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CREDIT OPINION
18 July 2024

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RATINGS

Cincinnati Financial Corp

Domicile	CINCINNATI, Ohio, United States
Long Term Rating	A3
Type	Senior Unsecured - Dom Curr
Outlook	Stable

Please see the ratings section at the end of this report for more information. The ratings and outlook shown reflect information as of the publication date.

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Cincinnati Financial Corp

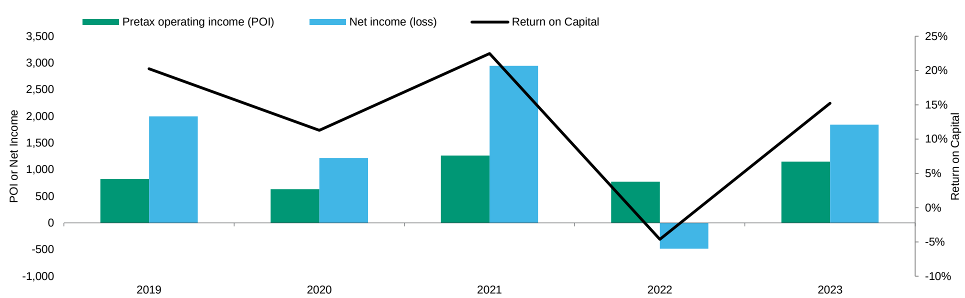
Expanding national presence with good profitability and strong capital

Summary

Cincinnati Financial Corporation's (NASDAQ: CINF) A3 senior unsecured debt rating and the A1 insurance financial strength (IFS) ratings of its insurance operating subsidiaries (collectively, Cincinnati Financial) reflect the group's strong regional and increasingly national market presence, which benefits from long-term relationships with independent agents, and a focus on small and middle market commercial lines risks. The company maintains sound reserves and capital adequacy, low financial leverage, and substantial holding company liquidity. These strengths are tempered by exposure to catastrophes, including weather-related losses particularly in the Midwest, pricing and reserve risk associated with long tail casualty business, and investment volatility reflecting a sizeable common stock portfolio (Exhibit 1).

For the first quarter of 2024, Cincinnati Financial reported net income of $755 million compared to a net income of $225 million in the prior year period, largely driven by increased earned premiums and unrealized investment gains in its equity portfolio. The company reported a combined ratio of 93.6% in the first quarter of 2024 reflecting lower catastrophe losses compared to the prior year period. The company, like its insurance peers, faces higher claim costs, particularly in commercial casualty insurance where claim counts are down but severity is up. In 2023, Cincinnati Financial recorded net income of $1.8 billion primarily due to significant unrealized gains on its equity portfolio and a combined ratio of 94.9%. We expect the company to continue reporting profitable operating results due to its pricing expertise, loss control and claims handling practices.

Exhibit 1
Good underwriting results, earnings volatility driven by large equity portfolio



Pretax operating income excludes realized/unrealized investment gains and losses
Source: Company reports, Moody's Ratings

Credit strengths

» Long-standing regional, and increasingly national franchise based on strong service reputation

» Long-term relationships with independent agencies nationwide

» Modest financial and operating leverage

» Strong liquidity with excess capital at the holding company

Credit challenges

» Exposure to weather-related large losses given Midwest focus and growing California presence

» High concentration of contractor-related businesses, exposing the company to economic cycles tied to construction activity

» Sizable common equity portfolio, which creates volatility in net income

» Potential earnings volatility from the company's Lloyd's operation and its assumed reinsurance business (Cincinnati Re)

Outlook

The outlook on Cincinnati Financial's ratings is stable reflecting our expectation that the company will continue maintaining healthy capital and robust liquidity.

Factors that could lead to an upgrade

» Increased scale and expansion of Cincinnati Financial's geographic footprint while maintaining strong capitalization and earnings

» Combined ratios (including catastrophes) at or below 95% across the cycle

» Earnings coverage at or above 8x

» Financial leverage at or below 15%

Factors that could lead to a downgrade

» Combined ratios consistently above 100%

» Earnings coverage less than 6x

» Financial leverage above 25%

» Decline in shareholders' equity greater than 10% over a one-year period

Key indicators

Exhibit 2

Cincinnati Financial Corp [1][2]	2023	2022	2021	2020	2019
As Reported (US Dollar Millions)					
Total Assets	32,769	29,732	31,387	27,542	25,408
Total Shareholders' Equity	12,098	10,562	13,105	10,789	9,864
Net Income (Loss) Attributable to Common Shareholders	1,843	(487)	2,946	1,216	1,997
Gross Premiums Written	8,379	7,623	6,736	6,083	5,723
Net Premiums Written	8,046	7,307	6,479	5,864	5,516
Moody's Adjusted Ratios					
High Risk Assets % Shareholders' Equity	114.9%	119.2%	107.7%	104.1%	96.9%
Reinsurance Recoverables (or Reinsurance Contract Assets) / Shareholders' Equity	5.4%	6.3%	4.3%	4.8%	6.2%
Goodwill & Intangibles % Shareholders' Equity	9.5%	10.2%	7.4%	8.0%	8.5%
Gross Underwriting Leverage	1.7x	1.8x	1.3x	1.4x	1.4x
Return on Capital (ROC)	14.8%	-3.9%	22.7%	10.7%	20.3%
Sharpe Ratio of ROC (5 yr.)	122.8%	94.0%	148.0%	147.5%	141.2%
Adv. (Fav.) Loss Dev. % Beg. Reserves	-2.7%	-2.3%	-6.7%	-2.3%	-4.6%
Financial Leverage	7.4%	8.5%	7.0%	8.7%	9.3%
Total Leverage	7.4%	8.5%	7.0%	8.7%	9.3%
Earnings Coverage	39.1x	-11.3x	64.1x	26.0x	41.9x
Cash Flow Coverage	14.0x	12.3x	17.5x	10.8x	10.8x

Source: Company filings and Moody's Ratings

Profile

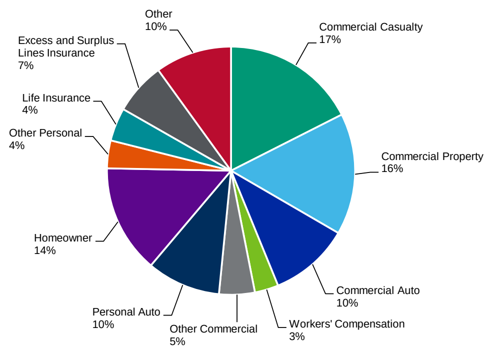
Cincinnati Financial is an Ohio-based, publicly traded holding company whose subsidiaries write a range of commercial and personal insurance products, and to a lesser extent, provide life insurance, excess and surplus (E&S) lines insurance and other (consisting of Cincinnati Re, Cincinnati Global Underwriting Ltd., and lease/financial services in the US) (Exhibit 3). Cincinnati Financial's strategy emphasizes commercial insurance products aimed at small to midsized businesses. The company continues to expand its high net worth business (Cincinnati Private Client[sm]), which adds diversification benefits and high margin products. Elevated inflation and catastrophe events have kept Cincinnati Financial's combined ratio of personal lines at around 100% (Exhibit 8), which is better than the overall industry. High net worth business, which represents about half of the company's personal lines direct written premiums, could improve personal lines profitability, but also adds catastrophe risk.

Cincinnati Global, through Lloyd's Syndicate 318, underwrites mostly (78% of its NWP) US and international property risks. The remaining 22% includes credit and political risks, political violence, specie and contingency risks. The Lloyd's operation gives the company access to international insurance licenses, which gives it the ability to write business in various countries throughout the world. The company enables its appointed US independent agencies to offer their clients insurance solutions in the Lloyd's market through Cincinnati Financial's insurance brokerage subsidiary, CSU Producer Resources Inc.

Cincinnati Financial operates in 46 states (Exhibit 4), primarily in the Midwest and Southeast, and distributes products through a growing network of 2,125 independent agencies, not including its Lloyd's brokers or coverholders that source business for its UK-based Cincinnati Global.

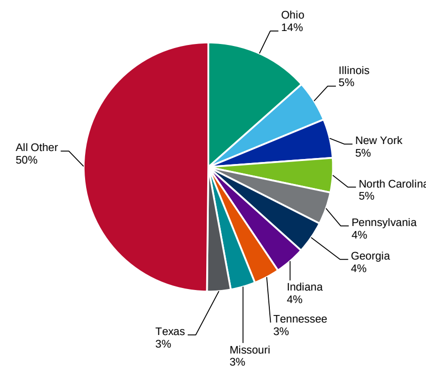
In May 2024, Stephen Spray assumed the role of CEO from Steven Johnston, who was elected chairman of the board, completing a smoothly executed succession plan.

Exhibit 3
Net written premiums by business line, 2023



Note: Total net written premiums $8.05 billion. Other consists of Cincinnati Re ($558 million) and Cincinnati Global ($280 million).
Source: Company reports, Moody's Ratings

Exhibit 4
Net premiums earned for P&C by geography, 2023



Note: Total P&C net premiums earned $7.6 billion (includes Cincinnati Re and Cincinnati Global)
Source: Company reports, Moody's Ratings

Detailed credit considerations

We rate Cincinnati Financial Corporation's principal property casualty operating companies A1 for insurance financial strength, which is in line with the adjusted scorecard-indicated outcome shown below (Exhibit 13).

Insurance Financial Strength Rating

The key factors currently influencing our rating and outlook (Exhibits 13 and 14) are as follows:

Market position, brand and distribution: High touch service with efficient agency processing and claims handling

Cincinnati Financial ranks among the top 30 US commercial lines P&C insurers, as measured by 2023 commercial lines direct premiums written. The company is a strong regional insurer with significant business concentration in the Midwest but also an expanding national and international (through Cincinnati Re and Cincinnati Global) footprint. The company's strategy emphasizes long-term relationships with better-performing independent agents by aiming to provide a consistent and stable market for a substantial portion of an agency's typical risks, along with superior claims service and profit-sharing commissions. This strategy has enabled Cincinnati Financial to enhance its market position in its main street commercial lines book, providing a competitive advantage in its core Midwest franchise versus larger-scale nationwide commercial lines carriers.

Cincinnati Financial continues to target meaningful business growth through increased agency penetration and the appointment of new agents. The company's infrastructure supports its agency relationship model, based on significant investments in information technology. These include predictive modeling and data management to enhance risk selection, pricing and underwriting, claims handling, strategic and financial risk analysis, and streamlining agency processing along with enhancing the customer experience. Cinergy^{sm}, the company's small business program and policy issuance system, offers business owners policies, auto, workers' compensation and umbrella coverages in 32 states. This platform gives agents the ability to efficiently quote, bind and issue policies more quickly. By year-end 2024, Cinergy will be available for use by agents in nearly all of Cincinnati Financial's active states.

The company's personal lines premium growth has been significant, fueled by rate increases, state expansion, an accelerated pace of new agency appointments and increased focus on the high net worth market (Cincinnati Private Client^{sm}). In 2023, Cincinnati Private Client^{sm} net written premiums rose 37% to approximately $1.257 billion, representing 54.6% of Cincinnati Financial's personal lines' NPW. According to Cincinnati Financial, it is one of the top three writers of private client business in the US. We expect the company will continue to shift its product mix toward more high net worth business with increasing pricing sophistication and segmentation.

We view Cincinnati Financial's other businesses, including assumed reinsurance (Cincinnati Re) and Lloyd's Syndicate 318 (part of Cincinnati Global operation), as having more earnings volatility. However, these operations' risk contributions remain modest at almost 10% of 2023 NPW, which is small relative to the group's core revenues, earnings and capital base. In addition, through The Cincinnati

Life Insurance Company, Cincinnati Financial offers term life and annuity products to create cross-serve opportunities for its agencies in order to meet the life insurance needs of their clients.

The company's underwriting expense ratio (Exhibit 13) has averaged 30% over the last five years reflecting good non-commission cost control measures and higher earned premiums. A significant driver of the expense ratio (about two thirds of underwriting expenses) is commission expenses, including profit-sharing commissions relating to one-year and three-year profitability of an agency's business. Given the integral role independent agents play in Cincinnati Financial's strategy, we do not expect the level of agent commissions to shift materially over time.

Product focus and diversification: Multi-year commercial policies support long-term relationships

Cincinnati Financial's business mix carries generally short-to-medium tail exposures and focuses on small-to-mid-size accounts where prices tend to fluctuate less dramatically with the underwriting cycle (compared to large accounts). In general, Cincinnati Financial's business mix results in a moderate risk profile in terms of estimating ultimate claim costs.

The company writes packaged commercial lines policies, typically on a three-year policy term, which encourages long-term relationships and reduces annual administrative efforts for the company and its agents. Although this structure tends to lock in premium rates for certain lines of business included in the account, primarily property and general liability, for the duration of the policy, actual premiums are adjusted to cover changes in exposures. The company evaluates the profitability of the entire account, monitoring other lines of an account such as auto and workers' compensation. This could result in more measured renewal rate increases in a rising rate environment for troubled lines such as commercial auto. However, the multi-year nature of these policies also results in strong policy retention levels.

The company's commercial lines segment includes some concentration in contractor businesses related to construction, with 38% of its general liability premiums and 37% of its workers' compensation premiums from the construction industry. Since construction activity is sensitive to economic cycles, Cincinnati Financial's commercial lines premium trends could vary from commercial lines premium trends for the P&C insurance industry.

Cincinnati Financial's E&S carrier, The Cincinnati Specialty Underwriters Insurance Company (Cincinnati Specialty), follows the same footprint as the commercial lines segment, covering 44 states and Washington, D.C. While still small, the company's E&S business has steadily expanded and is distributed through independent agents rather than the wholesale channel and includes a portion of the company's high net worth homeowners business on the West Coast and also in Colorado, Florida, Georgia, Massachusetts, Montana, New York, South Carolina and Utah. We expect premium rates for property risks involving catastrophe exposures to continue to be firm over the next year.

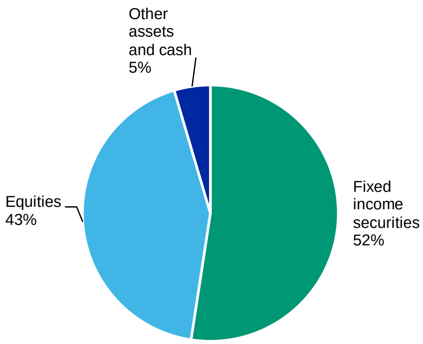
Cincinnati Re assumes domestic casualty exposure and specialty and property global exposures such as property catastrophe and terrorism risks. By assuming risks through reinsurance, Cincinnati Financial gains diversification benefits while profitably deploying enterprise capital to catastrophe tail risk, or events that have a small probability of occurring. We view the company's business model expansion into specialty and reinsurance lines with caution because they bring additional risk given the less seasoned business compared to the company's core commercial agency business.

Given the weighting towards eastern-central states (Exhibit 4), and the concentration in contractor business, the company's product risk and diversification is in line with A-rated peers rather than the Aa level indicated by the unadjusted scorecard metrics.

Asset quality: Bond portfolio is mostly investment grade; equities add volatility

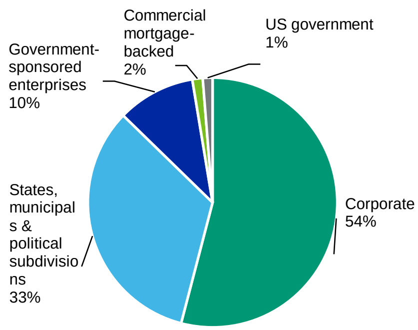
Cincinnati Financial reported total investments of $26 billion as of March 31, 2024 (Exhibit 5), including a $14 billion fixed income portfolio (Exhibit 7) consisting of about 96% in investment grade securities with a 38% concentration in the financial sector. The effective duration of the fixed income portfolio was 4.3 years, unchanged since year-end 2023. At March 31, 2024, more than half of the fixed income portfolio (Exhibit 6) consisted of taxable corporate bonds with the balance consisting mainly of municipal bonds and government-sponsored enterprises, providing ample liquidity to support the company's reserves.

Exhibit 5
Cash and invested asset composition, Q1 2024
Cash and invested assets: $26 billion



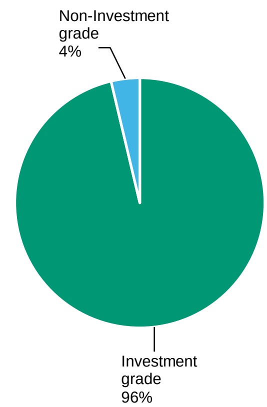
Source: Moody's Ratings and company filings

Exhibit 6
Cincinnati Financial maintains a diverse fixed income portfolio, Q1 2024



Source: Moody's Ratings and company filings

Exhibit 7
Fixed Income portfolio composition, Q1 2024
Fixed maturities: $14 billion



Source: Moody's Ratings and company filings

While rising interest rates lowered the market value of Cincinnati Financial's high quality fixed income portfolio, increased market values of the company's equity securities largely led to the rise in invested assets during 2023, which continued into the first quarter of 2024. Because of Cincinnati Financial's strong capital and surplus, long-term investment horizon, and ability to hold securities to maturity, the company is well positioned to manage investment market volatility.

The municipal bond portfolio is well-diversified and consists mainly of tax-exempt municipal securities with an average credit quality of Aa2 that are spread among approximately 1,800 issuers. Although these securities are generally held to maturity, market value fluctuations related to varying demand for these instruments could contribute to a degree of capital volatility going forward.

As of year-end 2023, high risk assets represented 115% of shareholders' equity (Exhibits 2 and 13), which was higher than peers and consisted primarily of common stocks (fair value of $10.6 billion). The sizable equity position exposes Cincinnati Financial to investment volatility, although its allocation focuses on a diversified group of large-cap, high-quality, dividend-paying companies with a 28% concentration held in five companies (Microsoft, Apple, Broadcom, JPM, and Accenture). Of the consolidated group's $10.6 billion of common stock securities, $4.5 billion, or 43% were held by the parent at the end of 2023.

Reinsurance recoverables are of good quality since the company buys reinsurance protection from a diversified panel of investment grade reinsurers. Retentions for property catastrophe reinsurance coverage increased for 2024 as the company modified its reinsurance program by increasing its risk sharing in the upper layers (losses between the $600 million and $1.2 billion layers) of a six-layer tower. Cincinnati Financial retains the first $200 million of any loss, and a share of losses up to $1.2 billion. Ceded premium increased to $76 million ($49 million in 2023) for the property catastrophe treaty. After reinsurance, Cincinnati Financial's exposure to a catastrophic event that causes $1.2 billion in covered losses in 2024 would be $423 million, compared with retention of $617 million in 2023.

The company's bond portfolio more than covers its insurance reserve liabilities, which is the basis for its long-term investment strategy of maintaining a large diversified common stock portfolio. Given the company's sizable equity portfolio, Cincinnati Financial's asset quality is in line with A-rated insurers (Exhibit 13).

Capital adequacy: Strong capital with ample reinsurance protection

Cincinnati Financial maintains strong capital. The company's gross underwriting leverage, a blunt measure, decreased slightly to 1.7x (Exhibits 2 and 13), which compares favorably to its A-rated peers.

The company's catastrophe exposure is manageable and low relative to some peers. Cincinnati Financial manages its catastrophe exposure through a combination of third-party catastrophe models, a proprietary catastrophe risk evaluation tool, and experienced underwriters. Using catastrophe models, the company estimated that the combined probable maximum loss from a single 1-in-250 year hurricane event would total $848 million, or 7% of shareholders' equity (as of December 31, 2023), net of reinsurance, taxes and reinstatement premiums, and including Cincinnati Re and Cincinnati Global. On a gross basis, modeled losses (excluding Cincinnati Re and Cincinnati Global) would be up to $1.5 billion, or about 13% of 2023 shareholders' equity.

Cincinnati Financial's 2024 reinsurance program includes a property catastrophe treaty with a limit of up to $1.2 billion for events such as wind, hail, wildfires, winter storms, hurricanes or earthquakes. The treaty contains one reinstatement provision. Cincinnati Financial retains the first $200 million of any loss (same as in 2022's treaty), and a share of losses up to $1.2 billion (versus $1.1 billion in 2022's treaty). The company has a separate reinsurance program for Cincinnati Re, which includes property catastrophe excess of loss coverage with a limit of $20 million in excess of $80 million per event.

Given the company's geographic exposure to high-frequency, low-severity events, capital adequacy is in line with Aa-rated insurers rather than the Aaa level indicated by the unadjusted scorecard metrics (Exhibit 13).

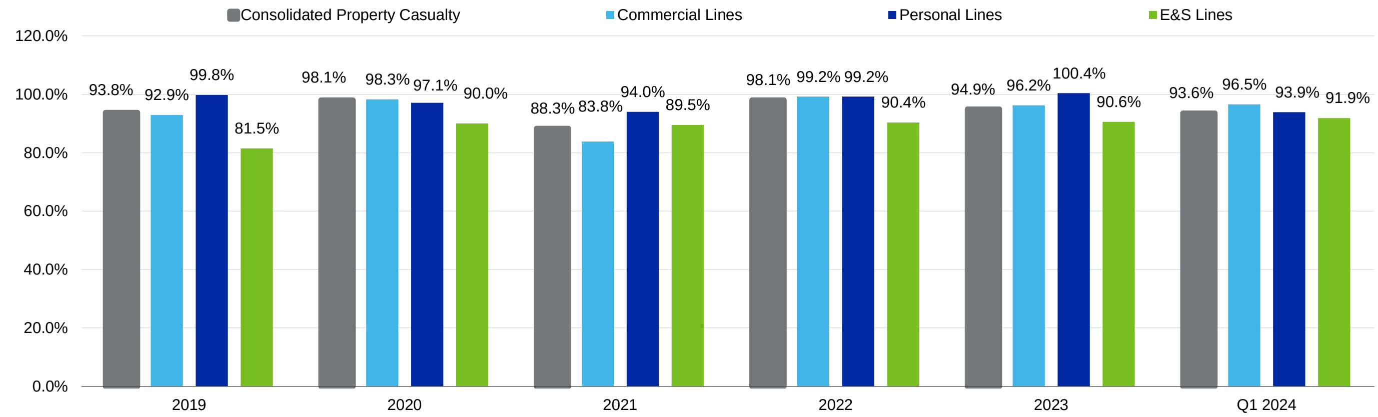
Profitability: Healthy combined ratios; volatility largely driven by swings in equity valuations

Cincinnati Financial produces healthy operating and underwriting returns (Exhibit 8) and expects its five-year annual average combined ratio to stay within its target range of 92% to 98%. The company has improved its underwriting margins through rate increases, enhancements to predictive modeling capabilities, better loss controls, as well as more effective triaging of higher-risk claims. In the first quarter of 2024, Cincinnati Financial generated net income of $755 million compared to a net income of $225 million in the prior year period driven by unrealized gains on its equity portfolio. The company's improved combined ratio declined to 93.6% from 100.7% in the prior year period driven by lower catastrophe losses, when compared to Cincinnati Financial's 2023 first quarter, which was affected by a particularly high number of weather-related catastrophes.

The company's five-year average return on capital was solid at 12.9% (Exhibit 13) with the one-year 14.8% return for 2023 (Exhibits 1 and 2). Net income in 2023 was largely driven by unrealized investment gains in the firm's equity portfolio and property casualty underwriting income. In 2023, the company reported higher combined ratios of 96.2% in commercial lines, 100.4% in personal and 90.6% in E&S. Cincinnati Financial continues to seek healthy rate increases in both its personal and commercial lines business to improve results given the ongoing impact of inflation on building materials and labor.

We expect Cincinnati Financial to continue to report healthy profitability given ongoing rate increases, healthy underwriting margins and higher net investment income over time due to rising interest rates.

Exhibit 8
Cincinnati lowers its target combined ratio range to 92% - 98% based on strong performance



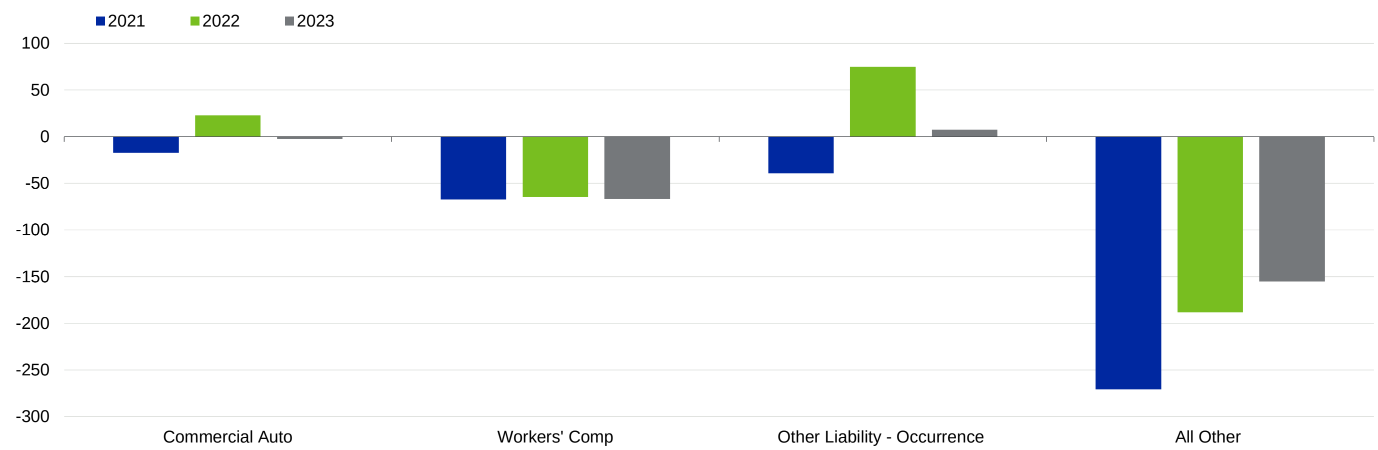
Source: Company filings, Moody's Ratings

Reserve adequacy: Long history of favorable reserve development

Cincinnati Financial has consistently experienced favorable reserve development (Exhibits 2, 9 and 13) over the course of market cycles, with the exception of 2022 when the company experienced some adverse development in commercial casualty and umbrella lines. Otherwise, the company's reserves have been generally within a reasonable range. On a current accident year basis, the company takes a conservative approach to reserves until longer-term loss cost trends become more clear. For the first quarter of 2024, Cincinnati Financial experienced $100 million of favorable development on prior accident years with favorable development across commercial, personal and E&S lines.

Consistent with broader industry trends, favorable reserve development will likely slow, particularly for commercial casualty and workers' compensation, long-tail lines with the potential for revisions in estimating reserves. Nevertheless, we expect that management will maintain its historically conservative approach to setting loss reserves.

Exhibit 9
Cincinnati Financial favorable reserve development
$ million of adverse/ (favorable) reserve development



Statutory reserve development
Source: Moody's Ratings and S&P Global Market Intelligence LLC. Contains copyrighted and trade secret material. Distributed under license from S&P. For recipient's internal use only

Financial flexibility: Conservative financial leverage, strong earnings coverage

Cincinnati Financial maintains conservative financial leverage with adjusted and total financial leverage of 7.4% as of December 31, 2023 along with strong earnings and cash flow coverage metrics (Exhibits 2 and 10). In addition, the company maintains a large pool of liquid assets at the parent-company level, primarily common equities, which totaled $4.9 billion as of March 31, 2024, and exceeded total debt outstanding by a considerable margin. Long-term debt consists of three senior notes with a total book value of $790 million.

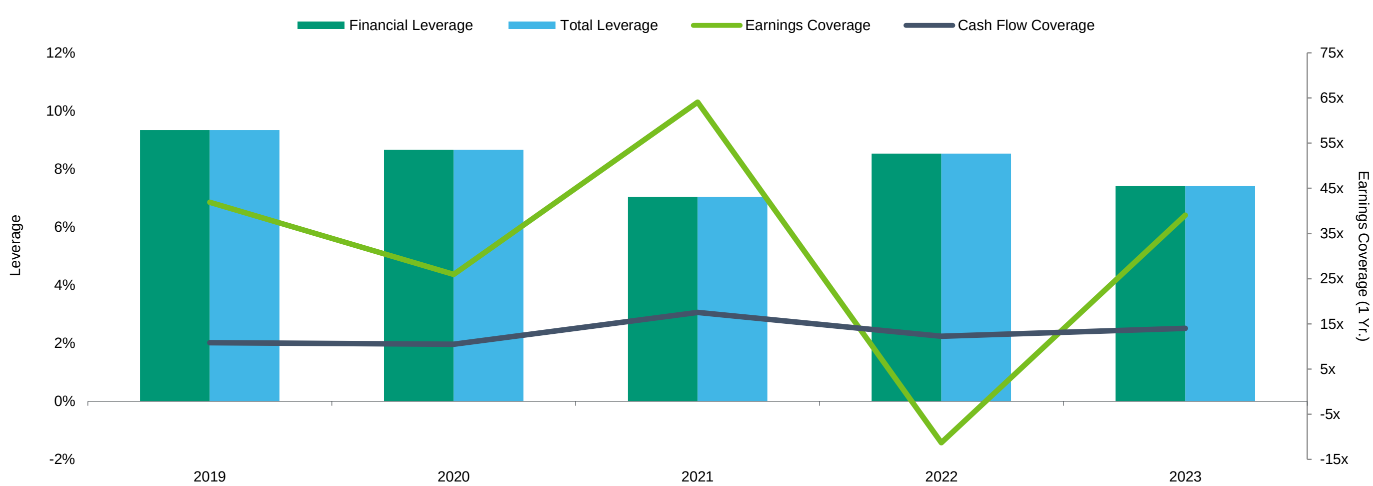
Cincinnati Financial has an unsecured letter of credit agreement which provides a portion of the capital needed to support Cincinnati Global's obligations at Lloyd's. The amount of this unsecured letter of credit agreement was $94 million at March 31, 2024, with no amounts drawn.

The 2023 cash flow coverage of interest expense was strong at 14x. Cincinnati Financial typically pays a sizable common stock dividend, which was approximately $454 million in 2023 ($116 million during Q1 2024). The company is committed to paying cash dividends, having increased cash dividends every year for the past 63 years, including during the financial crisis. We view the dividend, therefore, as akin to a fixed charge.

The company's earnings coverage increased to 39.1x in 2023 (Exhibit 2) from negative 11.3x in 2022. The improvement in net income to $1.8 billion was in stark contrast to the prior year's net loss of $487 million, and was driven by unrealized gains in the company's equity portfolio.

Given that the company pays out a significant portion of its earnings as dividends, Cincinnati Financial's strong financial flexibility is more in line with Aa-rated insurers than the unadjusted Aaa-scorecard (Exhibit 13) metric.

Exhibit 10
Conservative financial leverage, historically strong coverage metrics, but equity portfolio drives volatility



Source: Company reports, Moody's Ratings

Liquidity analysis

Cincinnati Financial maintains unusually strong holding company liquidity. For 2024, the company's US insurance subsidiaries are able to pay dividends of $729 million, or 75% of the company's adjusted outstanding debt, to the parent company without prior regulatory approval. Liquid assets (cash and marketable securities) held at the parent company level (largely comprised of common equities) represented more than five times the group's outstanding debt as of December 31, 2023, and is an additional source of liquidity. The parent held $4.9 billion in cash and marketable securities at year-end 2023, of which $4.54 billion, or 93.5%, was invested in common stocks and $138 million, or 2.8%, was cash and cash equivalents.

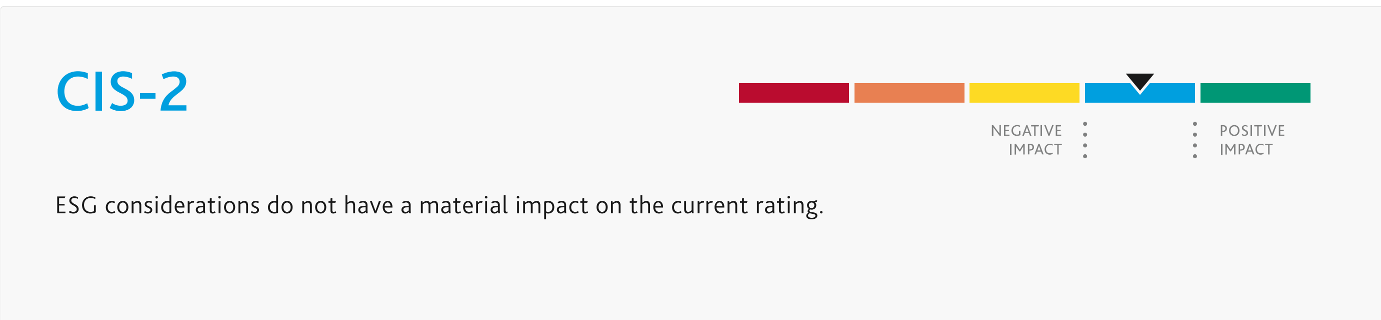
Cincinnati Financial has a $300 million unsecured revolving line of credit with an accordion feature for an additional $300 million. As of March 31, 2024, there was $25 million drawn on this revolver. The five-year agreement expires in February 2026. There is no net worth covenant, and the debt-to-total capital maximum is 35%.

Historically, the company's share repurchases have generally been moderate, while dividends have increased every year. The company repurchased $67 million of its shares in 2023 and $410 million in 2022. Cash dividends paid to shareholders were $454 million in 2023 compared to $423 million in 2022, representing the 63rd consecutive year of increased regular annual dividends.

ESG considerations

Cincinnati Financial Corp's ESG credit impact score is CIS-2

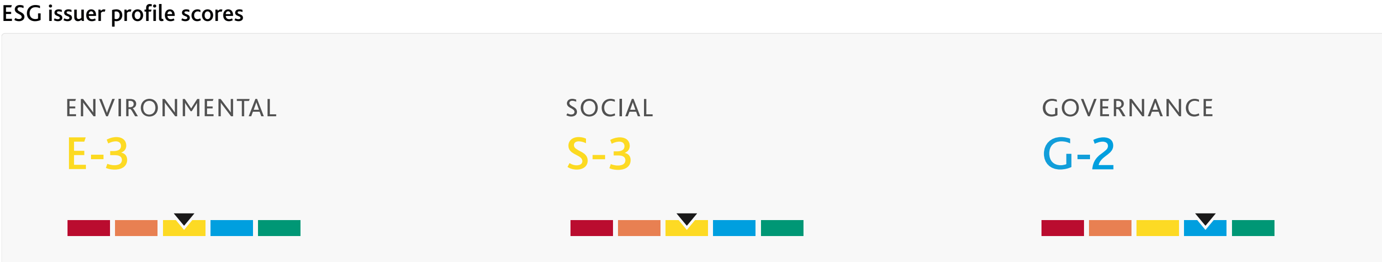
Exhibit 11
ESG credit impact score



Source: Moody's Ratings

Cincinnati Financial's **CIS-2** reflects the limited credit impact of environmental and social risks on the rating to date. The insurer's strong risk management and capital adequacy help mitigate its exposure to physical climate risk, customer relations risk, and societal and demographic risks such as rising claim costs because of a changing legal environment.

Exhibit 12
ESG issuer profile scores



Source: Moody's Ratings

Environmental

Cincinnati Financial faces moderate environmental risks, in particular physical climate risk related to the effects of natural catastrophes on its commercial and personal P&C insurance businesses. The company has a strong track record of managing environmental risk through geographic diversification, pricing and exposure management, and reinsurance. As the frequency and severity of natural catastrophes increase over time, Cincinnati Financial and its peers could find mitigating this risk more challenging.

Social

Cincinnati Financial has moderate social risk. Changes in societal attitudes and the legal environment can affect P&C claim costs and reserve development, particularly in US casualty lines. Customer relations risk arises from the sale of retail insurance products and other service offerings, exacerbated by the regulatory oversight of rate-setting and claims-handling processes. Rising digitization, and the interconnectedness of insurers, customers and other parties will increase data security risks.

Governance

Cincinnati Financial faces low governance risks, and its risk management, policies and procedures are in line with industry best practices. The company has a solid record of meeting business and profitability objectives, and managing enterprise risks, maintaining a conservative financial profile. Cincinnati Financial benefits from an experienced, diversified and independent board of directors.

ESG Issuer Profile Scores and Credit Impact Scores for the rated entity/transaction are available on Moodys.com. In order to view the latest scores, please click here to go to the landing page for the entity/transaction on MDC and view the ESG Scores section.

Support and structural considerations

Cincinnati Financial's A3 senior debt rating is two notches below the A1 IFS rating (Exhibit 13) of its lead operating subsidiaries, rather than our typical three-notch spread. The narrower notching reflects the substantial pool of liquid assets (largely common equities) held at the holding company.

Rating methodology and scorecard factors

Exhibit 13

Rating Factors

Financial Strength Rating Scorecard [1][2]	Aaa	Aa	A	Baa	Ba	B	Caa	Score	Adj Score
Business Profile								A	A
Market Position, Brand and Distribution (25%)								A	A
-Relative Market Share Ratio			X						
-Net Underwriting Expense Ratio				30.0%					
Product Focus and Diversification (10%)								Aa	A
-Product Risk		X							
-P&C Insurance Product Diversification		X							
-Geographic Diversification			X						
Financial Profile								Aa	Aa
Asset Quality (10%)								A	A
-High Risk Assets % Shareholders' Equity				114.9%					
-Reinsurance Recoverables (or Reinsurance Contract Assets) / Shareholders' Equity	5.4%								
-Goodwill & Intangibles % Shareholders' Equity	9.5%								
Capital Adequacy (15%)								Aaa	Aa
-Gross Underwriting Leverage	1.7x								
Profitability (15%)								A	A
-Return on Capital (5 yr. avg.)	12.9%								
-Sharpe Ratio of ROC (5 yr.)				122.8%					
Reserve Adequacy (10%)								Aa	Aa
-Net Loss Reserves Development / Beginning Net Loss Reserves (5 yr. wtd. avg.)		-3.5%							
Financial Flexibility (15%)								Aaa	Aa
-Financial Leverage		7.4%							
-Total Leverage		7.4%							
-Earnings Coverage (5 yr. avg.)	31.9x								
-Cash Flow Coverage (5 yr. avg.)	13.1x								
Operating Environment								Aaa - A	Aaa - A
Preliminary Standalone Outcome								Aa3	A1

[1] Information based on US GAAP financial statements as of fiscal year ended December 31, 2023. [2] The Scorecard rating is an important component of the company's published rating, reflecting the standalone financial strength before other considerations (discussed above) are incorporated into the analysis.
Source: Moody's Ratings

Ratings

Exhibit 14

Category	Moody's Rating
CINCINNATI FINANCIAL CORP	
Rating Outlook	Stable
Senior Unsecured	A3
CINCINNATI INSURANCE COMPANY (THE)	
Rating Outlook	Stable
Insurance Financial Strength	A1
CINCINNATI CASUALTY COMPANY (THE)	
Rating Outlook	Stable
Insurance Financial Strength	A1
CINCINNATI INDEMNITY COMPANY (THE)	
Rating Outlook	Stable
Insurance Financial Strength	A1

Source: Moody's Ratings

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