segment. We believe future property casualty underwriting results will continue to benefit from price increases and our ongoing initiatives to improve pricing precision and loss experience related to claims and loss control practices.

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For all property casualty lines of business in aggregate, net loss and loss expense reserves at September 30, 2023 March 31, 2024, were \$655 million \$233 million, or 8% 3%, higher than at year-end 2022, 2023, including an increase of \$539 million \$272 million for the incurred but not reported (IBNR) portion.

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We measure and analyze property casualty underwriting results primarily by the combined ratio and its component ratios. The GAAP-basis combined ratio is the percentage of incurred losses plus all expenses per each earned premium dollar – the lower the ratio, the better the performance. An underwriting profit results when the combined ratio is below 100%. A combined ratio above 100% indicates that an insurance company's losses and expenses exceeded premiums.

Our consolidated property casualty combined ratio for the third first quarter of 2023 2024 improved by 9.5 7.1 percentage points, compared with the same period of 2022, 2023, including a decrease of 4.8 6.9 points from lower catastrophe losses and loss expenses. For the first nine months of 2023, compared with the 2022 nine-month period, our combined ratio decreased by 1.7 percentage points, despite an increase of 1.8 points from catastrophe losses and loss expenses. Other combined ratio components that increased changed are discussed below and in further detail in Financial Results by property casualty insurance segment. The combined ratio can be affected significantly by natural catastrophe losses and other large losses as discussed in detail below. The combined ratio can also be affected by updated estimates of loss and loss expense reserves established for claims that occurred in prior periods, referred to as prior accident years. Net favorable development on prior accident year reserves, including reserves for catastrophe losses, benefited the combined ratio by 3.8 5.0 percentage points in the first nine three months of 2023, 2024, compared with 2.8 3.2 percentage points in the same period of 2022, 2023. Net favorable development is discussed in further detail in Financial Results by property casualty insurance segment.

The ratio for current accident year loss and loss expenses before catastrophe losses improved increased in the first nine three months of 2023, 2024. That 59.7% 61.3% ratio was 1.3 0.3 percentage points lower, higher, compared with the 61.0% accident year 2022 2023 ratio measured as of September 30, 2022 March 31, 2023, including a decrease of 0.6 1.6 points in the ratio for large losses of \$2 million or more per claim, discussed below. The ratio improvement increase of 1.3 0.3 percentage points included an increase of 3.0 1.8 points for the IBNR portion and a decrease of 4.3 1.5 points for the case incurred portion.

The underwriting expense ratio increased for the third quarter and decreased for the first nine three months of 2023, 2024, compared with the same periods period a year ago. The increase for third-quarter 2023 was primarily due to an increase in employee and travel-related expenses while the nine-month 2023 decrease was primarily due to a decrease in profit-sharing commissions for agencies. The ratios ratio also included ongoing expense management efforts and higher earned premiums.

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#### Consolidated Property Casualty Insurance Premiums

(Dollars in millions)		Three months ended September 30,			Nine months ended September 30,		
		2023	2022	% Change	2023	2022	% Change
(Dollars in millions)							
(Dollars in millions)							
		2024			Three months ended March 31, 2024		
					2023		
					% Change		
Agency renewal written premiums	Agency renewal written premiums	\$ 1,549	\$1,390	11	\$4,727	\$4,269	11
Agency new business written premiums	Agency new business written premiums	313	264	19	867	794	9
Other written premiums							
Other written premiums							
Other written premiums	Other written premiums	95	96	(1)	532	550	(3)
Net written premiums	Net written premiums	1,957	1,750	12	6,126	5,613	9
Unearned premium change	Unearned premium change	—	59	(100)	(465)	(489)	5
Earned premiums	Earned premiums	\$ 1,957	\$1,809	8	\$5,661	\$5,124	10

The trends in net written premiums and earned premiums summarized in the table above include the effects of price increases. Price change trends that heavily influence renewal written premium increases or decreases, along with other premium growth drivers for 2023, 2024, are discussed in more detail by segment below in Financial Results.

Consolidated property casualty net written premiums for the third quarter and nine three months ended September 30, 2023 March 31, 2024, grew \$207 \$229 million and \$513 million compared with the same periods period of 2022, 2023. Our premium growth initiatives from prior years have provided an ongoing favorable effect on growth during the current year, particularly as newer agency relationships mature over time.

Consolidated property casualty agency new business written premiums increased by \$49 \$95 million and \$73 million for the third quarter and first nine three months of 2023, 2024, compared with the same periods period of 2022, 2023. New agency appointments during 2023 2024 and 2022 2023 produced a \$44 \$24 million increase in standard lines new business for the first nine three months of 2023 2024 compared with the same period of 2022, 2023. As we appoint new agencies that choose to move accounts to us, we report these accounts as new business. While this business is new to us, in many cases it is not new to the agent. We believe these seasoned accounts tend to be priced more accurately than business that may be less familiar to our agent upon obtaining it from a competing agent.

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Net written premiums for Cincinnati Re, included in other written premiums, decreased by \$1 \$28 million and \$26 million to \$85 \$202 million and \$492 million, respectively, for the three and nine months ended September 30, 2023 March 31, 2024, compared with the same periods period of 2022, 2023. Cincinnati Re assumes risks through reinsurance treaties and in some cases cedes part of the risk and related premiums to one or more unaffiliated reinsurance companies through transactions known as retrocessions.

Cincinnati Global is also included in other written premiums. Net written premiums increased for Cincinnati Global by \$12 \$18 million and \$38 million to \$69 \$82 million and \$215 million, respectively, for the three and nine months ended September 30, 2023 March 31, 2024, compared with the same periods period of 2022, 2023.

Other written premiums include premiums ceded to reinsurers as part of our reinsurance ceded program. An increase in ceded premiums reduced net written premiums by \$7 \$5 million and \$27 million for the third quarter and first nine three months of 2023, 2024, compared with the same periods period of 2022, 2023.

Catastrophe losses and loss expenses typically have a material effect on property casualty results and can vary significantly from period to period. Losses from catastrophes contributed 9.1 and 11.3 5.9 percentage points to the combined ratio in the third quarter and first nine three months of 2023, 2024, compared with 13.9 and 9.5 12.8 percentage points in the same periods period of 2022, 2023.

Effective June 1, 2023, we restructured our The reinsurance program for Cincinnati Re that included effective June 1, 2023, provides property catastrophe excess of loss coverage. The restructured treaties are for a period of one year coverage and provide includes \$40 million of coverage for various combinations of occurrences for business written in North America on a direct basis and by Cincinnati Re. Cincinnati Global catastrophe losses are not applicable to the treaty basis. There is a per occurrence limit of \$20 million for Cincinnati Re catastrophe losses in excess of \$80 million per event. The remaining coverage is for business written by Cincinnati Re and on a direct basis that applies to for catastrophe losses in excess of \$600 million per event. Ceded premiums During 2023 and for the first three months of 2024, there was no recovery from reinsurers pertaining to these treaties are estimated to be approximately \$8 million.

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We did not renew our quota share reinsurance arrangement for our personal lines risks in California that we insure through excess and surplus lines policies. The expiring treaty first became effective in May 2022 and no similar treaty replaced it. treaties.

The following table shows consolidated property casualty insurance catastrophe losses and loss expenses incurred, net of reinsurance, as well as the effect of loss development on prior period catastrophe events. We individually list declared catastrophe events for which our incurred losses reached or exceeded \$25 million.

#### Consolidated Property Casualty Insurance Catastrophe Losses and Loss Expenses Incurred

(Dollars in millions, net of reinsurance)	(Dollars in millions, net of reinsurance)											
	Three months ended September 30,							Nine months ended September 30,				
(Dollars in millions, net of reinsurance)												
(Dollars in millions, net of reinsurance)												
			Comm.	Pers.	E&S			Comm.	Pers.	E&S		
Dates	Dates	Region	lines	lines	lines	Other	Total	lines	lines	lines	Other	Total
2023												
Mar. 1-4		Midwest,	\$ (1)	\$ (3)	\$ —	\$ —	\$ (4)	\$ 27	\$ 27	\$ —	\$ 2	\$ 56
		Northeast, South										
Mar. 23-28		Midwest,	(2)	(3)	—	—	(5)	20	24	—	—	44
		Northeast, South										
Mar. 30 - Apr. 1		Midwest,	(1)	—	—	—	(1)	62	33	—	—	95
		Northeast, South										
Apr. 3-7		Midwest,	2	2	—	—	4	12	32	—	—	44
		Northeast, South										
May 2-9		Midwest,	(1)	(1)	—	—	(2)	23	7	—	—	30
		Northeast, South										
Jun. 21-27		Midwest,	14	4	—	—	18	23	17	—	—	40
		Northeast, South, West										

Jun. 28 - Jul. 4	Midwest, Northeast, South, West	8	11	—	—	19	10	16	—	—	26
Dates											
Dates											
2024											
2024											
2024											
Jan. 8-10											
Jan. 8-10											
Jan. 8-10											
Mar. 12-17											
Mar. 12-17											
Mar. 12-17											
All other 2023 catastrophes		53	69	(1)	34	155	125	171	3	39	338
Development on 2022 and prior catastrophes		(1)	(6)	(1)	3	(5)	(2)	(42)	(1)	10	(35)
Calendar year incurred total	\$	71	\$ 73	\$ (2)	\$ 37	\$ 179	\$ 300	\$ 285	\$ 2	\$ 51	\$ 638
2022											
Jun. 11-17	Midwest, Northeast, South	\$ 1	\$ (2)	\$ —	\$ —	\$ (1)	\$ 18	\$ 17	\$ —	\$ —	\$ 35
Sep. 27 - Oct.1	South (Ian)	26	51	—	143	220	26	51	—	143	220
All other 2024 catastrophes											
All other 2022 catastrophes		23	27	—	6	56	157	126	3	19	305
Development on 2021 and prior catastrophes		(4)	(7)	—	(12)	(23)	(17)	(40)	—	(12)	(69)
All other 2024 catastrophes											
All other 2024 catastrophes											
Development on 2023 and prior catastrophes											
Development on 2023 and prior catastrophes											
Development on 2023 and prior catastrophes											
Calendar year incurred total											
Calendar year incurred total											
Calendar year incurred total	Calendar year incurred total	\$ 46	\$ 69	\$ —	\$ 137	\$ 252	\$ 184	\$ 154	\$ 3	\$ 150	\$ 491
2023											
2023											
2023											
Mar. 1-4											
Mar. 1-4											
Mar. 1-4											
Mar. 23-28											
Mar. 23-28											
Mar. 23-28											
Mar. 30 - Apr. 1											
Mar. 30 - Apr. 1											
Mar. 30 - Apr. 1											



All other 2023 catastrophes
All other 2023 catastrophes
All other 2023 catastrophes
Development on 2022 and prior catastrophes
Development on 2022 and prior catastrophes
Development on 2022 and prior catastrophes
Calendar year incurred total
Calendar year incurred total
Calendar year incurred total

The following table includes data for losses incurred of \$2 million or more per claim, net of reinsurance.

**Consolidated Property Casualty Insurance Losses Incurred by Size**

(Dollars in millions, net of reinsurance)	(Dollars in millions, net of reinsurance)	Three months ended September 30,			Nine months ended September 30,		
		2023	2022	% Change	2023	2022	% Change
(Dollars in millions, net of reinsurance)							
(Dollars in millions, net of reinsurance)							
		2024			Three months ended March 31,		
		2024			2024	2023	% Change
Current accident year losses greater than \$5 million	Current accident year losses greater than \$5 million	\$ 24	\$ 38	(37)	\$ 103	\$ 99	4
Current accident year losses \$2 million - \$5 million	Current accident year losses \$2 million - \$5 million	52	41	27	102	116	(12)
Large loss prior accident year reserve development	Large loss prior accident year reserve development	32	16	100	60	47	28
Total large losses incurred	Total large losses incurred	108	95	14	265	262	1
Losses incurred but not reported	Losses incurred but not reported	150	131	15	474	241	97

Other losses excluding catastrophe losses	Other losses excluding catastrophe losses	639	700	(9)	1,906	2,056	(7)
Catastrophe losses	Catastrophe losses	170	246	(31)	614	478	28
Total losses incurred	Total losses incurred	\$ 1,067	\$1,172	(9)	\$3,259	\$3,037	7
Ratios as a percent of earned premiums:	Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Ratios as a percent of earned premiums:							
Ratios as a percent of earned premiums:							
Current accident year losses greater than \$5 million	Current accident year losses greater than \$5 million	1.2 %	2.1 %	(0.9)	1.8 %	1.9 %	(0.1)
Current accident year losses \$2 million - \$5 million	Current accident year losses \$2 million - \$5 million	2.7	2.3	0.4	1.8	2.3	(0.5)
Large loss prior accident year reserve development	Large loss prior accident year reserve development	1.6	0.9	0.7	1.1	0.9	0.2
Total large loss ratio	Total large loss ratio	5.5	5.3	0.2	4.7	5.1	(0.4)
Losses incurred but not reported	Losses incurred but not reported	7.6	7.2	0.4	8.4	4.7	3.7
Other losses excluding catastrophe losses	Other losses excluding catastrophe losses	32.7	38.7	(6.0)	33.7	40.2	(6.5)
Catastrophe losses	Catastrophe losses	8.7	13.6	(4.9)	10.8	9.3	1.5
Total loss ratio	Total loss ratio	54.5 %	64.8 %	(10.3)	57.6 %	59.3 %	(1.7)

We believe the inherent variability of aggregate loss experience for our portfolio of larger policies is greater than that of our portfolio of smaller policies, and we continue to monitor the variability in addition to general inflationary trends in loss costs. Our analysis continues to indicate no unexpected concentration of large losses and case reserve increases by risk category, geographic region, policy inception, agency or field marketing territory. The **third-quarter 2023 first-quarter 2024** property casualty total large losses incurred of **\$108 million** \$44 million, net of reinsurance, was **higher lower** than the **\$77** \$95 million quarterly average during full-year **2022 2023** and the **\$95 million** \$60 million experienced for the **third first** quarter of **2022, 2023**. The ratio for these large losses was **0.2 1.0** percentage **points higher point lower** compared with last year's **third first** quarter. **The third-quarter 2023** amount of total large losses incurred unfavorably contributed to the decrease in the nine-month 2023 total large loss ratio, compared with 2022, partially offsetting a first-half 2023 ratio that was **0.7 points lower than the first half of 2022**. We believe results for the **three- and nine-month periods three-month period** largely reflected normal fluctuations in loss patterns and normal variability in large case reserves for claims above \$2 million. Losses by size are discussed in further detail in results of operations by property casualty insurance segment.

#### FINANCIAL RESULTS

Consolidated results reflect the operating results of each of our five segments along with the parent company, Cincinnati Re, Cincinnati Global and other activities reported as "Other." The five segments are:

- Commercial lines insurance
- Personal lines insurance
- Excess and surplus lines insurance
- Life insurance
- Investments

## COMMERCIAL LINES INSURANCE RESULTS

	(Dollars in millions)	Three months ended September 30,			Nine months ended September 30,		
		2023	2022	% Change	2023	2022	% Change
(Dollars in millions)							
(Dollars in millions)							
Earned premiums	Earned premiums	\$ 1,062	\$1,028	3	\$3,184	\$2,984	7
Fee revenues	Fee revenues	1	1	0	3	3	0
Total revenues	Total revenues	1,063	1,029	3	3,187	2,987	7
Loss and loss expenses from:	Loss and loss expenses from:	Loss and loss expenses from:					
Current accident year before catastrophe losses	Current accident year before catastrophe losses	642	664	(3)	1,959	1,896	3
Current accident year catastrophe losses	Current accident year catastrophe losses	72	50	44	302	201	50
Prior accident years before catastrophe losses	Prior accident years before catastrophe losses	(33)	—	nm	(123)	(34)	(262)
Prior accident years catastrophe losses	Prior accident years catastrophe losses	(1)	(4)	75	(2)	(17)	88
Loss and loss expenses	Loss and loss expenses	680	710	(4)	2,136	2,046	4
Underwriting expenses	Underwriting expenses	331	308	7	968	916	6
Underwriting profit	Underwriting profit	\$ 52	\$ 11	373	\$ 83	\$ 25	232
Underwriting profit (loss)	Underwriting profit (loss)	\$ 39	\$ (2)	nm			

Ratios as a percent of earned premiums:

Ratios as a percent of earned premiums:

Ratios as a percent of earned premiums:	Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Current accident year before catastrophe losses	Current accident year before catastrophe losses	60.5 %	64.5 %	(4.0)	61.6 %	63.5 %	(1.9)
Current accident year catastrophe losses	Current accident year catastrophe losses	6.8	4.9	1.9	9.5	6.8	2.7
Prior accident years before catastrophe losses	Prior accident years before catastrophe losses	(3.2)	—	(3.2)	(3.9)	(1.1)	(2.8)
Prior accident years catastrophe losses	Prior accident years catastrophe losses	(0.1)	(0.4)	0.3	(0.1)	(0.6)	0.5
Loss and loss expenses	Loss and loss expenses	64.0	69.0	(5.0)	67.1	68.6	(1.5)
Underwriting expenses	Underwriting expenses	31.2	30.0	1.2	30.4	30.7	(0.3)
Combined ratio	Combined ratio	95.2 %	99.0 %	(3.8)	97.5 %	99.3 %	(1.8)
Combined ratio	Combined ratio	95.2 %	99.0 %	(3.8)	97.5 %	99.3 %	(1.8)
Combined ratio							
Combined ratio							
Contribution from catastrophe losses and prior years reserve development	Contribution from catastrophe losses and prior years reserve development	3.5	4.5	(1.0)	5.5	5.1	0.4
Combined ratio before catastrophe losses and prior years reserve development	Combined ratio before catastrophe losses and prior years reserve development	91.7 %	94.5 %	(2.8)	92.0 %	94.2 %	(2.2)

## Overview

Performance highlights for the commercial lines segment include:

- Premiums – Earned premiums and net written premiums for the commercial lines segment grew during the third quarter and first nine three months of 2023, 2024, compared with the same periods period a year ago, reflecting due to agency renewal written premium growth that continued to include higher average pricing. pricing as well as growth in agency new business written premiums. The table below analyzes the primary components of premiums. We continue to use predictive analytics tools to improve pricing precision and segmentation while leveraging our local relationships with agents through the efforts of our teams that work closely with them. We seek to maintain appropriate pricing discipline for both new and renewal business as our agents and underwriters assess account quality to make careful decisions on a policy-by-policy basis whether to write or renew a policy.

Agency renewal written premiums increased by 6% 3% for both the third quarter and first nine three months of 2023, 2024, compared with the same periods period of 2022, 2023, including price increases. During the third first quarter of 2023, 2024, our overall standard commercial lines policies averaged estimated renewal price increases at percentages near the low end of the high-single-digit range. We continue to segment commercial lines policies, emphasizing identification and retention of those we believe have relatively stronger pricing. Conversely, we have been seeking stricter renewal terms and conditions on policies we believe have relatively weaker pricing, thus retaining fewer of those policies. We measure average changes in commercial lines renewal pricing as the percentage rate of change in renewal premium for the new policy period compared with the premium for the expiring policy period, assuming no change in the level of insured exposures or policy coverage between those periods for the respective policies.

Our average overall commercial lines renewal pricing change includes the impact of flat pricing for certain coverages within package policies written for a three-year term that were in force but did not expire during

the period being measured. Therefore, our reported change in average commercial lines renewal pricing reflects a blend of three-year policies that did not expire and other policies that did expire during the measurement period. For commercial lines policies that did expire and were then renewed during the third first quarter of 2023, 2024, we estimate that our average percentage price increases were in the high-single-digit range for our commercial casualty, commercial property and commercial auto and commercial casualty lines of business. The estimated average percentage price change for workers' compensation was a decrease in the low-single-digit mid-single-digit range. Our commercial lines segment's increase in agency renewal written premiums for the first nine three months of 2023 2024 also included changes in the level of insured exposures. Part of the insured exposure increase reflects our response to inflation effects that increase the cost of building materials to repair damaged commercial structures. We use building valuation software to automate much of that underwriting process and may also manually adjust premiums to reflect property costs. Renewal premiums for certain policies, primarily our commercial casualty and workers' compensation lines of business, include the results of policy audits that adjust initial premium amounts based on differences between estimated and actual sales or payroll related to a specific policy. Audits completed during the first nine three months of 2023 2024 contributed \$105 million \$29 million to net written premiums, compared with \$72 million \$35 million for the same period of 2022, 2023. New business written premiums for commercial lines decreased \$1 million and \$39 million increased \$48 million during the third quarter and first nine three months of 2023, 2024, compared with the same periods period of 2022, reflecting pricing discipline 2023, as we continued to carefully underwrite each policy in a highly competitive market. Trend analysis for year-over-year comparisons of individual quarters is more difficult to assess for commercial lines new business written premiums, due to inherent variability. That variability is often driven by larger policies with annual premiums greater than \$100,000. Other written premiums include premiums ceded to reinsurers as part of our reinsurance ceded program. For our commercial lines insurance segment, an increase in ceded premiums reduced net written premiums by \$6 million and \$17 million less than \$1 million for the third quarter and first nine three months of 2023, 2024, compared with the same periods period of 2022, 2023.

Commercial Lines Insurance Premiums

(Dollars in millions)	(Dollars in millions)	Three months ended September 30,			Nine months ended September 30,		
		2023	2022	% Change	2023	2022	% Change
(Dollars in millions)							
(Dollars in millions)							
		2024					
					2024	2023	% Change
Agency renewal written premiums	Agency renewal written premiums	\$ 914	\$ 860	6	\$2,940	\$2,764	6
Agency new business written premiums	Agency new business written premiums	148	149	(1)	431	470	(8)
Other written premiums	Other written premiums	(33)	(25)	(32)	(95)	(82)	(16)
Net written premiums	Net written premiums	1,029	984	5	3,276	3,152	4

Unearned premium change	Unearned premium change	33	44	(25)	(92)	(168)	45
Earned premiums	Earned premiums	\$ 1,062	\$1,028	3	\$3,184	\$2,984	7

- Combined ratio – The third-quarter 2023 first-quarter 2024 commercial lines combined ratio improved by 3.8 3.9 percentage points, compared with the third first quarter of 2022, despite an increase 2023, including a decrease of 2.2 4.2 points in losses from catastrophes. The third-quarter first-quarter combined ratio also decreased 4.0 0.9 points from current accident year loss and loss expenses before catastrophe losses, including an increase of 2.3 1.7 points for the IBNR portion and a decrease of 6.3 points for the case incurred portion. For the first nine months of 2023, the combined ratio improved by 1.8 percentage points, compared with the same period a year ago, despite an increase of 3.2 points in losses from catastrophes. The nine-month 2023 combined ratio also included a decrease of 1.9 points from current accident year loss and loss expenses before catastrophe losses, including an increase of 4.1 points for the IBNR portion and a decrease of 6.0 2.6 points for the case incurred portion. Underwriting results also included a higher level of favorable reserve development on prior accident years, as discussed below. The current accident year ratios were measured as of September 30 March 31 of the respective years and included a decrease of 1.5 2.9 percentage points for the third quarter and a decrease of 0.8 points for the first nine three months of 2023 2024 in the ratio for large losses of \$2 million or more per claim, discussed below.

When estimating the ultimate cost of total loss and loss expenses, we consider many factors, including trends for inflation, historical paid and reported losses, large loss activity and other data or information for the industry or our company. Elevated inflation was in recent years has been a driver of higher losses and loss expenses as costs have increased significantly to repair damaged business property or autos that we insure, in addition to higher losses for liability

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coverages for some of our lines of business. Due to increased uncertainty regarding ultimate losses, we intend to remain prudent in reserving for estimated ultimate losses until longer-term loss cost trends become more clear.

Commercial umbrella coverages, part of our commercial casualty line of business that help protect businesses against liability from occurrences such as accidents or injuries, contributed a decrease of approximately 2.5 percentage points to the commercial lines segment nine-month 2023 ratio for loss and loss expenses decrease of 1.5% shown in the table above. For the first nine months of 2023, incurred losses and loss expenses for commercial umbrella coverages of \$257 million decreased \$59 million or 19%, compared with the same period of 2022, including a decrease of \$8 million or 7% for the IBNR portion, while earned premiums of \$379 million increased 2%. The estimated combined ratio for commercial umbrella for the first nine months of 2023 was 96%, compared with an estimated 115% for the same period of 2022.

Commercial umbrella paid loss experience is inherently variable. The profile of coverage limits for policies in force at the end of 2022 included 43% with \$1 million of coverage per policy, 91% with \$5 million or less and 99% with \$10 million or less of coverage. Our commercial umbrella insurance coverages have a strong record of profitability for us, including an estimated combined ratio averaging below 85% for the five years ending in 2022.

Catastrophe losses and loss expenses accounted for 6.7 and 9.4 6.2 percentage points of the combined ratio for the third quarter and first nine three months of 2023 2024, compared with 4.5 and 6.2 10.4 percentage points for the same periods period a year ago. Through 2022 2023, the 10-year annual average for that catastrophe measure for the commercial lines segment was 5.5 5.9 percentage points, and the five-year annual average was 6.2 6.5 percentage points.

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The net effect of reserve development on prior accident years during the third quarter and first nine three months of 2023 2024 was favorable for commercial lines overall by \$34 million and \$125 million \$38 million, compared with \$4 million and \$51 million \$32 million for the same periods period in 2022 2023. For the first nine three months of 2023 2024, our commercial property and workers' compensation commercial casualty and commercial property lines of business were the main contributors to the commercial lines net favorable reserve development on prior accident years. The net favorable reserve development recognized during the first nine three months of 2023 2024 for our commercial lines insurance segment was mainly for accident years 2022 2023 and 2020 2022 and was primarily due to lower-than-anticipated loss emergence on known claims. Reserve estimates are inherently uncertain as described in our 2022 2023 Annual Report on Form 10-K, Item 7, Critical Accounting Estimates, Property Casualty Insurance Loss and Loss Expense Reserves, Page 53.

The commercial lines underwriting expense ratio increased for the third quarter and decreased for the first nine three months of 2023 2024, compared with the same periods period a year ago. The increase for third-quarter 2023 was primarily largely due to an increase in employee and travel-related expenses while the nine-month 2023 decrease was primarily due to a decrease in profit-sharing commissions for agencies. The ratios also included ongoing expense management efforts and higher earned premiums.

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**Commercial Lines Insurance Losses Incurred by Size**

(Dollars in millions, net of reinsurance)	(Dollars in millions, net of reinsurance)	Three months ended September 30,			Nine months ended September 30,		
				%			%
		2023	2022	Change	2023	2022	Change
(Dollars in millions, net of reinsurance)							
(Dollars in millions, net of reinsurance)					Three months ended March 31,		
	2024				2024	2023	% Change
Current accident year losses greater than \$5 million	Current accident year losses greater than \$5 million	\$ 18	\$ 30	(40)	\$ 76	\$ 61	25
Current accident year losses \$2 million - \$5 million	Current accident year losses \$2 million - \$5 million	28	29	(3)	68	95	(28)
Large loss prior accident year reserve development	Large loss prior accident year reserve development	30	14	114	52	43	21
Total large losses incurred	Total large losses incurred	76	73	4	196	199	(2)
Losses incurred but not reported	Losses incurred but not reported	88	97	(9)	242	196	23
Other losses excluding catastrophe losses	Other losses excluding catastrophe losses	336	386	(13)	1,055	1,149	(8)
Catastrophe losses	Catastrophe losses	67	44	52	288	179	61
Total losses incurred	Total losses incurred	\$ 567	\$600	(6)	\$1,781	\$1,723	3
Ratios as a percent of earned premiums:							
Ratios as a percent of earned premiums:							
Ratios as a percent of earned premiums:	Ratios as a percent of earned premiums:	Pt. Change			Pt. Change		Pt. Change
Current accident year losses greater than \$5 million	Current accident year losses greater than \$5 million	1.7 %	3.0 %	(1.3)	2.4 %	2.0 %	0.4

Current accident year losses \$2 million - \$5 million	Current accident year losses \$2 million - \$5 million	2.6	2.8	(0.2)	2.1	3.3	(1.2)
Large loss prior accident year reserve development	Large loss prior accident year reserve development	2.8	1.3	1.5	1.6	1.4	0.2
Total large loss ratio	Total large loss ratio	7.1	7.1	0.0	6.1	6.7	(0.6)
Losses incurred but not reported	Losses incurred but not reported	8.3	9.4	(1.1)	7.6	6.6	1.0
Other losses excluding catastrophe losses	Other losses excluding catastrophe losses	31.7	37.7	(6.0)	33.2	38.4	(5.2)
Catastrophe losses	Catastrophe losses	6.3	4.2	2.1	9.0	6.0	3.0
Total loss ratio	Total loss ratio	53.4 %	58.4 %	(5.0)	55.9 %	57.7 %	(1.8)

We continue to monitor new losses and case reserve increases greater than \$2 million for trends in factors such as initial reserve levels, loss cost inflation and claim settlement expenses. Our analysis continues to indicate no unexpected concentration of these large losses and case reserve increases by risk category, geographic region, policy inception, agency or field marketing territory. The **third-quarter 2023 first-quarter 2024** commercial lines total large losses incurred of **\$76 million \$23 million**, net of reinsurance, was **higher lower** than the quarterly average of **\$56 \$74 million** during full-year **2022 2023** and the **\$73 million \$45 million** of total large losses incurred for the **third first quarter of 2022 2023**. The decrease in commercial lines large losses for the first **nine three** months of **2023 2024** was primarily due to our commercial **casualty property** line of business. The **third-quarter 2023 first-quarter 2024** ratio for commercial lines total large losses **matched last year's third-quarter ratio**. The third-quarter 2023 amount of total large losses incurred unfavorably contributed to the decrease in the nine-month 2023 total large loss ratio, compared with 2022, as it partially offset a first-half 2023 ratio that was **0.7 2.1 percentage points** lower than **the first half of 2022 last year's first-quarter ratio**. We believe results for the **three- and nine-month periods three-month period** largely reflected normal fluctuations in loss patterns and normal variability in large case reserves for claims above \$2 million.

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## PERSONAL LINES INSURANCE RESULTS

		Three months ended			Nine months ended		
(Dollars in millions)	(Dollars in millions)	September 30,			September 30,		
			%			%	
		2023	2022	Change	2023	2022	Change
(Dollars in millions)							
(Dollars in millions)							Three months ended March 31,
(Dollars in millions)							2024
		2024	2023	% Change			
Earned premiums	Earned premiums	\$ 527	\$ 431	22	\$1,484	\$1,246	19
Fee revenues	Fee revenues	1	1	0	3	3	0
Total revenues	Total revenues	528	432	22	1,487	1,249	19



Loss and loss expenses from:	Loss and loss expenses from:							Loss and loss expenses from:					
Current accident year before catastrophe losses	Current accident year before catastrophe losses	297	256	16	865	740	17						
Current accident year catastrophe losses	Current accident year catastrophe losses	79	76	4	327	194	69						
Prior accident years before catastrophe losses	Prior accident years before catastrophe losses	(2)	(1)	(100)	(12)	(16)	25						
Prior accident years catastrophe losses	Prior accident years catastrophe losses	(6)	(7)	14	(42)	(40)	(5)						
Loss and loss expenses	Loss and loss expenses	368	324	14	1,138	878	30						
Underwriting expenses	Underwriting expenses	159	126	26	441	373	18						
Underwriting profit (loss)	Underwriting profit (loss)	\$ 1	\$ (18)	nm	\$ (92)	\$ (2)	nm	Underwriting profit (loss)	\$	37	\$ \$ (57)	nm	nm
Ratios as a percent of earned premiums:	Ratios as a percent of earned premiums:												

Combined ratio						
Combined ratio						
Contribution from catastrophe losses and prior years reserve development	Contribution from catastrophe losses and prior years reserve development	13.5	15.7	(2.2)	18.4	11.1 7.3
Combined ratio before catastrophe losses and prior years reserve development	Combined ratio before catastrophe losses and prior years reserve development	86.4 %	88.8 %	(2.4)	88.0 %	89.3 % (1.3)

## Overview

Performance highlights for the personal lines segment include:

- Premiums – Personal lines earned premiums and net written premiums continued to grow during the third quarter and first nine three months of 2023, 2024, including increased agency new business and renewal written premiums that included higher average pricing. Cincinnati Private ClientsSM net written premiums included in the personal lines insurance segment results totaled approximately \$356 million and \$938 million \$330 million for the third quarter and first nine three months of 2023, 2024, compared with \$249 \$233 million and \$685 million for the same periods period of 2022, 2023. Cincinnati Private Client net written premiums for the respective periods included excess and surplus lines homeowner policies with premiums totaling \$34 million in third-quarter 2023, \$85 million in first nine three months of 2023, \$15 million in third-quarter 2022 2024 and \$49 million \$19 million for the first nine three months of 2022, 2023. The table below analyzes the primary components of premiums. Agency renewal written premiums increased 24% and 22% 27% for the third quarter and first nine three months of 2023, 2024, reflecting rate increases in selected states, a higher level of insured exposures and other factors such as higher policy retention rates and changes in policy deductibles or mix of business. Part of the insured exposure increase reflects our response to inflation effects that increase the cost of building materials used to repair damaged homes. We estimate that premium rates for our personal auto line of business increased at average percentages in the high-single-digit low-double-digit range during the first nine three months of 2023, with the third quarter in the low-double-digit range. We plan to increase rates aggressively in future quarters, and we expect full-year 2023 written premiums will include an average rate increase of approximately 10% for our personal auto line of business. 2024. For our homeowner line of business, we estimate that premium rates for the first nine three months of 2023 2024 increased at average percentages in the mid-single-digit range, with the third quarter near the low end of the high-single-digit

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range. For both our personal auto and homeowner lines of business, some individual policies experienced lower or higher rate changes based on each risk's specific characteristics and enhanced pricing precision enabled by predictive models.

Personal lines new business written premiums increased \$41 million \$43 million or 51% 54% for the third quarter, first three months of 2024, compared with the same period of 2022 with approximately half of the increase occurring in the middle market part of our personal lines insurance segment. For the first nine months of 2023, compared with the same period of 2022, personal lines new business written premiums increased \$86 million or 39%, including approximately \$31 \$15 million from Cincinnati Private Client

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policies and \$55 million \$28 million from middle-market policies. We believe we maintained underwriting and pricing discipline across all personal lines markets as we expanded use of enhanced pricing precision tools.

Other written premiums include premiums ceded to reinsurers as part of our reinsurance ceded program. For our personal lines insurance segment, an increase in 2023 2024 ceded premiums reduced net written premiums by \$1 million and \$12 million approximately \$2 million for the third quarter and first nine three months of 2024, compared with the same periods period of 2022, 2023.

## Personal Lines Insurance Premiums

(Dollars in millions)	(Dollars in millions)	Three months ended September 30,			Nine months ended September 30,		
		%			%		
		2023	2022	Change	2023	2022	Change

(Dollars in millions)									Three months ended March 31,			
		2024							2024	2023	% Change	
Agency renewal written premiums	Agency renewal written premiums	\$	542	\$437	24	\$1,471	\$1,208	22				
Agency new business written premiums	Agency new business written premiums		122	81	51	307	221	39				
Other written premiums	Other written premiums		(18)	(16)	(13)	(55)	(43)	(28)				
Net written premiums	Net written premiums		646	502	29	1,723	1,386	24				
Unearned premium change	Unearned premium change		(119)	(71)	(68)	(239)	(140)	(71)	Unearned premium change	(7)	16	16 nm nm
Earned premiums	Earned premiums	\$	527	\$431	22	\$1,484	\$1,246	19				

- Combined ratio – Our personal lines combined ratio for the third first quarter of 2023 2024 improved by 4.6 18.6 percentage points, compared with third-quarter 2022, first-quarter 2023, including a decrease of 2.0 15.9 points in losses from catastrophes. The third-quarter 2023 first-quarter 2024 combined ratio also included a decrease of 3.2 2.2 percentage points from current accident year loss and loss expenses before catastrophe losses, including a decrease of 2.0 points for the IBNR portion and a decrease of 1.2 points for the case incurred portion. For the first nine months of 2023, the combined ratio increased by 6.0 percentage points, compared with the same period a year ago, including an increase of 6.8 points in losses from catastrophes. The nine-month 2023 combined ratio also included a decrease of 1.1 points from current accident year loss and loss expenses before catastrophe losses, including an increase of 2.5 2.2 points for the IBNR portion and a decrease of 3.6 4.4 points for the case incurred portion. Those current accident year ratios were measured as of September 30 March 31 of the respective years and included an increase a decrease of 1.3 0.1 percentage points for the third quarter, and a decrease of 0.5 points for the first nine three months of 2023, 2024, in the ratio for large losses of \$2 million or more per claim, discussed below.

When estimating the ultimate cost of total loss and loss expenses, we consider many factors, including trends in inflation, historical paid and reported losses, large loss activity and other data or information for the industry or our company. Elevated inflation was in recent years has been a driver of higher losses and loss expenses as costs have increased significantly to repair damaged autos or homes that we insure. Due to increased uncertainty regarding ultimate losses, we intend to remain prudent in reserving for estimated ultimate losses until longer-term loss cost trends become more clear. For example, for the first nine months of 2023, personal auto incurred loss and loss expenses before catastrophe losses increased \$45 million or 13%, compared with the same period of 2022, including an increase of \$18 million or 86% for the IBNR portion, while earned premiums rose 13%.

Catastrophe losses and loss expenses accounted for 13.9 and 19.2 8.8 percentage points of the combined ratio for the third quarter and first nine three months of 2023, 2024, compared with 15.9 and 12.4 24.7 points for the same periods period a year ago. The 10-year annual average catastrophe loss ratio for the personal lines segment through 2022 2023 was 10.6 11.4 percentage points, and the five-year annual average was 12.0 13.2 percentage points.

In addition to the average rate increases discussed above, we continue to refine our pricing to better match premiums to the risk of loss on individual policies. Improved pricing precision and broad-based rate increases are expected to help position the combined ratio at a profitable level over the long term. In addition, greater geographic diversification is expected to reduce the volatility of homeowner loss ratios attributable to weather-related catastrophe losses over time.

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The net effect of reserve development on prior accident years during the third quarter and first nine three months of 2023 2024 was favorable for personal lines overall by \$8 million and \$54 million \$33 million, compared with \$8 million and \$56 million \$31 million of favorable development for the same periods period of 2022, 2023. Our homeowner line of business was the primary contributor to the personal lines net favorable reserve development for the first nine three months of 2023, 2024. The net favorable reserve development was primarily due to lower-than-anticipated loss emergence on known claims. Reserve estimates are inherently uncertain as described in our 2022 2023 Annual Report on Form 10-K, Item 7, Critical Accounting Estimates, Property Casualty Insurance Loss and Loss Expense Reserves, Page 53.

The personal lines underwriting expense ratio increased for the third quarter and decreased for the first nine three months of 2023, 2024, compared with the same periods period a year ago. The increase for third-quarter 2023 was primarily due to increases in reinsurance commissions and profit-sharing commissions for agencies while the nine-month 2023 decrease was mainly due to a decrease an increase in profit-sharing commissions for agencies. The ratios also included ongoing expense management efforts and higher earned premiums.

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# Personal Lines Insurance Losses Incurred by Size

(Dollars in millions, net of reinsurance)	(Dollars in millions, net of reinsurance)	Three months ended September 30,			Nine months ended September 30,		
				%			%
		2023	2022	Change	2023	2022	Change
(Dollars in millions, net of reinsurance)							
(Dollars in millions, net of reinsurance)		Three months ended March 31,					
		2024			2024	2023	% Change
Current accident year losses greater than \$5 million	Current accident year losses greater than \$5 million	\$ 6	\$ 8	(25)	\$ 27	\$ 38	(29)
Current accident year losses \$2 million - \$5 million	Current accident year losses \$2 million - \$5 million	24	12	100	34	19	79
Large loss prior accident year reserve development	Large loss prior accident year reserve development	2	2	0	9	4	125
Total large losses incurred	Total large losses incurred	32	22	45	70	61	15
Losses incurred but not reported	Losses incurred but not reported	7	9	(22)	60	7	nm
Other losses excluding catastrophe losses	Other losses excluding catastrophe losses	210	185	14	591	548	8
Catastrophe losses	Catastrophe losses	71	66	8	277	150	85
Total losses incurred	Total losses incurred	\$ 320	\$282	13	\$998	\$766	30
Ratios as a percent of earned premiums:	Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Ratios as a percent of earned premiums:							
Ratios as a percent of earned premiums:		Pt. Change					
Current accident year losses greater than \$5 million	Current accident year losses greater than \$5 million	1.1 %	1.9 %	(0.8)	1.8 %	3.1 %	(1.3)

Current accident year losses \$2 million - \$5 million	Current accident year losses \$2 million - \$5 million	4.7	2.6	2.1	2.3	1.5	0.8
Large loss prior accident year reserve development	Large loss prior accident year reserve development	0.4	0.6	(0.2)	0.6	0.3	0.3
Total large loss ratio	Total large loss ratio	6.2	5.1	1.1	4.7	4.9	(0.2)
Losses incurred but not reported	Losses incurred but not reported	1.2	2.0	(0.8)	4.0	0.6	3.4
Other losses excluding catastrophe losses	Other losses excluding catastrophe losses	39.9	43.0	(3.1)	39.9	44.0	(4.1)
Catastrophe losses	Catastrophe losses	13.4	15.5	(2.1)	18.7	12.0	6.7
Total loss ratio	Total loss ratio	60.7 %	65.6 %	(4.9)	67.3 %	61.5 %	5.8

We continue to monitor new losses and case reserve increases greater than \$2 million for trends in factors such as initial reserve levels, loss cost inflation and claim settlement expenses. Our analysis continues to indicate no unexpected concentration of these large losses and case reserve increases by risk category, geographic region, policy inception, agency or field marketing territory. In the **third first** quarter of **2023, 2024**, the personal lines total large loss ratio, net of reinsurance, was **1.1 0.3** percentage points higher than last year's **third first** quarter. The increase in personal lines total large losses incurred for the first **nine three** months of **2023 2024** occurred primarily for our homeowner line of business. **The third-quarter 2023 amount of total large losses incurred unfavorably contributed to the decrease in the nine-month 2023 total large loss ratio, compared with 2022, partially offsetting a first-half 2023 ratio that was 0.8 points lower than the first half of 2022.** We believe results for the **three- and nine-month periods three-month period** largely reflected normal fluctuations in loss patterns and normal variability in large case reserves for claims above \$2 million.

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## EXCESS AND SURPLUS LINES INSURANCE RESULTS

(Dollars in millions)		Three months ended September 30,			Nine months ended September 30,		
		%			%		
		2023	2022	Change	2023	2022	Change
(Dollars in millions)							
(Dollars in millions)		Three months ended March 31,					
		2024		2024		2023	% Change
Earned premiums	Earned premiums	\$ 135	\$ 125	8	\$394	\$361	9
Fee revenues	Fee revenues	1	1	0	2	2	0
Total revenues	Total revenues	136	126	8	396	363	9
Loss and loss expenses from:							
Loss and loss expenses from:							
Loss and loss expenses from:	Loss and loss expenses from:						

Current accident year before catastrophe losses	Current accident year before catastrophe losses	88	93	(5)	268	236	14
Current accident year catastrophe losses	Current accident year catastrophe losses	(1)	—	nm	3	3	0
Prior accident years before catastrophe losses	Prior accident years before catastrophe losses	1	(7)	nm	(13)	(13)	0
Prior accident years catastrophe losses	Prior accident years catastrophe losses	(1)	—	nm	(1)	—	nm
Loss and loss expenses	Loss and loss expenses	87	86	1	257	226	14
Underwriting expenses	Underwriting expenses	35	31	13	101	93	9
Underwriting profit	Underwriting profit	\$ 14	\$ 9	56	\$ 38	\$ 44	(14)
Ratios as a percent of earned premiums:	Ratios as a percent of earned premiums:			Pt. Change			Pt. Change

Ratios as a percent of earned premiums:

Ratios as a percent of earned premiums:

Pt. Change

Current accident year before catastrophe losses	Current accident year before catastrophe losses	64.8 %	74.8 %	(10.0)	67.9 %	65.4 %	2.5
Current accident year catastrophe losses	Current accident year catastrophe losses	(0.6)	(0.4)	(0.2)	0.8	0.8	0.0
Prior accident years before catastrophe losses	Prior accident years before catastrophe losses	0.9	(5.9)	6.8	(3.3)	(3.6)	0.3
Prior accident years catastrophe losses	Prior accident years catastrophe losses	(0.2)	(0.1)	(0.1)	(0.2)	(0.2)	0.0
Loss and loss expenses	Loss and loss expenses	64.9	68.4	(3.5)	65.2	62.4	2.8
Underwriting expenses	Underwriting expenses	25.6	25.5	0.1	25.7	26.0	(0.3)
Combined ratio	Combined ratio	90.5 %	93.9 %	(3.4)	90.9 %	88.4 %	2.5
Combined ratio	Combined ratio	90.5 %	93.9 %	(3.4)	90.9 %	88.4 %	2.5

Combined ratio

Combined ratio

Contribution from catastrophe losses and prior years reserve development	Contribution from catastrophe losses and prior years reserve development	0.1	(6.4)	6.5	(2.7)	(3.0)	0.3
Combined ratio before catastrophe losses and prior years reserve development	Combined ratio before catastrophe losses and prior years reserve development	90.4 %	100.3 %	(9.9)	93.6 %	91.4 %	2.2

## Overview

Performance highlights for the excess and surplus lines segment include:

- Premiums – Excess and surplus lines earned premiums and net written premiums continued to grow during the **third first quarter and first nine months of 2023, 2024**, compared with the same **periods period** a year ago, **largely due to including** increases in **both agency renewal and** new business written premiums. For **both 2023 periods, the first three months of 2024**, excess and surplus lines policy renewals experienced estimated average price increases at percentages in the high-single-digit range. We measure average changes in excess and surplus lines renewal pricing as the percentage rate of change in renewal premium for the new policy period compared with the premium for the expiring policy period, assuming no change in the level of insured exposures or policy coverage between those periods for respective policies.

New business written premiums produced by agencies increased by **26% for the third quarter and 25% 11%** for the first **nine three** months of **2023 2024** compared with the same **periods period of 2022, 2023**, as we continued to carefully underwrite each policy in a highly competitive market. Some of what we report as new business came from accounts that were not new to our agents. We believe our agents' seasoned accounts tend to be priced more accurately than business that may be less familiar to them.

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## Excess and Surplus Lines Insurance Premiums

(Dollars in millions)	(Dollars in millions)	Three months ended September 30, %			Nine months ended September 30, %		
		2023	2022	Change	2023	2022	Change
(Dollars in millions)							
(Dollars in millions)							
		2024			2024	2023	% Change
Agency renewal written premiums	Agency renewal written premiums	\$ 93	\$ 93	0	\$316	\$297	6
Agency new business written premiums	Agency new business written premiums	43	34	26	129	103	25
Other written premiums	Other written premiums	(8)	(6)	(33)	(25)	(20)	(25)
Net written premiums	Net written premiums	128	121	6	420	380	11
Unearned premium change	Unearned premium change	7	4	75	(26)	(19)	(37)
Earned premiums	Earned premiums	\$ 135	\$125	8	\$394	\$361	9

- Combined ratio – The excess and surplus lines combined ratio decreased increased by 3.4 2.0 percentage points for the third first quarter but increased 2.5 points for the first nine months of 2023, 2024, compared with the same periods period of 2022, 2023, with the change for both periods primarily due to current lower favorable reserve development on prior accident year loss and loss expenses before catastrophe losses, expenses.

The third-quarter 2023 first-quarter 2024 ratio for current accident year loss and loss expenses before catastrophe losses was 10.0 3.5 percentage points lower, compared with the 74.8% 69.2% accident year 2022 2023 ratio measured as of September 30, 2022, including a decrease of 6.0 points for the IBNR portion and a decrease of 4.0 points for the case incurred portion. The nine-month 2023 ratio for current accident year loss and loss expenses before catastrophe losses was 2.5 percentage points higher, compared with the 65.4% accident year 2022 ratio measured as of September 30, 2022, including an increase of 9.1 points for the IBNR portion and a decrease of 6.6 points for the case incurred portion. March 31, 2023.

Excess and surplus lines net reserve development on prior accident years, as a ratio to earned premiums, was an unfavorable 0.7% for the third quarter and a favorable 3.5% 2.1% for the first nine three months of 2023, 2024, compared with favorable 6.0% and 3.8% 6.5% for the same periods period of 2022, 2023. The \$14 \$3 million of net favorable reserve development recognized during the first nine three months of 2023 2024 was mostly for accident year 2022. The favorable reserve development 2023 and was primarily due primarily to lower-than-anticipated loss emergence on known claims. Reserve estimates are inherently uncertain as described in our 2022 2023 Annual Report on Form 10-K, Item 7, Critical Accounting Estimates, Property Casualty Insurance Loss and Loss Expense Reserves, Page 53.

The excess and surplus lines underwriting expense ratio increased slightly for the third quarter, mainly due to higher reinsurance commissions, and decreased for the first nine three months of 2023, 2024, largely due to an increase in profit-sharing commissions for agencies, compared with the same period of 2023. The ratio for both periods of 2022. Both 2023 periods also benefited from ongoing expense management efforts and premium growth.

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#### Excess and Surplus Lines Insurance Losses Incurred by Size

(Dollars in millions, net of reinsurance)	(Dollars in millions, net of reinsurance)	Three months ended September 30,			Nine months ended September 30,		
				%			%
		2023	2022	Change	2023	2022	Change
(Dollars in millions, net of reinsurance)							
(Dollars in millions, net of reinsurance)	Three months ended March 31,						
2024	2024	2023	% Change				
Current accident year losses greater than \$5 million	Current accident year losses greater than \$5 million	\$ —	\$ —	nm	\$ —	\$ —	nm
Current accident year losses \$2 million - \$5 million	Current accident year losses \$2 million - \$5 million	—	—	nm	—	2 (100)	nm
Large loss prior accident year reserve development	Large loss prior accident year reserve development	—	—	nm	(1)	—	nm
Total large losses incurred	Total large losses incurred	—	—	nm	(1)	2	nm
Losses incurred but not reported	Losses incurred but not reported	16	25	(36)	63	38	66



Other losses excluding catastrophe losses	Other losses excluding catastrophe losses	45	40	13	118	122	(3)
Catastrophe losses	Catastrophe losses	(1)	(1)	0	2	2	0
Total losses incurred	Total losses incurred	\$ 60	\$ 64	(6)	\$182	\$164	11
Ratios as a percent of earned premiums:	Ratios as a percent of earned premiums:			Pt. Change			Pt. Change
Ratios as a percent of earned premiums:							
Ratios as a percent of earned premiums:							
Current accident year losses greater than \$5 million	Current accident year losses greater than \$5 million	— %	— %	0.0	— %	— %	0.0
Current accident year losses \$2 million - \$5 million	Current accident year losses \$2 million - \$5 million	—	—	0.0	—	0.6	(0.6)
Large loss prior accident year reserve development	Large loss prior accident year reserve development	—	—	0.0	(0.2)	—	(0.2)
Total large loss ratio	Total large loss ratio	—	—	0.0	(0.2)	0.6	(0.8)
Losses incurred but not reported	Losses incurred but not reported	11.9	20.0	(8.1)	15.9	10.5	5.4
Other losses excluding catastrophe losses	Other losses excluding catastrophe losses	33.2	32.4	0.8	29.9	33.9	(4.0)
Catastrophe losses	Catastrophe losses	(0.9)	(0.5)	(0.4)	0.5	0.6	(0.1)
Total loss ratio	Total loss ratio	44.2 %	51.9 %	(7.7)	46.1 %	45.6 %	0.5

We continue to monitor new losses and case reserve increases greater than \$2 million for trends in factors such as initial reserve levels, loss cost inflation and claim settlement expenses. Our analysis continues to indicate no unexpected concentration of these large losses and case reserve increases by risk category, geographic region, policy inception, agency or field marketing territory. In the **third first** quarter of **2023, 2024**, the excess and surplus lines total ratio for large losses, net of reinsurance, **matched was 0.3 percentage points higher than** last year's **third first** quarter. The third-quarter 2023 amount of total large losses incurred unfavorably contributed to the decrease in the nine-month 2023 total large loss ratio, compared with 2022, as it partially offset a first-half 2023 ratio that was 1.1 points lower than the first half of 2022. We believe results for the **three- and nine-month periods three-month period** largely reflected normal fluctuations in loss patterns and normal variability in large case reserves for claims above \$2 million.

## LIFE INSURANCE RESULTS

(Dollars in millions)	(Dollars in millions)	Three months ended September 30,			Nine months ended September 30,		
		%			%		
		2023	2022	Change	2023	2022	Change
(Dollars in millions)							
(Dollars in millions)							
		2024					
Earned premiums	Earned premiums	\$ 76	\$ 75	1	\$ 233	\$ 226	3
Fee revenues	Fee revenues	3	2	50	8	4	100
Total revenues	Total revenues	79	77	3	241	230	5
Contract holders' benefits incurred	Contract holders' benefits incurred	71	70	1	230	228	1
Investment interest credited to contract holders	Investment interest credited to contract holders	(31)	(27)	(15)	(91)	(82)	(11)
Underwriting expenses incurred	Underwriting expenses incurred	22	21	5	64	63	2
Total benefits and expenses	Total benefits and expenses	62	64	(3)	203	209	(3)
Life insurance segment profit	Life insurance segment profit	\$ 17	\$ 13	31	\$ 38	\$ 21	81

### Overview

Performance highlights for the life insurance segment include:

- Revenues – Revenues increased for the **nine three** months ended **September 30, 2023** **March 31, 2024**, compared with the same period a year ago, driven by higher earned premiums from term life insurance, our largest life insurance product line.  
Net in-force life insurance policy face amounts increased **2%** less than **1%** to **\$82.055** **\$82.670** billion at **September 30, 2023** **March 31, 2024**, from **\$80.482** **\$82.361** billion at year-end **2022, 2023**.  
Fixed annuity deposits received for the three **and nine** months ended **September 30, 2023** **March 31, 2024**, were **\$13 million and \$38** **\$9** million, compared with **\$10 million and \$23 million** for the same **periods period** of **2022, 2023**. Fixed annuity deposits have a minimal impact to earned premiums because deposits received are initially recorded as liabilities. Profit is earned over time by way of interest rate spreads. We do not write variable or equity-indexed annuities.

### Life Insurance Premiums

(Dollars in millions)	(Dollars in millions)	Three months ended September 30,			Nine months ended September 30,		
		%			%		
		2023	2022	Change	2023	2022	Change
(Dollars in millions)							
(Dollars in millions)							
		2024					
Term life insurance	Term life insurance	\$ 56	\$ 55	2	\$ 170	\$ 165	3

Whole life insurance	Whole life insurance	12	11	9	37	34	9
Universal life and other	Universal life and other	8	9	(11)	26	27	(4)
Net earned premiums	Net earned premiums	\$ 76	\$ 75	1	\$233	\$226	3

- Profitability – Our life insurance segment typically reports a smaller profit compared with the life insurance subsidiary because profits from investment income spreads are included in our investments segment results. We include only investment income credited to contract holders (including interest assumed in life insurance policy reserve calculations) in our life insurance segment results. A profit of \$38 million \$10 million for our life insurance segment in the first nine three months of 2023, 2024, compared with a profit of \$21 million \$8 million for the same period of 2022, 2023, was primarily due to more favorable mortality experience and higher fee revenues. impacts from the unlocking of interest rate actuarial assumptions.

Life insurance segment benefits and expenses consist principally of contract holders' (policyholders') benefits incurred related to traditional life and interest-sensitive products and operating expenses incurred, net of deferred acquisition costs. Total benefits decreased in the first nine three months of 2023 2024 primarily due to more favorable mortality experience. impacts from the unlocking of interest rate actuarial assumptions. Life policy and investment contract reserves decreased due to an increase in market value discount rates, partially offset by continued growth in net in-force life insurance policy face amounts. rates. Mortality results decreased improved compared with the same period of 2022, in part due to pandemic-related death claims incurred in the first three months of last year. 2023.

Underwriting expenses for the first nine three months of 2023 2024 increased compared with the same period a year ago, largely due to higher general insurance expense levels compared to the same period of 2022, 2023.

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We recognize that assets under management, capital appreciation and investment income are integral to evaluating the success of the life insurance segment because of the long duration of life products.

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On a basis that includes investment income and investment gains or losses from life-insurance-related invested assets, the life insurance subsidiary reported net income of \$25 million and \$65 million \$19 million for the three and nine months ended September 30, 2023 March 31, 2024, compared with \$23 million and \$51 million for the three and nine months ended September 30, 2022 March 31, 2023. The life insurance subsidiary portfolio had net after-tax investment gains of less than \$1 million and net after-tax investment losses of \$1 million \$2 million for the three and nine months ended September 30, 2023 March 31, 2024, respectively, compared with net after-tax investment losses gains of \$1 million for the three and nine months ended September 30, 2022 March 31, 2023.

## INVESTMENTS RESULTS

### Overview

The investments segment contributes investment income and investment gains and losses to results of operations. Investments traditionally are our primary source of pretax and after-tax profits.

### Investment Income

Pretax investment income grew 17% for the third first quarter and 14% for the first nine months of 2023, 2024, compared with the same periods period of 2022, 2023. Interest income increased by \$25 million and \$65 million \$29 million for the three and nine months ended September 30, 2023, first quarter, as net purchases of fixed-maturity securities in recent quarters and rising higher bond yields are working to generally offset effects of the low interest rate environment of the past several years. Although dividend rates generally are increasing more slowly, our minor asset allocation adjustments in our equity portfolio and net purchases of equity securities in recent quarters partially offset the effect of a \$5 million special dividend from one of our holdings in the second quarter of 2022, helping helped dividend income to grow by \$3 million and \$2 \$6 million for the three and nine months ended September 30, 2023 March 31, 2024.

### Investments Results

	(Dollars in millions)	Three months ended September 30,	Nine months ended September 30,
		%	%
		2023 2022 Change	2023 2022 Change

(Dollars in millions)							
(Dollars in millions)							
2024				Three months ended March 31,		2023	% Change
2024				2024		2023	% Change
Total investment income, net of expenses	Total investment income, net of expenses	\$ 225	\$ 193	17	\$655	\$ 573	14
Investment interest credited to contract holders	Investment interest credited to contract holders	(31)	(27)	(15)	(91)	(82)	(11)
Investment gains and losses, net	Investment gains and losses, net	(456)	(674)	32	84	(2,494)	nm
Investments profit (loss), pretax	Investments profit (loss), pretax	\$ (262)	\$(508)	48	\$648	\$(2,003)	nm
Investments profit, pretax	Investments profit, pretax						

We continue to consider the low interest rate environment that prevailed in recent years as well as the potential for a continuation of both elevated inflation and higher bond yields as we position our portfolio. As bonds in our generally laddered portfolio mature or are called over the near term, we will reinvest with a balanced approach, keeping in mind our long-term strategy and pursuing attractive risk-adjusted after-tax yields. The table below shows the average pretax yield-to-amortized cost associated with expected principal redemptions for our fixed-maturity portfolio. The expected principal redemptions are based on par amounts and include dated maturities, calls and prefunded municipal bonds that we expect will be called during each respective time period.

(Dollars in millions)		
At September 30, 2023	% Yield	Principal redemptions
Fixed-maturity pretax yield profile:		
Expected to mature during the remainder of 2023	4.25 %	\$ 226
Expected to mature during 2024	4.36	1,112
Expected to mature during 2025	4.74	1,378
Average yield and total expected maturities from the remainder of 2023 through 2025	4.54	\$ 2,716

(Dollars in millions)		
At March 31, 2024	% Yield	Principal redemptions
Fixed-maturity pretax yield profile:		
Expected to mature during the remainder of 2024	4.30 %	\$ 849
Expected to mature during 2025	4.70	1,381
Expected to mature during 2026	5.03	1,104
Average yield and total expected maturities from the remainder of 2024 through 2026	4.71	\$ 3,334

The table below shows the average pretax yield-to-amortized cost for fixed-maturity securities acquired during the periods indicated. The average yield for total fixed-maturity securities acquired during the first **nine three** months of **2023** **2024** was higher than the **4.22%** **4.60%** average yield-to-amortized cost of the fixed-maturity securities portfolio at the end of **2022**, **2023**. Our fixed-maturity portfolio's average yield of **4.35%** **4.65%** for the first **nine three** months of **2023**, **2024**, from the investment income table below, was also higher than the **4.22%** **4.60%** yield for the year-end **2022** **2023** fixed-maturities portfolio.

		Three months ended September 30, 2023		Three months ended September 30, 2022		Nine months ended September 30, 2023		Nine months ended September 30, 2022	
		2023		2022		2023		2022	
		Three months ended March 31, 2024		Three months ended March 31, 2023		Three months ended March 31, 2024		Three months ended March 31, 2023	
		2024		2024		2024		2023	
Average pretax yield-to-amortized cost on new fixed-maturities:	Average pretax yield-to-amortized cost on new fixed-maturities:								
Acquired taxable fixed-maturities	Acquired taxable fixed-maturities								
Acquired taxable fixed-maturities	Acquired taxable fixed-maturities								
Acquired taxable fixed-maturities	Acquired taxable fixed-maturities	6.60 %	5.70 %	6.41 %	4.82 %	5.94 %		6.55 %	
Acquired tax-exempt fixed-maturities	Acquired tax-exempt fixed-maturities	4.34	4.32	4.24	3.85				
Average total fixed-maturities acquired	Average total fixed-maturities acquired	6.40	5.39	6.15	4.62				

While our bond portfolio more than covers our insurance reserve liabilities, we believe our diversified common stock portfolio of mainly blue chip, dividend-paying companies represents one of our best investment opportunities for the long term. We discussed our portfolio strategies in our 2022 2023 Annual Report on Form 10-K, Item 1, Investments Segment, Page 24, 21, and Item 7, Investments Outlook, Page 90, 91. We discuss risks related to our investment income and our fixed-maturity and equity investment portfolios in this quarterly report Item 3, Quantitative and Qualitative Disclosures About Market Risk.

The table below provides details about investment income. Average yields in this table are based on the average invested asset and cash amounts indicated in the table, using fixed-maturity securities valued at amortized cost and all other securities at fair value.

	Three months ended September 30,			Nine months ended September 30,		
(Dollars in millions)	(Dollars in millions)			(Dollars in millions)		
	2023	2022	% Change	2023	2022	% Change
(Dollars in millions)						
(Dollars in millions)	Three months ended March 31,					
	2024	2024	2023	% Change		
Investment income:	Investment income:	Investment income:				
Interest	Interest	\$ 154	\$ 129	19	\$ 441	\$ 376 17

Dividends	Dividends	69	66	5	205	203	1
Other	Other	5	3	67	18	6	200
Less investment expenses	Less investment expenses	3	5	(40)	9	12	(25)
Investment income, pretax	Investment income, pretax	225	193	17	655	573	14
Less income taxes	Less income taxes	37	30	23	106	90	18
Total investment income, after-tax	Total investment income, after-tax	\$ 188	\$ 163	15	\$ 549	\$ 483	14

Investment returns:

Investment returns:

Investment returns:

Investment returns:

Average invested assets plus cash and cash equivalents

Average invested assets plus cash and cash equivalents

Average invested assets plus cash and cash equivalents	Average invested assets plus cash and cash equivalents	\$ 25,490	\$23,323	\$25,025	\$24,081
Average yield pretax	Average yield pretax	3.53 %	3.31 %	3.49 %	3.17 %

Average yield pretax

Average yield pretax

Average yield after-tax	Average yield after-tax	2.95	2.80	2.93	2.67
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Average yield after-tax

Average yield after-tax

Effective tax rate

Effective tax rate

Effective tax rate	Effective tax rate	16.3	15.8	16.2	15.8
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Fixed-maturity returns:

Fixed-maturity returns:

Fixed-maturity returns:

Fixed-maturity returns:

Average amortized cost

Average amortized cost

Average amortized cost	Average amortized cost	\$ 13,879	\$12,655	\$13,515	\$12,521
Average yield pretax	Average yield pretax	4.44 %	4.08 %	4.35 %	4.00 %

Average yield pretax

Average yield pretax

Average yield after-tax					
Average yield after-tax					
Average yield after-tax	Average yield after-tax	3.66	3.38	3.59	3.32
Effective tax rate	Effective tax rate	17.6	17.1	17.4	17.1
Effective tax rate					
Effective tax rate					

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## Total Investment Gains and Losses

Investment gains and losses are recognized on the sale of investments, for certain changes in fair values of securities even though we continue to hold the securities or as otherwise required by GAAP. The change in fair value for equity securities still held are included in investment gains and losses and also in net income. The change in unrealized gains or losses for fixed-maturity securities are included as a component of other comprehensive income (OCI). Accounting requirements for the allowance for credit losses for the fixed-maturity portfolio are disclosed in our 2022 2023 Annual Report on Form 10-K, Item 8, Note 1, Summary of Significant Accounting Policies, Page 127, 128.

The table below summarizes total investment gains and losses, before taxes.

(Dollars in millions)	(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
(Dollars in millions)					
(Dollars in millions)					
2024		Three months ended March 31,			
		2024			
		2023			
Investment gains and losses:	Investment gains and losses:				
Equity securities:	Equity securities:				
Equity securities:					
Equity securities:					
Investment gains and losses on securities sold, net					
Investment gains and losses on securities sold, net					
Investment gains and losses on securities sold, net	Investment gains and losses on securities sold, net	\$ (5)	\$ 16	\$ 2	\$ 34
Unrealized gains and losses on securities still held, net	Unrealized gains and losses on securities still held, net	(458)	(705)	99	(2,568)
Subtotal	Subtotal	(463)	(689)	101	(2,534)
Subtotal					
Subtotal					

Fixed maturities:	Fixed maturities:				
Gross realized gains	Gross realized gains	1	—	2	6
Gross realized gains					
Gross realized gains					
Gross realized losses	Gross realized losses	(1)	—	(2)	(3)
Write-down of impaired securities with intent to sell		—	—	(4)	—
Change in allowance for credit losses, net					
Subtotal					
Subtotal					
Subtotal	Subtotal	—	—	(4)	3
Other	Other	7	15	(13)	37
Total investment gains and losses reported in net income	Total investment gains and losses reported in net income	(456)	(674)	84	(2,494)
Change in unrealized investment gains and losses:	Change in unrealized investment gains and losses:				
Change in unrealized investment gains and losses:					
Change in unrealized investment gains and losses:					
Fixed maturities	Fixed maturities	(369)	(514)	(360)	(1,870)
Fixed maturities					
Fixed maturities					
Total					
Total					
Total	Total	\$ (825)	\$ (1,188)	\$ (276)	\$ (4,364)

Of the 4,707 4,804 fixed-maturity securities in the portfolio, 202 12 securities were trading below 70% of amortized cost at September 30, 2023 March 31, 2024. Our asset impairment committee regularly monitors the portfolio, including a quarterly review of the entire portfolio for potential credit losses. We believe that if liquidity in the markets were to significantly deteriorate or economic conditions were to significantly weaken, we could experience declines in portfolio values and possibly increases in the allowance for credit losses or write-downs to fair value.

Fixed-maturity securities written down to fair value due to an intention to be sold were \$4 million for the first nine months of 2023, in addition to a \$2 million increase in the allowance for credit losses. Fixed-maturity securities written down to fair value due to an intention to be sold and changes in the allowance for credit losses were each less than \$1 million for the first nine months of 2022.

(Dollars in millions)	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Fixed maturities:				
Real estate	\$ —	\$ —	\$ 4	\$ —
Total fixed maturities	\$ —	\$ —	\$ 4	\$ —



## OTHER

We report as Other the noninvestment operations of the parent company and a noninsurance subsidiary, CFC Investment Company. We also report as Other the underwriting results of Cincinnati Re and Cincinnati Global, including earned premiums, loss and loss expenses and underwriting expenses in the table below.

Total revenues for the first nine three months of 2023 2024 for our Other operations increased, decreased, compared with the same period of 2022, 2023, primarily due to earned premiums from Cincinnati Re and Cincinnati Global, with increases a decrease of \$23 \$15 million and \$43 million an increase of \$4 million, respectively. Cincinnati Re had \$406 million \$135 million of earned premiums for the first nine three months of 2023 2024 and generated an underwriting profit of \$88 million \$29 million. Cincinnati Global had \$193 million \$48 million of earned premiums for the first nine three months of 2023 2024 and generated an underwriting profit of \$32 million \$14 million. Total expenses for Other decreased for the first nine three months of 2023, 2024, primarily due to lower loss and loss expenses from Cincinnati Re and Cincinnati Global.

Other income or loss in the table below represents profit or losses before income taxes. For all periods shown, except the first nine months of 2022, total other income or loss was driven by underwriting profit or loss from Cincinnati Re and Cincinnati Global. Total other loss for the first nine months of 2022 was primarily due to interest expense.

(Dollars in millions)	(Dollars in millions)	Three months ended September 30,			Nine months ended September 30,		
		%			%		
		2023	2022	Change	2023	2022	Change
(Dollars in millions)							
(Dollars in millions)							
		2024			Three months ended March 31, 2024		
					2024		
					2023		
					% Change		
Interest and fees on loans and leases	Interest and fees on loans and leases	\$ 2	\$ 2	0	\$ 5	\$ 5	0
Earned premiums	Earned premiums	233	225	4	599	533	12
Other revenues	Other revenues	1	—	nm	3	2	50
Total revenues	Total revenues	236	227	4	607	540	12
Interest expense	Interest expense	13	14	(7)	40	40	0
Loss and loss expenses	Loss and loss expenses	126	228	(45)	309	394	(22)
Underwriting expenses	Underwriting expenses	62	65	(5)	170	159	7
Operating expenses	Operating expenses	5	4	25	17	13	31
Total expenses	Total expenses	206	311	(34)	536	606	(12)
Total other income (loss)		\$ 30	\$(84)	nm	\$ 71	\$(66)	nm
Total other income							

## TAXES

We had \$49 million of income tax benefit for the third quarter of 2023 and \$126 million \$198 million of income tax expense for the nine three months ended September 30, 2023 March 31, 2024, compared with \$161 million and \$481 million of income tax benefit \$43 million for the same periods period of 2022, 2023. The effective tax rate for the three and nine months ended September 30, 2023 March 31, 2024, was 33.1% and 16.0% 20.8% compared with 27.9% and 24.3% 16.0% for the same periods period last year. The

change in our effective tax rate between periods was primarily due to large changes in our net investment gains and losses included in income for the periods and changes in underwriting income and investment income.

Historically, we have pursued a strategy of investing some portion of cash flow in tax-advantaged fixed-maturity and equity securities to minimize our overall tax liability and maximize after-tax earnings. See Tax-Exempt Fixed Maturities in this quarterly report Item 3, Quantitative and Qualitative Disclosures About Market Risk for further discussion on municipal bond purchases in our fixed-maturity investment portfolio. For tax years after 2017, for our property casualty insurance subsidiaries, approximately 75% of interest from tax-advantaged, fixed-maturity investments and approximately 40% of dividends from qualified equities are exempt from federal tax after applying proration. For our noninsurance companies, the dividend received deduction exempts 50% of dividends from qualified equities. Our life insurance company does not own tax-advantaged, fixed-maturity investments or equities subject to the dividend received deduction. Details about our effective tax rate are in this quarterly report Item 1, Note 9, Income Taxes.

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2023 March 31, 2024, shareholders' equity was \$10.624 billion \$12.654 billion, compared with \$10.562 \$12.098 billion at December 31, 2022 December 31, 2023. Total debt was \$815 million at September 30, 2023 March 31, 2024, compared with \$839 million at December 31, 2022 unchanged from December 31, 2023. At September 30, 2023 March 31, 2024, cash and cash equivalents totaled \$899 million \$619 million, compared with \$1.264 billion \$907 million at December 31, 2022 December 31, 2023.

In addition to our historically positive operating cash flow to meet the needs of operations, we have the ability to slow investing activities or sell a portion of our high-quality, liquid investment portfolio if such need arises. We also have additional capacity to borrow on our revolving short-term line of credit, as described further below.

SOURCES OF LIQUIDITY

Subsidiary Dividends

Our lead insurance subsidiary declared dividends of \$426 million \$145 million to the parent company in the first nine three months of 2023, 2024, compared with \$504 \$142 million for the same period of 2022, 2023. For full-year 2022, 2023, our lead insurance subsidiary paid dividends totaling \$729 \$526 million to the parent company. State of Ohio regulatory requirements restrict the dividends our insurance subsidiary can pay. For full-year 2023, 2024, total dividends that our insurance subsidiary can pay to our parent company without regulatory approval are approximately \$651 \$729 million.

Investing Activities

Investment income is a source of liquidity for both the parent company and its insurance subsidiaries. We continue to focus on portfolio strategies to balance near-term income generation and long-term book value growth.

Parent company obligations can be funded with income on investments held at the parent-company level or through sales of securities in that portfolio, although our investment philosophy seeks to compound cash flows over the long term. These sources of capital can help minimize subsidiary dividends to the parent company, protecting insurance subsidiary capital.

For a discussion of our historic investment strategy, portfolio allocation and quality, see our 2022 2023 Annual Report on Form 10-K, Item 1, Investments Segment, Page 24, 21.

Insurance Underwriting

Our property casualty and life insurance underwriting operations provide liquidity because we generally receive premiums before paying losses under the policies purchased with those premiums. After satisfying our cash requirements, we use excess cash flows for investment, increasing future investment income.

Historically, cash receipts from property casualty and life insurance premiums, along with investment income, have been more than sufficient to pay claims, operating expenses and dividends to the parent company.

The table below shows a summary of the operating cash flow for property casualty insurance (direct method):

	(Dollars in millions)	Three months ended September 30,			Nine months ended September 30,					
				%			%			
		2023	2022	Change	2023	2022	Change			
(Dollars in millions)										
(Dollars in millions)	Three months ended March 31,									
	2024									
		2024							2023	% Change
Premiums collected	Premiums collected	\$ 2,025	\$1,818	11	\$5,806	\$5,295	10			
Loss and loss expenses paid	Loss and loss expenses paid	(1,058)	(948)	(12)	(3,185)	(2,730)	(17)			

Commissions and other underwriting expenses paid	Commissions and other underwriting expenses paid	(516)	(474)	(9)	(1,772)	(1,674)	(6)
Cash flow from underwriting	Cash flow from underwriting	451	396	14	849	891	(5)
Investment income received	Investment income received	151	128	18	447	394	13
Cash flow from operations	Cash flow from operations	\$ 602	\$ 524	15	\$1,296	\$1,285	1

Collected premiums for property casualty insurance rose \$511 million \$202 million during the first nine three months of 2023, 2024, compared with the same period in 2022, 2023. Loss and loss expenses paid for the 2023 2024 period increased \$455 decreased \$9 million. Commissions and other underwriting expenses paid increased \$98 million.

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We discuss our future obligations for claims payments and for underwriting expenses in our 2022 2023 Annual Report on Form 10-K, Item 7, Obligations, Page 96, 97.

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### Capital Resources

At September 30, 2023 March 31, 2024, our debt-to-total-capital ratio was 7.1% 6.1%, considerably below our 35% covenant threshold, with \$790 million in long-term debt and \$25 million in borrowing on our revolving short-term line of credit. At September 30, 2023 March 31, 2024, \$275 million was available for future cash management needs as part of the general provisions of the line of credit agreement, with another \$300 million available as part of an accordion feature. Based on our capital requirements at September 30, 2023 March 31, 2024, we do not anticipate a material increase in debt levels exceeding the available line of credit amount during the year. As a result, we expect changes in our debt-to-total-capital ratio to continue to be largely a function of the contribution of unrealized investment gains or losses to shareholders' equity. We have an unsecured letter of credit agreement that provides a portion of the capital needed to support Cincinnati Global's obligations at Lloyd's. The amount of this unsecured letter of credit agreement was \$94 million at September 30, 2023 March 31, 2024, with no amounts drawn.

On March 23, 2023, we amended our line of credit agreement to replace LIBOR with SOFR plus a credit spread adjustment.

We provide details of our three long-term notes in this quarterly report Item 1, Note 3, Fair Value Measurements. None of the notes are encumbered by rating triggers.

Four independent ratings firms award insurer financial strength ratings to our property casualty insurance companies and three firms rate our life insurance company. Those firms made no changes to our parent company debt ratings during the first nine three months of 2023, 2024. Our debt ratings are discussed in our 2022 2023 Annual Report on Form 10-K, Item 7, Liquidity and Capital Resources, Long-Term Debt, Page 95, 96.

### Off-Balance Sheet Arrangements

We do not use any special-purpose financing vehicles or have any undisclosed off-balance sheet arrangements (as that term is defined in applicable SEC rules) that are reasonably likely to have a current or future material effect on the company's financial condition, results of operation, liquidity, capital expenditures or capital resources. Similarly, the company holds no fair-value contracts for which a lack of marketplace quotations would necessitate the use of fair-value techniques.

### USES OF LIQUIDITY

Our parent company and insurance subsidiary have contractual obligations and other commitments. In addition, one of our primary uses of cash is to enhance shareholder return.

### Contractual Obligations

We estimated our future contractual obligations as of December 31, 2022 December 31, 2023, in our 2022 2023 Annual Report on Form 10-K, Item 7, Contractual Obligations, Page 96, 97. There have been no material changes to our estimates of future contractual obligations since our 2022 2023 Annual Report on Form 10-K.

### Other Commitments

In addition to our contractual obligations, we have other property casualty operational commitments:

- Commissions – Commissions paid were \$1.153 billion \$550 million in the first nine three months of 2023, 2024. Commission payments generally track with written premiums, except for annual profit-sharing commissions typically paid during the first quarter of the year.
  - Other underwriting expenses – Many of our underwriting expenses are not contractual obligations, but reflect the ongoing expenses of our business. Noncommission underwriting expenses paid were \$619 million \$258 million in the first nine three months of 2023, 2024.
- There were no contributions to our qualified pension plan during the first nine three months of 2023, 2024.

### Investing Activities

After fulfilling operating requirements, we invest cash flows from underwriting, investment and other corporate activities in fixed-maturity and equity securities on an ongoing basis to help achieve our portfolio objectives. We discuss our investment strategy and certain portfolio attributes in this quarterly report Item 3, Quantitative and Qualitative Disclosures About Market Risk.

### Uses of Capital

Uses of cash to enhance shareholder return include dividends to shareholders and shares acquired under our repurchase program. In January 2023, 2024, the board of directors declared regular quarterly cash dividends of 75 81 cents per share for an indicated annual rate of \$3.00 \$3.24 per share. During the first nine three months of 2023, 2024, we used \$338 million \$116 million to pay cash dividends to shareholders.

### PROPERTY CASUALTY INSURANCE LOSS AND LOSS EXPENSE RESERVES

For the business lines in the commercial and personal lines insurance segments, and in total for the excess and surplus lines insurance segment and other property casualty insurance operations, the following table details gross reserves among case, IBNR (incurred but not reported) and loss expense reserves, net of salvage and subrogation reserves. Reserving practices are discussed in our 2022 2023 Annual Report on Form 10-K, Item 7, Property Casualty Loss and Loss Expense Obligations and Reserves, Page 97, 98.

Total gross reserves at September 30, 2023 March 31, 2024, increased \$669 million \$203 million compared with December 31, 2022 December 31, 2023. Case loss reserves increased decreased by \$212 million \$57 million, IBNR loss reserves increased by \$338 million \$250 million and loss expense reserves increased by \$119 million \$10 million. The total gross increase was primarily due to our commercial casualty and commercial auto homeowner lines of business and also Cincinnati Re and our excess and surplus lines insurance segment.

### Property Casualty Gross Reserves

(Dollars in millions)	(Dollars in millions)	Loss reserves		Loss	Total		(Dollars in millions)	Loss reserves		Loss	
		Case reserves	IBNR reserves	expense reserves	gross reserves	Percent of total		Case reserves		expense reserves	
At September 30, 2023				Total							
At March 31, 2024		reserves	gross reserves					reserves		IBNR reserves	
Commercial lines insurance:											
Commercial lines insurance:											
Commercial casualty	Commercial casualty	\$ 1,131	\$ 1,136	\$ 763	\$ 3,030	33.7 %	Commercial casualty	\$ 1,132	\$	\$ 1,271	\$ 795
Commercial property	Commercial property	431	133	79	643	7.1					
Commercial auto	Commercial auto	427	313	143	883	9.8					
Workers' compensation	Workers' compensation	460	523	89	1,072	11.9					
Other commercial	Other commercial	155	23	128	306	3.4					
Subtotal	Subtotal	2,604	2,128	1,202	5,934	65.9					

Personal lines insurance:	Personal lines insurance:						Personal lines insurance:
Personal auto	Personal auto	211	94	73	378	4.2	
Homeowner	Homeowner	229	125	55	409	4.6	
Other personal	Other personal	110	110	7	227	2.5	
Subtotal	Subtotal	550	329	135	1,014	11.3	
Excess and surplus lines	Excess and surplus lines	336	319	229	884	9.8	
Cincinnati Re	Cincinnati Re	150	739	6	895	9.9	
Cincinnati Global	Cincinnati Global	148	127	3	278	3.1	
Total	Total	\$ 3,788	\$ 3,642	\$ 1,575	\$ 9,005	100.0 %	Total \$3,605 \$3,949 \$1,624 \$

At December 31, 2022

At December 31,  
2023

At December 31,  
2023

Commercial lines insurance:	Commercial lines insurance:						Commercial lines insurance:
Commercial casualty	Commercial casualty	\$ 1,163	\$ 938	\$ 722	\$ 2,823	33.9 %	Commercial casualty \$1,111 \$1,205 \$ 792 \$
Commercial property	Commercial property	301	256	71	628	7.5	
Commercial auto	Commercial auto	449	258	131	838	10.1	
Workers' compensation	Workers' compensation	434	521	85	1,040	12.4	
Other commercial	Other commercial	98	16	125	239	2.9	
Subtotal	Subtotal	2,445	1,989	1,134	5,568	66.8	
Personal lines insurance:	Personal lines insurance:						Personal lines insurance:
Personal auto	Personal auto	222	64	64	350	4.2	
Homeowner	Homeowner	189	138	49	376	4.5	
Other personal	Other personal	99	86	5	190	2.3	
Subtotal	Subtotal	510	288	118	916	11.0	
Excess and surplus lines	Excess and surplus lines	302	256	195	753	9.0	
Cincinnati Re	Cincinnati Re	156	639	6	801	9.6	
Cincinnati Global	Cincinnati Global	163	132	3	298	3.6	
Total	Total	\$ 3,576	\$ 3,304	\$ 1,456	\$ 8,336	100.0 %	Total \$3,662 \$3,699 \$1,614 \$

#### LIFE POLICY AND INVESTMENT CONTRACT RESERVES

Gross life policy and investment contract reserves were **\$2.920 billion** **\$3.013 billion** at **September 30, 2023** **March 31, 2024**, compared with **\$3.015** **\$3.068** billion at year-end **2022**, reflecting 2023, primarily due to an increase in market value discount rates partially offset by continued growth in life insurance policies in force. rates. We discussed our life insurance reserving practices in our **2022 2023** Annual Report on Form 10-K, Item 7, Life Insurance Policyholder Obligations and Reserves, Page **103**, **104**, and updated that disclosure in this quarterly report Item 1, Note 1, Accounting Policies.

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#### OTHER MATTERS

#### SIGNIFICANT ACCOUNTING POLICIES

Our significant accounting policies are discussed in our 2022 2023 Annual Report on Form 10-K, Item 8, Note 1, Summary of Significant Accounting Policies, Page 127, 128, and updated in this quarterly report Item 1, Note 1, Accounting Policies.

In conjunction with those discussions, in the Management's Discussion and Analysis in the 2022 2023 Annual Report on Form 10-K, management reviewed the estimates and assumptions used to develop reported amounts related to the most significant policies. Management discussed the development and selection of those accounting estimates with the audit committee of the board of directors.

### Item 3. Quantitative and Qualitative Disclosures About Market Risk

Our greatest exposure to market risk is through our investment portfolio. 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. It is comprised of many individual risks that, when combined, create a macroeconomic impact.

Our view of potential risks and our sensitivity to such risks is discussed in our 2022 2023 Annual Report on Form 10-K, Item 7A, Quantitative and Qualitative Disclosures About Market Risk, Page 112, 113.

The fair value of our investment portfolio was \$22.874 billion \$25.641 billion at September 30, 2023 March 31, 2024, up \$901 \$861 million from year-end 2022, 2023, including a \$711 million \$293 million increase in the fixed-maturity portfolio and a \$190 million \$568 million increase in the equity portfolio.

(Dollars in millions)		At September 30, 2023				At December 31, 2022				(Dollars in millions)	At March 31, 2024			
	Cost or amortized cost	Percent of total	Percent Fair value	Percent of total	Cost or amortized cost	Percent of total	Percent Fair value	Percent of total			Cost or amortized cost	Percent of total		
Taxable fixed maturities	\$ 10,070	54.5 %	\$ 9,175	40.2 %	\$ 9,020	52.2 %	\$ 8,299	37.8 %	Taxable fixed maturities	\$10,761	56.6 %	\$10,211	56.6 %	\$10,211
Tax-exempt fixed maturities	3,980	21.6	3,668	16.0	3,959	22.9	3,833	17.4						
Common equities	3,978	21.6	9,678	42.3	3,851	22.3	9,454	43.0						
Nonredeemable preferred equities	421	2.3	353	1.5	443	2.6	387	1.8						
Total	\$ 18,449	100.0 %	\$ 22,874	100.0 %	\$ 17,273	100.0 %	\$ 21,973	100.0 %						
Total														
Total										\$19,022	100.0 %	\$25,641	100.0 %	\$25,641

At September 30, 2023 March 31, 2024, substantially all of our consolidated investment portfolio, measured at fair value, is classified as Level 1 or Level 2. See Item 1, Note 3, Fair Value Measurements, for additional discussion of our valuation techniques.

In addition to our investment portfolio, the total investments amount reported in our condensed consolidated balance sheets includes Other invested assets. Other invested assets included \$398 \$477 million of private equity investments, \$63 million \$79 million of real estate through direct property ownership and development projects in the United States, \$42 million in Lloyd's deposits and \$31 million \$34 million of life policy loans and \$18 million in Lloyd's deposit at September 30, 2023 March 31, 2024.

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#### FIXED-MATURITY SECURITIES INVESTMENTS

By maintaining a well-diversified fixed-maturity portfolio, we attempt to reduce overall risk. We invest new money in the bond market on a regular basis, targeting what we believe to be optimal risk-adjusted, after-tax yields. Risk, in this context, includes interest rate, call, reinvestment rate, credit and liquidity risk. We do not make a concerted effort to alter duration on a portfolio basis in response to anticipated movements in interest rates. By regularly investing in the bond market, we build a broad, diversified portfolio that we believe mitigates the impact of adverse economic factors.

In the first nine three months of 2023, 2024, the increase in fair value of our fixed-maturity portfolio was due to net purchases of securities and tightening of corporate credit spreads, partially offset by an increase in our net unrealized loss position that reflected an increase in U.S. Treasury yields. At September 30, 2023 March 31, 2024, our fixed-maturity portfolio with an average rating of A2/A was valued at 91.4% 95.8% of its amortized cost, compared with 93.5% 96.0% at December 31, 2022 December 31, 2023.

At **September 30, 2023** **March 31, 2024**, our investment-grade and noninvestment-grade fixed-maturity securities represented **80.6% and 3.9%** **96.3%** of the portfolio respectively. The remaining 15.5% represented fixed-maturity securities that were not rated based on ratings provided by Moody's nationally recognized statistical rating organizations or S&P Global Ratings, the Securities Valuation Office of the National Association of Insurance Commissioners.

Attributes of the fixed-maturity portfolio include:

At		At					
September		December					
30, 2023		31, 2022					
At							
March							
31, 2024							
				At March 31, 2024			
				At December 31, 2023			
Weighted average yield-to-amortized cost	Weighted average yield-to-amortized cost	4.48 %	4.22 %	Weighted average yield-to-amortized cost			
				4.68 %	%	4.60 %	%
Weighted average maturity	Weighted average maturity	7.6 yrs	7.4 yrs	Weighted average maturity			
				8.3 yrs		7.9 yrs	
Effective duration	Effective duration	4.7 yrs	4.7 yrs	Effective duration			
				4.3 yrs		4.3 yrs	

We discuss maturities of our fixed-maturity portfolio in our **2022 2023** Annual Report on Form 10-K, Item 8, Note 2, Investments, Page **134, 137**, and in this quarterly report Item 2, Investments Results.

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TAXABLE FIXED MATURITIES

Our taxable fixed-maturity portfolio, with a fair value of **\$9.175 billion** **\$10.218 billion** at **September 30, 2023** **March 31, 2024**, included:

(Dollars in millions)	(Dollars in millions)	At	At	(Dollars in millions)		
		September	December			
		30, 2023	31, 2022		At March 31, 2024	At December 31, 2023
Investment-grade corporate	Investment-grade corporate	\$ 6,634	\$ 6,369			
States, municipalities and political subdivisions	States, municipalities and political subdivisions	756	789			
Noninvestment-grade corporate	Noninvestment-grade corporate	479	500			
Government-sponsored enterprises	Government-sponsored enterprises	874	183			
Asset-backed						
United States government	United States government	217	191			
Commercial mortgage-backed		196	234			
Foreign government	Foreign government	19	33			
Total	Total	\$ 9,175	\$ 8,299			
Total						
Total						

Our strategy is to buy, and typically hold, fixed-maturity investments to maturity, but we monitor credit profiles and fair value movements when determining holding periods for individual securities. With the exception of United States agency issues that include government-sponsored enterprises, no individual issuer's securities accounted for more than 1.2% 1.1% of the taxable fixed-maturity portfolio at September 30, 2023 March 31, 2024. Our investment-grade corporate bonds had an average rating of Baa1 by Moody's or BBB by S&P Global Ratings and represented 72.3% 70.0% of the taxable fixed-maturity portfolio's fair value at September 30, 2023 March 31, 2024, compared with 76.7% 71.2% at year-end 2022, 2023.

The heaviest concentration in our investment-grade corporate bond portfolio, based on fair value at September 30, 2023, March 31, 2024, was the financial sector. It represented 40.2% 37.7% of our investment-grade corporate bond portfolio, compared with 42.7% 38.2% at year-end 2022, 2023. The energy sector and utility sectors represented 11.3% and 10.0%, respectively, compared with 11.2% and was 10.8% less than 10% at year-end 2022, 2023. No other sector exceeded 10% of our investment-grade corporate bond portfolio.

As discussed in our 2022 2023 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 32, 30, investments in the financial sector include various risks. See risk factors entitled "Financial disruption or a prolonged economic downturn could materially and adversely affect our investment performance" and "Our ability to achieve our performance objectives could be affected by changes in the financial, credit and capital markets or the general economy."

Our taxable fixed-maturity portfolio at September 30, 2023 March 31, 2024, included \$196 million \$189 million of commercial mortgage-backed asset-backed securities with an average rating of Aa3/AA-.

TAX-EXEMPT FIXED MATURITIES

At September 30, 2023 March 31, 2024, we had \$3.668 billion \$3.866 billion of tax-exempt fixed-maturity securities with an average rating of Aa2/AA by Moody's and S&P Global Ratings. We traditionally have purchased municipal bonds focusing on general obligation and essential services issues, such as water, waste disposal or others. The portfolio is well diversified among approximately 1,700 1,800 municipal bond issuers. No single municipal issuer accounted for more than 0.6% of the tax-exempt fixed-maturity portfolio at September 30, 2023 March 31, 2024.

INTEREST RATE SENSITIVITY ANALYSIS

Because of our strong surplus, long-term investment horizon and ability to hold most fixed-maturity investments until maturity, we believe the company is adequately positioned if interest rates were to rise. Although the fair values of our existing holdings may suffer, a higher rate environment would provide the opportunity to invest cash flow in higher-yielding securities, while reducing the likelihood of untimely redemptions of currently callable securities. While higher interest rates would be expected to continue to increase the number of fixed-maturity holdings trading below 100% of amortized cost, we believe lower fixed-maturity security values due solely to interest rate changes would not signal a decline in credit quality. We continue to manage the portfolio with an eye toward both meeting current income needs and managing interest rate risk.

Our dynamic financial planning model uses analytical tools to assess market risks. As part of this model, the effective duration of the fixed-maturity portfolio is continually monitored by our investment department to evaluate the theoretical impact of interest rate movements.

The table below summarizes the effect of hypothetical changes in interest rates on the fair value of the fixed-maturity portfolio:

(Dollars in millions)		Effect from interest rate change in basis points				
		-200	-100	—	100	200
At September 30, 2023	\$	14,050	\$ 13,452	\$ 12,843	\$ 12,229	\$ 11,629
At December 31, 2022	\$	13,300	\$ 12,714	\$ 12,132	\$ 11,548	\$ 10,974

(Dollars in millions)		Effect from interest rate change in basis points				
		-200	-100	—	100	200
At March 31, 2024	\$	15,281	\$ 14,681	\$ 14,084	\$ 13,458	\$ 12,802
At December 31, 2023	\$	14,962	\$ 14,375	\$ 13,791	\$ 13,179	\$ 12,543

The effective duration of the fixed-maturity portfolio as of September 30, 2023 March 31, 2024, was 4.7 4.3 years, matching year-end 2022, 2023. The above table is a theoretical presentation showing that an instantaneous, parallel shift in the yield curve of 100 basis points could produce an approximately 4.8% 4.3% change in the fair value of the fixed-maturity portfolio. Generally speaking, the higher a bond is rated, the more directly correlated movements in its fair value are to changes in the general level of interest rates, exclusive of call features. The fair values of average- to lower-rated corporate bonds are additionally influenced by the expansion or contraction of credit spreads.

In our dynamic financial planning model, the selected interest rate change of 100 to 200 basis points represents our view of a shift in rates that is quite possible over a one-year period. The rates modeled should not be considered a prediction of future events as interest rates may be much more volatile in the future. The analysis is not intended to provide a precise forecast of the effect of changes in rates on our results or financial condition, nor does it take into account any actions that we might take to reduce exposure to such risks.



## EQUITY INVESTMENTS

Our equity investments, with a fair value totaling \$10.031 billion \$11.557 billion at September 30, 2023 March 31, 2024, included \$9.678 billion \$11.203 billion of common stock securities of companies generally with strong indications of paying and growing their dividends. Other criteria we evaluate include increasing sales and earnings, proven management and a favorable outlook. We believe our equity investment style is an appropriate long-term strategy. While our long-term financial position would be affected by prolonged changes in the market valuation of our investments, we believe our strong surplus position and cash flow provide a cushion against short-term fluctuations in valuation. Continued payment of cash dividends by the issuers of our common equity holdings can provide a floor to their valuation.

The table below summarizes the effect of hypothetical changes in market prices on fair value of our equity portfolio.

(Dollars in millions)		Effect from market price change in percent							
		-30%	-20%	-10%	—	10%	20%	30%	
At September 30, 2023	\$	7,022	\$ 8,025	\$ 9,028	\$ 10,031	\$ 11,034	\$ 12,037	\$ 13,040	
At December 31, 2022	\$	6,889	\$ 7,873	\$ 8,857	\$ 9,841	\$ 10,825	\$ 11,809	\$ 12,793	

(Dollars in millions)		Effect from market price change in percent							
		-30%	-20%	-10%	—	10%	20%	30%	
At March 31, 2024	\$	8,090	\$ 9,246	\$ 10,401	\$ 11,557	\$ 12,713	\$ 13,868	\$ 15,024	
At December 31, 2023	\$	7,692	\$ 8,791	\$ 9,890	\$ 10,989	\$ 12,088	\$ 13,187	\$ 14,286	

At September 30, 2023 March 31, 2024, Apple Inc. Microsoft (Nasdaq:AAPL MSFT) was our largest single common stock holding with a fair value of \$764 \$942 million, or 7.9% 8.4% of our publicly traded common stock portfolio and 3.3% 3.7% of the total investment portfolio. Thirty-seven Forty holdings among eight nine different sectors each had a fair value greater than \$100 million.

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## Common Stock Portfolio Industry Sector Distribution

		Percent of common stock portfolio				Percent of common stock portfolio			
		At September 30, 2023		At December 31, 2022		At March 31, 2024		At December 31, 2023	
		Cincinnati Financial	S&P 500 Industry Weightings	Cincinnati Financial	S&P 500 Industry Weightings	Cincinnati Financial	S&P 500 Industry Weightings	Cincinnati Financial	S&P 500 Industry Weightings
Sector:	Sector:								
Information technology	Information technology	31.1 %	27.5 %	26.5 %	25.7 %	33.3 %	29.6 %	33.1 %	28.9 %
Financial	Financial	12.9	12.8	13.6	11.7				
Industrials	Industrials								
Healthcare	Healthcare	12.7	13.3	15.0	15.8				
Industrials	Industrials	11.7	8.3	11.9	8.7				
Consumer staples	Consumer staples	7.8	6.6	8.8	7.2				
Consumer discretionary	Consumer discretionary	7.5	10.7	7.7	9.8				
Materials	Materials	4.9	2.4	5.0	2.7				
Energy	Energy	4.9	4.7	5.0	5.2				
Utilities	Utilities	2.8	2.4	2.9	3.2				
Real estate	Real estate	2.3	2.4	2.3	2.7				
Telecomm services	Telecomm services	1.4	8.9	1.3	7.3				
Total	Total	100.0 %	100.0 %	100.0 %	100.0 %	Total	100.0 %	100.0 %	100.0 %

UNREALIZED INVESTMENT GAINS AND LOSSES

At September 30, 2023 March 31, 2024, unrealized investment gains before taxes for the fixed-maturity portfolio totaled \$29 \$89 million and unrealized investment losses amounted to \$1.236 billion \$714 million before taxes.

The \$1.207 billion \$625 million net unrealized loss position in our fixed-maturity portfolio at September 30, 2023 March 31, 2024, increased in the first nine three months of 2023, 2024, primarily due to an increase in U.S. Treasury yields that were partially offset by tightening of corporate credit spreads. The net loss position for our current fixed-maturity holdings will naturally decline over time as individual securities approach maturity. In addition, changes in interest rates can cause rapid, significant changes in fair values of fixed-maturity securities and the net loss position, as discussed in Quantitative and Qualitative Disclosures About Market Risk.

For federal income tax purposes, taxes on gains from appreciated investments generally are not due until securities are sold. We believe that the appreciated value of equity securities, compared with the cost of securities that is generally used as a tax basis, is a useful measure to help evaluate how fair value can change over time. On this basis, the net unrealized investment gains at September 30, 2023 March 31, 2024, consisted of a net gain position in our equity portfolio of \$5.632 billion \$7.244 billion. Events or factors such as economic growth or recession can affect the fair value and unrealized investment gains of our equity securities. The five largest holdings in our common stock portfolio were Microsoft, Apple Microsoft (Nasdaq:MSFT) AAPL, Broadcom Inc. (Nasdaq:AVGO), UnitedHealth Group Inc. (NYSE:UNH) and JPMorgan Chase & Co (NYSE:JPM) and BlackRock, Inc. (NYSE:BLK), which had a combined fair value of \$2.605 billion \$3.202 billion.

Unrealized Investment Losses

We expect the number of fixed-maturity securities trading below amortized cost to fluctuate as interest rates rise or fall and credit spreads expand or contract due to prevailing economic conditions. Further, amortized costs for some securities are revised through write-downs recognized in prior periods. At September 30, 2023 March 31, 2024, 4,490 3,329 of the 4,707 4,804 fixed-maturity securities we owned had fair values below amortized cost, compared with 3,272 2,840 of the 4,521 4,738 securities we owned at year-end 2022, 2023. The 4,490 3,329 holdings with fair values below amortized cost at September 30, 2023 March 31, 2024, represented 95.0% 71.4% of the fair value of our fixed-maturity investment portfolio and \$1.236 billion \$714 million in unrealized losses.

- 2,831 2,413 of the 4,490 3,329 holdings had fair value between 90% and 100% of amortized cost at September 30, 2023 March 31, 2024. These primarily consist of securities whose current valuation is largely the result of interest rate factors. The fair value of these 2,831 2,413 securities was \$8.696 billion \$8.027 billion, and they accounted for \$365 \$250 million in unrealized losses.
- 1,457 904 of the 4,490 3,329 fixed-maturity holdings had fair value between 70% and 90% of amortized cost at September 30, 2023 March 31, 2024. We believe the 1,457 904 fixed-maturity securities will continue to pay interest and ultimately pay

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- pay principal upon maturity. The issuers of these 1,457 904 securities have strong cash flow to service their debt and meet their contractual obligation to make principal payments. The fair value of these securities was \$3.170 \$2.001 billion, and they accounted for \$705 million \$448 million in unrealized losses.
- 202 12 of the 4,490 3,329 fixed-maturity holdings had fair value below 70% of amortized cost at September 30, 2023 March 31, 2024. We believe these fixed-maturity securities will continue to pay interest and ultimately pay principal upon maturity. The fair value of these securities was \$337 million \$29 million, and they accounted for \$166 million \$16 million in unrealized losses.

The table below reviews fair values and unrealized losses by investment category and by the overall duration of the securities' continuous unrealized loss position.

(Dollars in millions)	Less than 12 months				12 months or more		Total		(Dollars in millions)	Less than 12 months	12 months or more	Total	
	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses	Fair value	Unrealized losses				Fair value	Unrealized losses
At September 30, 2023													
At March 31, 2024									At March 31, 2024				
Fixed-maturity securities:	Fixed-maturity securities:								Fixed-maturity securities:				
Corporate	Corporate	\$1,283	\$ 58	\$5,431	\$ 642	\$ 6,714	\$ 700						
States, municipalities and political subdivisions	States, municipalities and political subdivisions	2,331	89	1,902	400	4,233	489						
Government-sponsored enterprises	Government-sponsored enterprises	742	17	95	6	837	23						
Asset-backed													

United States government	United States government	80	1	130	5	210	6
Commercial mortgage-backed		1	—	194	18	195	18
Foreign government	Foreign government	9	—	5	—	14	—
Total	Total	<u>\$4,446</u>	<u>\$ 165</u>	<u>\$7,757</u>	<u>\$ 1,071</u>	<u>\$12,203</u>	<u>\$ 1,236</u>

At December 31, 2022

At December 31, 2023

At December 31, 2023

At December 31, 2023

Fixed-maturity securities:	Fixed-maturity securities:					Fixed-maturity securities:		
Corporate	Corporate	\$5,651	\$ 412	\$ 661	\$ 168	\$ 6,312	\$ 580	
States, municipalities and political subdivisions	States, municipalities and political subdivisions	2,600	274	77	29	2,677	303	
Government-sponsored enterprises	Government-sponsored enterprises	123	3	3	—	126	3	
Asset-backed								
United States government	United States government	146	3	41	2	187	5	
Commercial mortgage-backed		215	13	14	3	229	16	
Foreign government	Foreign government	25	1	4	—	29	1	
Total	Total	<u>\$8,760</u>	<u>\$ 706</u>	<u>\$ 800</u>	<u>\$ 202</u>	<u>\$ 9,560</u>	<u>\$ 908</u>	
Total								
Total								

At September 30, 2023 March 31, 2024, applying our invested asset impairment policy, we determined that the total of \$1.236 billion, \$714 million, for securities in an unrealized loss position in the table above, was not the result of a credit loss.

During the first nine three months of 2023, one 2024, no fixed-maturity security was securities were written down to fair value, due to an intention to be sold, resulting in \$4 million of noncash charges. Changes in sold. The allowance for credit losses were \$3 million increased \$9 million during the first nine three months of 2023, 2024. During the first nine three months of 2022, two 2023, no fixed-maturity securities were written down to fair value, due to an intention to be sold, and changes in allowance for credit losses were each less than \$1 million.

During the full year of 2022, 2023, we wrote down three securities one security and recorded \$5 million \$4 million in impairment charges. At December 31, 2022 December 31, 2023, 3,272 2,840 fixed-maturity securities with a total unrealized loss of \$908 million \$687 million were in an unrealized loss position. Of that total, 49 20 fixed-maturity securities had fair values below 70% of amortized cost.

The following table summarizes the investment portfolio by severity of decline:

(Dollars in millions)	(Dollars in millions)	Number of issues	Amortized cost	Fair value	Gross unrealized gain (loss)	Gross investment income	(Dollars in millions)	Number of issues	Amortized cost	Fair value	Gross unrealized gain (loss)	Gross investment income
At September 30, 2023												

At March 31, 2024										
Taxable fixed maturities:		Taxable fixed maturities:								
Taxable fixed maturities:										
Taxable fixed maturities:										
Fair valued below 70% of amortized cost										
Fair valued below 70% of amortized cost										
Fair valued below 70% of amortized cost	Fair valued below 70% of amortized cost	118	\$	354	\$	238	\$	(116)	\$	8
Fair valued at 70% to less than 100% of amortized cost	Fair valued at 70% to less than 100% of amortized cost	2,102		9,253		8,445		(808)		300
Fair valued at 100% and above of amortized cost	Fair valued at 100% and above of amortized cost	120		463		492		29		24
Investment income on securities sold in current year	Investment income on securities sold in current year	—		—		—		—		12
Total	Total	2,340		10,070		9,175		(895)		344
Tax-exempt fixed maturities:		Tax-exempt fixed maturities:								
Fair valued below 70% of amortized cost										
Fair valued below 70% of amortized cost	Fair valued below 70% of amortized cost	84		149		99		(50)		3
Fair valued at 70% to less than 100% of amortized cost	Fair valued at 70% to less than 100% of amortized cost	2,186		3,683		3,421		(262)		88
Fair valued at 100% and above of amortized cost	Fair valued at 100% and above of amortized cost	97		148		148		—		4

Investment income on securities sold in current year	Investment income on securities sold in current year	—	—	—	—	2
Total	Total	2,367	3,980	3,668	(312)	97
Fixed-maturities summary:	Fixed-maturities summary:					
Fair valued below 70% of amortized cost		202	503	337	(166)	11
Fair valued at 70% to less than 100% of amortized cost		4,288	12,936	11,866	(1,070)	388
Fair valued at 100% and above of amortized cost		217	611	640	29	28
Investment income on securities sold in current year		—	—	—	—	14
Total		4,707	\$ 14,050	\$12,843	\$ (1,207)	\$ 441

At December 31, 2022

Fixed-maturities summary:

Fixed-maturities summary:	Fixed-maturities summary:					
Fair valued below 70% of amortized cost	Fair valued below 70% of amortized cost	49 \$	91 \$	61 \$	(30) \$	3
Fair valued at 70% to less than 100% of amortized cost	Fair valued at 70% to less than 100% of amortized cost	3,223	10,377	9,499	(878)	392
Fair valued at 100% and above of amortized cost	Fair valued at 100% and above of amortized cost	1,249	2,511	2,572	61	92
Investment income on securities sold in current year	Investment income on securities sold in current year	—	—	—	—	23
Total	Total	4,521	\$ 12,979	\$12,132	\$ (847)	\$ 510

At December 31, 2023

At December 31, 2023

At December 31, 2023

Fixed-maturities summary:	Fixed-maturities summary:
Fair valued below 70% of amortized cost	
Fair valued at 70% to less than 100% of amortized cost	
Fair valued at 100% and above of amortized cost	
Investment income on securities sold in current year	
Total	

See our 2022 2023 Annual Report on Form 10-K, Item 7, Critical Accounting Estimates, Asset Impairment, Page 58.

Item 4. Controls and Procedures

Evaluation of Disclosure Controls and Procedures – The company maintains disclosure controls and procedures (as that term is defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (Exchange Act)).

Any controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving the desired control objectives. The company's management, with the participation of the company's chief executive officer and chief financial officer, has evaluated the effectiveness of the design and operation of the company's disclosure controls and procedures as of September 30, 2023 March 31, 2024. Based upon that evaluation, the company's chief executive officer and chief financial officer concluded that the design and operation of the company's disclosure controls and procedures provided reasonable assurance that the disclosure controls and procedures are effective to ensure:

- that information required to be disclosed in the company's reports under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in the Securities and Exchange Commission's rules and forms, and
- that such information is accumulated and communicated to the company's management, including its chief executive officer and chief financial officer, as appropriate, to allow timely decisions regarding required disclosures.

Changes in Internal Control over Financial Reporting – During the three months ended September 30, 2023 March 31, 2024, there were no changes in our internal controls over financial reporting that have materially affected, or are reasonably likely to materially affect, our internal control over financial reporting.

## Part II – Other Information

### Item 1. Legal Proceedings

Neither the company nor any of our subsidiaries are involved in any litigation believed to be material other than ordinary, routine litigation incidental to the nature of our business.

### Item 1A. Risk Factors

Our risk factors have not changed materially since they were described in our 2022 2023 Annual Report on Form 10-K filed February 23, 2023 February 26, 2024. Investors should not interpret the disclosure of a risk to imply that the risk has not already materialized.

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### Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

We did not sell any of our shares that were not registered under the Securities Act during the first nine three months of 2023, 2024. Our repurchase program does not have an expiration date. On January 26, 2018, an additional 15 million shares were authorized, which expanded our current repurchase program. We have 6,726,785 6,046,785 shares available for purchase under our programs at September 30, 2023 March 31, 2024.

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
July 1-31, 2023	—	\$ —	—	6,726,785
August 1-31, 2023	—	—	—	6,726,785
September 1-30, 2023	—	—	—	6,726,785
Totals	—	—	—	

Period	Total number of shares purchased	Average price paid per share	Total number of shares purchased as part of publicly announced plans or programs	Maximum number of shares that may yet be purchased under the plans or programs
January 1-31, 2024	—	—	—	6,726,785
February 1-29, 2024	500,000	\$ 109.07	500,000	6,226,785
March 1-31, 2024	180,000	112.19	180,000	6,046,785
Totals	680,000	109.89	680,000	

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### Item 5. Other Information

Neither the company nor any of our officers or directors adopted or terminated a Rule 10b5-1 or non-Rule 10b5-1 trading arrangement as defined by Item 408(a) and Item 408(d) of Regulation S-K during the last fiscal quarter.

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### Item 6. Exhibits

Exhibit No.	Exhibit Description
3.1	<a href="#">Amended and Restated Articles of Incorporation of Cincinnati Financial Corporation (incorporated by reference to the company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2017, Exhibit 3.1)</a>
3.2	<a href="#">Amended and Restated Code of Regulations of Cincinnati Financial Corporation, as of May 6, 2023 (incorporated by reference to Exhibit 3.1 filed with the company's Current Report on Form 8-K dated May 9, 2023)</a>
31A	<a href="#">Certification pursuant to Section 302 of the Sarbanes Oxley Act of 2002 – Chief Executive Officer</a>
31B	<a href="#">Certification pursuant to Section 302 of the Sarbanes Oxley Act of 2002 – Chief Financial Officer</a>
32	<a href="#">Certification pursuant to Section 906 of the Sarbanes Oxley Act of 2002</a>
101.INS	The instance document does not appear in the interactive data file because its XBRL tags are embedded within the Inline XBRL document.
101.SCH	XBRL Taxonomy Extension Schema Document
101.CAL	XBRL Taxonomy Extension Calculation Linkbase Document
101.DEF	XBRL Taxonomy Extension Definition Linkbase Document
101.LAB	XBRL Taxonomy Extension Label Linkbase Document
101.PRE	XBRL Taxonomy Extension Presentation Linkbase Document
104	Cover Page Interactive Data File (formatted as Inline XBRL and contained in Exhibit 101)

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## 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

Date: October 26, 2023 April 25, 2024

/s/ Michael J. Sewell

Michael J. Sewell, CPA

Chief Financial Officer, Executive Vice President and Treasurer

(Principal Accounting Officer)

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## EXHIBIT 31A

### CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Steven J. Johnston, certify that:

- I have reviewed this Quarterly Report on Form 10-Q of Cincinnati Financial Corporation;
- Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
- Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
- The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;



- b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
- a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 26, 2023** **April 25, 2024**

/s/ Steven J. Johnston

Steven J. Johnston, FCAS, MAAA, CFA, CERA

Chairman and Chief Executive Officer

## EXHIBIT 31B

### CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

I, Michael J. Sewell, certify that:

1. I have reviewed this Quarterly Report on Form 10-Q of Cincinnati Financial Corporation;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
  - a. designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
  - b. designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
  - c. evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
  - d. disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
  - a. all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
  - b. any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: **October 26, 2023** **April 25, 2024**

/S/ Michael J. Sewell

Michael J. Sewell, CPA

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

#### EXHIBIT 32

#### CERTIFICATION PURSUANT TO SECTION 302 OF THE SARBANES OXLEY ACT OF 2002

The certification set forth below is being submitted in connection with this report on Form 10-Q for the purpose of complying with Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code.

Steven J. Johnston, the chairman and chief executive officer, and Michael J. Sewell, the chief financial officer, of Cincinnati Financial Corporation each certifies that, to the best of his knowledge:

1. the report fully complies with the requirements of Section 13(a) or 15(d) of the Exchange Act; and
2. the information contained in the report fairly presents, in all material respects, the financial condition and results of operations of Cincinnati Financial Corporation.

Date: **October 26, 2023** **April 25, 2024**

/S/ Steven J. Johnston

Steven J. Johnston, FCAS, MAAA, CFA, CERA  
Chairman and Chief Executive Officer

/S/ Michael J. Sewell

Michael J. Sewell, CPA

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

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