

CINCINNATI FINANCIAL CORP
Form 8-K
June 17, 2011

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

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 OR 15(d) of the Securities Exchange Act of 1934

Date of Report: June 17, 2011
(Date of earliest event reported)

CINCINNATI FINANCIAL CORPORATION
(Exact name of registrant as specified in its charter)

Ohio (State or other jurisdiction of incorporation)	0-4604 (Commission File Number)	31-0746871 (I.R.S. Employer Identification No.)
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6200 S. Gilmore Road, Fairfield, Ohio (Address of principal executive offices)	45014-5141 (Zip Code)
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Registrant's telephone number, including area code: (513) 870-2000

N/A
(Former name or former address, if changed since last report.)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13a-4(c))
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Item 5.04. Temporary Suspension of Trading Under Registrant's Employee Benefit Plans.

On June 17, 2011, Cincinnati Financial Corporation (CFC or the company) delivered to all plan participants notice of a blackout period (the Blackout Period) of its stock fund under the CFC Tax-Qualified Savings Plan and Top Hat Savings Plan (the Plans). Also on June 17, 2011, the company delivered a notice to its directors and executive officers of this Blackout Period (the Notice). The Notice advises the company's directors and executive officers of the applicable trading restrictions that apply to them under Section 306 of the Sarbanes-Oxley Act of 2002 and the Securities and Exchange Commission's Regulation BTR. A copy of the Notice is attached as Exhibit 99.1 to this Current Report on Form 8-K and incorporated herein by reference. The Blackout Period is required in order to convert unitized accounted stock to share accounted stock and to transition the stock fund to an Employee Stock Ownership Plan. The Blackout Period will begin and end during the calendar week of July 17, 2011. During the Blackout Period, participants in the Plans will be temporarily unable to make any transactions involving their Plan accounts and additionally directors and executive officers will be unable to make any non-exempt transactions involving the company's common stock. During the Blackout Period and for a period of two years after the ending date of the Blackout Period, security holders or other interested persons may obtain, without charge, information about the actual beginning and ending dates of the Blackout Period by contacting the company's corporate secretary, to whom all inquiries regarding the Blackout Period should be directed, at the following address:

Corporate Secretary
Cincinnati Financial Corporation
6200 S. Gilmore Road
Fairfield, Ohio
45014-5141

Safe Harbor

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 2010 Annual Report on Form 10-K, Item 1A, Risk Factors, Page 24.

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

- Unusually high levels of catastrophe losses due to risk concentrations, changes in weather patterns, environmental events, terrorism incidents or other causes
- Increased frequency and/or severity of claims
- Inadequate estimates or assumptions used for critical accounting estimates
- Recession or other economic conditions resulting in lower demand for insurance products or increased payment delinquencies
- Delays in adoption and implementation of underwriting and pricing methods that could increase our pricing accuracy, underwriting profit and competitiveness
- 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

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- Declines in overall stock market values negatively affecting the company's equity portfolio and book value
 - Events, such as the credit crisis, followed by prolonged periods of economic instability or recession, that lead to:
 - o Significant or prolonged decline in the 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 and director and officer policies written for financial institutions
 - Prolonged low interest rate environment or other factors that limit the company's ability to generate growth in investment income or interest rate fluctuations that result in declining values of fixed-maturity investments, including declines in accounts in which we hold bank-owned life insurance contract assets
 - Increased competition that could result in a significant reduction in the company's premium volume
 - Changing consumer insurance-buying habits and consolidation of independent insurance agencies that could alter our competitive advantages
 - Inability to obtain adequate reinsurance on acceptable terms, amount of reinsurance purchased, financial strength of reinsurers and the potential for non-payment or delay in payment by reinsurers
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- Events or conditions that could weaken or harm the company's relationships with its independent agencies and hamper opportunities to add new agencies, resulting in limitations on the company's opportunities for growth, such as:
 - o Downgrades of the company's financial strength ratings
 - o Concerns that doing business with the company is too difficult
 - o Perceptions that the company's level of service, particularly claims service, is no longer a distinguishing characteristic in the marketplace
 - o Delays or inadequacies in the development, implementation, performance and benefits of technology projects and enhancements
- 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:
 - o Restrict our ability to exit or reduce writings of unprofitable coverages or lines of business
 - o Place the insurance industry under greater regulatory scrutiny or result in new statutes, rules and regulations
 - o 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
 - o Increase our provision for federal income taxes due to changes in tax law
 - o Increase our other expenses
 - o Limit our ability to set fair, adequate and reasonable rates
 - o Place us at a disadvantage in the marketplace
 - o Restrict our ability to execute our business model, including the way we compensate agents
- Adverse outcomes from litigation or administrative proceedings
- Events or actions, including unauthorized intentional circumvention of controls, that reduce the company's 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
- Events, such as an epidemic, natural catastrophe or terrorism, that could hamper our ability to assemble our workforce at our headquarters location
- Difficulties with technology or data security breaches that could negatively affect our ability to conduct business and our relationships with agents, policyholders and others

Further, the company's insurance businesses are subject to the effects of changing social, 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. The company also is subject to public and regulatory initiatives that can affect the market value for its common stock, such as measures affecting corporate financial reporting and governance. The ultimate changes and eventual effects, if any, of these initiatives are uncertain.

Item 9.01 Financial Statements and Exhibits.

(c) Exhibits

Exhibit Notice of Blackout Period to Directors and Executive Officers of Cincinnati Financial Corporation
99.1 –

Signature

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

CINCINNATI FINANCIAL CORPORATION

Date: June 17, 2011

/S/ Michael J. Sewell
Michael J. Sewell, CPA
Chief Financial Officer, Senior Vice President, and
Treasurer