

The Notes to the Financial Statement were not included in the first submission.



QUARTERLY STATEMENT

AS OF MARCH 31, 2015
OF THE CONDITION AND AFFAIRS OF THE

CINCINNATI INSURANCE COMPANY

NAIC Group Code 0244 , 0244 NAIC Company Code 10677 Employer's ID Number 31-0542366
(Current Period) (Prior Period)

Organized under the Laws of Ohio , State of Domicile or Port of Entry Ohio

Country of Domicile United States

Incorporated/Organized 08/02/1950 Commenced Business 01/23/1951

Statutory Home Office 6200 SOUTH GILMORE ROAD , FAIRFIELD, OH, US 45014-5141
(Street and Number) (City or Town, State, Country and Zip Code)

Main Administrative Office 6200 SOUTH GILMORE ROAD FAIRFIELD, OH, US 45014-5141 513-870-2000
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Mail Address P.O. BOX 145496 , CINCINNATI, OH, US 45250-5496
(Street and Number or P.O. Box) (City or Town, State, Country and Zip Code)

Primary Location of Books and Records 6200 SOUTH GILMORE ROAD FAIRFIELD, OH, US 45014-5141 513-870-2646
(Street and Number) (City or Town, State, Country and Zip Code) (Area Code) (Telephone Number)

Internet Web Site Address www.cinfin.com

Statutory Statement Contact Andrew Schnell 513-870-2646
(Name) (Area Code) (Telephone Number) (Extension)

andrew_schnell@cinfin.com 513-603-5500
(E-Mail Address) (Fax Number)

OFFICERS

Name	Title	Name	Title
<u>STEVEN JUSTUS JOHNSTON</u>	<u>CHIEF EXECUTIVE OFFICER, PRESIDENT</u>	<u>MICHAEL JAMES SEWELL</u>	<u>CHIEF FINANCIAL OFFICER, SENIOR VICE PRESIDENT</u>
<u>THERESA ANN HOFFER</u>	<u>VICE PRESIDENT, TREASURER</u>		

OTHER OFFICERS

<u>TERESA CURRIN CRACAS</u>	<u>SENIOR VICE PRESIDENT</u>	<u>DONALD JOSEPH DOYLE JR</u>	<u>SENIOR VICE PRESIDENT</u>
<u>MARTIN FRANCIS HOLLENBECK</u>	<u>SENIOR VICE PRESIDENT</u>	<u>JOHN SCOTT KELLINGTON</u>	<u>SENIOR VICE PRESIDENT</u>
<u>LISA ANNE LOVE</u>	<u>SENIOR VICE PRESIDENT, CORPORATE SECRETARY</u>	<u>ERIC NEIL MATHEWS</u>	<u>SENIOR VICE PRESIDENT</u>
<u>MARTIN JOSEPH MULLEN</u>	<u>SENIOR VICE PRESIDENT</u>	<u>JACOB FERDINAND SCHERER</u>	<u>EXECUTIVE VICE PRESIDENT</u>
<u>STEPHEN MICHAEL SPRAY</u>	<u>SENIOR VICE PRESIDENT</u>	<u>KENNETH WILLIAM STECHER</u>	<u>CHAIRMAN OF THE BOARD</u>
<u>CHARLES PHILIP STONEBURNER II</u>	<u>SENIOR VICE PRESIDENT</u>	<u>TIMOTHY LEE TIMMEL</u>	<u>SENIOR VICE PRESIDENT</u>
<u>WILLIAM HAROLD VAN DEN HEUVEL</u>	<u>SENIOR VICE PRESIDENT</u>		

DIRECTORS OR TRUSTEES

<u>WILLIAM FORREST BAHL</u>	<u>GREGORY THOMAS BIER</u>	<u>TERESA CURRIN CRACAS</u>	<u>DONALD JOSEPH DOYLE JR</u>
<u>MARTIN FRANCIS HOLLENBECK</u>	<u>STEVEN JUSTUS JOHNSTON</u>	<u>JOHN SCOTT KELLINGTON</u>	<u>LISA ANNE LOVE</u>
<u>WILLIAM RODNEY MCMULLEN</u>	<u>MARTIN JOSEPH MULLEN</u>	<u>DAVID PAUL OSBORN</u>	<u>JACOB FERDINAND SCHERER</u>
<u>JOHN JEFFERSON SCHIFF JR</u>	<u>THOMAS REID SCHIFF</u>	<u>MICHAEL JAMES SEWELL</u>	<u>STEPHEN MICHAEL SPRAY</u>
<u>KENNETH WILLIAM STECHER</u>	<u>JOHN FREDERICK STEELE JR</u>	<u>CHARLES PHILIP STONEBURNER II</u>	<u>TIMOTHY LEE TIMMEL</u>
<u>WILLIAM HAROLD VAN DEN HEUVEL #</u>	<u>LARRY RUSSEL WEBB</u>		

State ofOhio.....

County ofButler.....ss

The officers of this reporting entity being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to, is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

STEVEN J JOHNSTON
CHIEF EXECUTIVE OFFICER, PRESIDENT

MICHAEL J SEWELL
CHIEF FINANCIAL OFFICER, SENIOR VICE PRESIDENT

THERESA A HOFFER
VICE PRESIDENT, TREASURER

Subscribed and sworn to before me this
5th day of May, 2015

a. Is this an original filing? Yes [] No [X]

b. If no:
1. State the amendment number 1
2. Date filed _____
3. Number of pages attached _____

STATEMENT AS OF MARCH 31, 2015 OF THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of the Cincinnati Insurance Company are presented on the basis of accounting practices prescribed or permitted by the Ohio Department of Insurance. The Ohio Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the state of Ohio for determining and reporting the financial condition and results of operations of an insurance company, for determining its solvency under the Ohio Insurance Law. The National Association of Insurance Commissioners' (NAIC) *Accounting Practices and Procedures* manual, version effective January 1, 2001 and updates through current year have been adopted as a component of prescribed or permitted practices by the state of Ohio.

	<u>STATE OF DOMICILE</u>	<u>2015</u>	<u>2014</u>
<u>NET INCOME</u>			
(1) Company state basis (Page 4, Line 20, Columns 1 & 3)	Ohio	\$109,136,034	\$435,806,330
(2) State Prescribed Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(3) State Permitted Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(4) NAIC SAP (1-2-3=4)	Ohio	\$109,136,034	\$435,806,330
<u>SURPLUS</u>			
(5) Company state basis (Page 3, Line 37, Columns 1 & 2)	Ohio	\$4,435,728,306	\$4,472,210,439
(6) State Prescribed Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(7) State Permitted Practices that increase/(decrease) NAIC SAP	Ohio	0	0
(8) NAIC SAP (5-6-7=8)	Ohio	\$4,435,728,306	\$4,472,210,439

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Premiums are earned over the terms of the related insurance policies and reinsurance contracts. Unearned premium reserves are established to cover the unexpired portion of premiums written. These reserves are computed by pro rata methods for direct business and are based on reports received from ceding companies for reinsurance. Expenses incurred in connection with acquiring new insurance business, including such acquisition costs as sales commissions, are charged to operations as incurred. Expenses incurred are reduced for ceding allowances received or receivable.

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Bonds not backed by other loans are stated at amortized cost using the effective yield method.
- (3) Common Stocks are stated at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (4) Preferred stocks are stated at book value. Also, Per SSAP 32, lower quality preferred stocks (P3 to P6) are being stated at the lower of book or fair value.
- (5) Not applicable
- (6) Not applicable
- (7) Investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 20% or more are carried on the equity basis.
- (8) Not applicable
- (9) The Company does not have any derivatives.
- (10) In the event that a first-order approximation (excluding anticipated investment income) of estimated future costs related to unearned premium as of a particular evaluation date exceeds the unearned premium as of that date, we would incorporate consideration of the related investment income we would expect to earn. However, to date we have not had to proceed to this step in order to demonstrate that no premium deficiency exists.
- (11) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability is continually reviewed and any adjustments are reflected in the period determined.
- (12) The company has not modified its capital policy from a prior period.

2. Accounting Changes and Correction of Errors - The Company had no material changes in accounting principles and/or correction of errors.

3. Business Combinations and Goodwill

- A. Statutory Purchase Method – Not applicable
- B. Statutory Merger – Not applicable
- C. Impairment Loss on Business Combinations and Goodwill – Not applicable

4. Discontinued Operations – None

5. Investments

- A. Mortgage Loans - Not applicable
- B. Debt Restructuring - Not applicable
- C. Reverse Mortgages - Not applicable
- D. Loan-Backed Securities - Not applicable
- E. Repurchase Agreements and/or Securities Lending Transactions - Not applicable
- F. Real Estate - Not applicable
- G. Low-income Housing Tax Credit (LIHTC)

**STATEMENT AS OF MARCH 31, 2015 OF THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

1. The Cincinnati Insurance Company holds an investment in low income housing tax credits which reduces the company's premium tax liability in Georgia. The investment is required to be held through 2017 and all tax credits will expire at that time.
2. We are not aware that the low income housing tax credit investment was subject to any regulatory reviews.
3. The low income housing tax credit investment does not exceed 10% of non-admitted assets.
4. There was no impairment of the investment in 2015.
5. There were no write-downs or losses of tax credits in 2015.

H. Restricted Assets

1. Restricted Assets (Including Pledged)

Restricted Asset Category	Gross Restricted							Percentage		
	Current Year							8	9	10
	1	2	3	4	5	6	7			
	Total General Account (G/A)	G/A Supporting S/A Activity (a)	Total Separate Account (S/A) Restricted Assets	S/A Assets Supporting G/A Activity (b)	Total (1 plus 3)	Total from Prior Year	Increase/ (Decrease) (5 minus 6)	Total Current Year Admitted Restricted	Gross Restricted to Total Assets	Admitted Restricted to Total Admitted Assets
a. Subject to contractual obligation for which liability is not shown	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	0.000%	0.000%
b. Collateral held under security lending agreements	-	-	-	-	-	-	-	-	0.000%	0.000%
c. Subject to repurchase agreements	-	-	-	-	-	-	-	-	0.000%	0.000%
d. Subject to reverse repurchase agreements	-	-	-	-	-	-	-	-	0.000%	0.000%
e. Subject to dollar repurchase agreements	-	-	-	-	-	-	-	-	0.000%	0.000%
f. Subject to dollar reverse repurchase agreements	-	-	-	-	-	-	-	-	0.000%	0.000%
g. Placed under option contracts	-	-	-	-	-	-	-	-	0.000%	0.000%
h. Letter stock or securities restricted as to sale	-	-	-	-	-	-	-	-	0.000%	0.000%
i. On deposit with states	-	-	-	-	-	-	-	-	0.000%	0.000%
j. On deposit with other regulatory bodies	38,929,720	-	-	-	38,929,720	41,523,225	(2,593,505)	38,929,720	0.352%	0.353%
k. Pledged as collateral not captured in other categories	-	-	-	-	-	-	-	-	0.000%	0.000%
l. Other restricted assets	-	-	-	-	-	-	-	-	0.000%	0.000%
m. Total Restricted Assets	\$ 38,929,720	\$ -	\$ -	\$ -	\$ 38,929,720	\$ 41,523,225	\$ (2,593,505)	\$ 38,929,720	0.352%	0.353%
(a) Subset of column 1										
(b) Subset of column 3										

I. Working Capital Finance Investments - None

6. Joint Ventures, Partnerships and Limited Liability Companies

- A. The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies that exceed 10% of its admitted assets.
- B. The Company did not recognize any impairment write down for its investments in Joint Ventures, Partnerships and Limited Liability Companies during the statement periods.

7. Investment Income

- A. There was no due and accrued income excluded from investment income in 2015.
- B. Not applicable

8. Derivative Instruments

- A. Not applicable
- B. Not applicable
- C. Not applicable
- D. Not applicable
- E. Not applicable
- F. Not applicable

STATEMENT AS OF MARCH 31, 2015 OF THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS

9. Income Taxes

A. Components of Deferred Tax Assets (DTAs) and Deferred Tax Liabilities (DTLs):

	2015		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 377,539,484	\$ 15,746,337	\$ 393,285,821
(b) Statutory Valuation Allowance	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	377,539,484	15,746,337	393,285,821
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c- 1d)	377,539,484	15,746,337	393,285,821
(f) Deferred Tax Liabilities	\$ 57,302,397	\$ 450,882,835	\$ 508,185,232
(g) Net Admitted Deferred Tax Asset/(Liability) (1e - 1f)	\$ 320,237,087	\$ (435,136,498)	\$ (114,899,411)

	2014		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 375,333,155	\$ 16,172,588	\$ 391,505,743
(b) Statutory Valuation Allowance	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	375,333,155	16,172,588	391,505,743
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c- 1d)	375,333,155	16,172,588	391,505,743
(f) Deferred Tax Liabilities	\$ 55,884,914	\$ 478,962,006	\$ 534,846,920
(g) Net Admitted Deferred Tax Asset/(Liability) (1e - 1f)	\$ 319,448,241	\$ (462,789,418)	\$ (143,341,177)

	Change		
	Ordinary	Capital	Total
(a) Gross Deferred Tax Assets	\$ 2,206,329	\$ (426,251)	\$ 1,780,078
(b) Statutory Valuation Allowance	-	-	-
(c) Adjusted Gross Deferred Tax Assets (1a - 1b)	2,206,329	(426,251)	1,780,078
(d) Deferred Tax Assets Nonadmitted	-	-	-
(e) Subtotal Net Admitted Deferred Tax Asset (1c- 1d)	2,206,329	(426,251)	1,780,078
(f) Deferred Tax Liabilities	\$ 1,417,483	\$ (28,079,171)	\$ (26,661,688)
(g) Net Admitted Deferred Tax Asset/(Liability) (1e - 1f)	\$ 788,846	\$ 27,652,920	\$ 28,441,766

	2015		
	Ordinary	Capital	Total
SSAP 101, paragraphs 11.a., 11.b., and 11.c.:			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	175,082,559	-	175,082,559
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The lesser of 2(b)1 and 2(b)2 Below)	110,017,113	-	110,017,113
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	110,017,113	-	110,017,113
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	665,187,741	665,187,741	665,187,741
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	92,439,812	15,746,337	108,186,149
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No.101 Total (2(a)+2(b)+2(c))	377,539,484	15,746,337	393,285,821

	2014		
	Ordinary	Capital	Total
SSAP 101, paragraphs 11.a., 11.b., and 11.c.:			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	252,678,132	-	252,678,132
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The lesser of 2(b)1 and 2(b)2 Below)	24,489,184	-	24,489,184
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	24,489,184	-	24,489,184
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	670,623,335	670,623,335	670,623,335
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	98,165,839	16,172,588	114,338,427
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No.101 Total (2(a)+2(b)+2(c))	375,333,155	16,172,588	391,505,743

	Change		
	Ordinary	Capital	Total
SSAP 101, paragraphs 11.a., 11.b., and 11.c.:			
(a) Federal Income Taxes Paid in Prior Years Recoverable Through Loss Carrybacks	(77,595,573)	-	(77,595,573)
(b) Adjusted Gross Deferred Tax Assets Expected to be Realized (Excluding The Amount of Deferred Tax Assets From 2(a) above) After Application of the Threshold Limitation. (The lesser of 2(b)1 and 2(b)2 Below)	85,527,929	-	85,527,929
1. Adjusted Gross Deferred Tax Assets Expected to be Realized Following the Balance Sheet Date	85,527,929	-	85,527,929
2. Adjusted Gross Deferred Tax Assets Allowed per Limitation Threshold	(5,435,594)	(5,435,594)	(5,435,594)
(c) Adjusted Gross Deferred Tax Assets (Excluding the amount of Deferred Tax Assets from 2(a) and 2(b) above) Offset by Gross Deferred Tax Liabilities	(5,726,027)	(426,251)	(6,152,278)
(d) Deferred Tax Assets Admitted as the Result of Application of SSAP No.101 Total (2(a)+2(b)+2(c))	2,206,329	(426,251)	1,780,078

	2015	2014
	Percentage	Percentage
(a) Ratio Percentage Used to Determine Recovery Period and Threshold Limitation Amount	797%	797%
(b) Amount of Adjusted Capital and Surplus Used to Determine Recovery Period and Threshold Limitation in 2(b) 2 above	\$ 4,489,600,517	\$ 4,489,600,517

(c) The Company's tax-planning strategies did not include the use of reinsurance-related tax planning strategies

STATEMENT AS OF MARCH 31, 2015 OF THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS

4.

	2015		
	Ordinary	Capital	Total
Impact of Tax Planning Strategies			
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.			
1. Adjusted Gross DTAs amount from Note 9A1(c)	377,539,484	15,746,337	393,285,821
2. Percentage of Adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	377,539,484	15,746,337	393,285,821
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.00%	0.00%	0.00%
(b) The Company's tax-planning strategies did not include the use of reinsurance-related tax planning strategies.			

	2014		
	Ordinary	Capital	Total
Impact of Tax Planning Strategies			
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.			
1. Adjusted Gross DTAs amount from Note 9A1(c)	375,333,155	16,172,588	391,505,743
2. Percentage of Adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	375,333,155	16,172,588	391,505,743
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.00%	0.00%	0.00%
(b) The Company's tax-planning strategies did not include the use of reinsurance-related tax planning strategies.			

	Change		
	Ordinary	Capital	Total
Impact of Tax Planning Strategies			
(a) Determination of adjusted gross deferred tax assets and net admitted deferred tax assets, by tax character as a percentage.			
1. Adjusted Gross DTAs amount from Note 9A1(c)	2,206,329	(426,251)	1,780,078
2. Percentage of Adjusted gross DTAs by tax character attributable to the impact of tax planning strategies	0.00%	0.00%	0.00%
3. Net Admitted Adjusted Gross DTAs amount from Note 9A1(e)	2,206,329	(426,251)	1,780,078
4. Percentage of net admitted adjusted gross DTAs by tax character admitted because of the impact of tax planning strategies	0.00%	0.00%	0.00%
(b) The Company's tax-planning strategies did not include the use of reinsurance-related tax planning strategies.			

B. Unrecognized DTLs

Not applicable

C. Current Tax and Change in Deferred Tax

1. Current income tax:

	2015	2014	Change
(a) Federal	\$ 27,753,703	\$ 109,723,198	\$ (81,969,495)
(b) Foreign	-	-	-
(c) Subtotal	27,753,703	109,723,198	(81,969,495)
(d) Federal Income Tax on capital gains/(losses)	14,973,460	27,793,676	(12,820,216)
(e) Utilization of capital loss carryforwards	-	-	-
(f) Other	-	-	-
Federal income taxes incurred	\$ 42,727,163	\$ 137,516,874	\$ (94,789,711)

2. Deferred tax assets

	March 31, 2015	December 31, 2014	Change
(a) Ordinary			
(1) Unearned premium reserve	\$ 141,094,729	\$ 139,434,444	\$ 1,660,285
(2) Unpaid loss reserve	197,500,467	191,321,751	6,178,716
(3) Contingent commission	-	-	-
(4) Nonadmitted assets	16,965,654	17,418,906	(453,252)
(5) Other deferred tax assets	21,978,634	27,158,054	(5,179,420)
(99) Subtotal	377,539,484	375,333,155	2,206,329
(b) Statutory valuation allowance adj	-	-	-
(c) Nonadmitted	-	-	-
(d) Admitted ordinary deferred tax assets (2a99-2b-2c)	\$ 377,539,484	\$ 375,333,155	\$ 2,206,329
(e) Capital			
(1) Investments	15,746,337	16,172,588	(426,251)
(2) Unrealized (gain)/loss on investments	-	-	-
(99) Subtotal	15,746,337	16,172,588	(426,251)
(f) Statutory valuation allowance adj	-	-	-
(g) Nonadmitted	-	-	-
(h) Admitted capital deferred tax assets (2e99-2f-2g)	\$ 15,746,337	\$ 16,172,588	\$ (426,251)
(i) Admitted deferred tax assets (2d + 2h)	\$ 393,285,821	\$ 391,505,743	\$ 1,780,078

3. Deferred tax liabilities

	March 31, 2015	December 31, 2014	Change
(a) Ordinary			
(1) Commission expense	\$ 56,592,448	\$ 54,603,225	\$ 4,721,165
(2) Other, net	709,949	1,281,689	(1,030,501)
(99) Subtotal	57,302,397	55,884,914	3,690,664
(b) Capital			
(1) Unrealized (gain)/loss on investments	\$ 450,882,835	\$ 478,962,006	\$ 39,894,276
(99) Subtotal	450,882,835	478,962,006	39,894,276
(c) Deferred tax liabilities (3a99 + 3b99)	\$ 508,185,232	\$ 534,846,920	\$ 43,584,940

4. Net deferred tax assets/liabilities (2i-3c)

\$ (114,899,411) \$ (143,341,177) \$ 28,441,766

STATEMENT AS OF MARCH 31, 2015 OF THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS

The change in net deferred income taxes is comprised of the following (this analysis is exclusive of nonadmitted assets as the Change in Nonadmitted Assets is reported separately from the Change in Net Deferred Income Taxes in the surplus section of the Annual Statement:

	March 31, 2015	December 31, 2014	Change
Total deferred tax assets	\$393,285,821	\$391,505,743	\$1,780,078
Total deferred tax liabilities	508,185,232	534,846,920	(26,661,688)
Net deferred tax asset (liability)	\$(114,899,411)	\$(143,341,177)	\$28,441,766
Tax effect of unrealized (gains)/losses			(28,079,171)
Change in net deferred income tax (charge)/benefit			<u>\$362,595</u>

	December 31, 2014	December 31, 2013	Change
Total deferred tax assets	\$391,505,743	\$408,851,637	\$(17,345,894)
Total deferred tax liabilities	534,846,920	480,149,633	54,697,287
Net deferred tax asset (liability)	\$(143,341,177)	\$(71,297,996)	\$(72,043,181)
Tax effect of unrealized (gains)/losses			53,671,503
Change in net deferred income tax (charge)/benefit			<u>\$(18,371,678)</u>

D. Reconciliation of Federal income Tax Rate to Actual Effective Rate

The provision for federal income taxes incurred is different from that which would be obtained by applying the statutory federal income tax rate to income before income taxes. The significant items causing this difference are as follows:

Description	As of March 31, 2015		
	Amount	Tax Effect	Effective Tax Rate
Income before taxes	\$ 151,863,197	\$ 53,152,119	35.00%
Net tax exempt interest	(20,100,641)	(7,035,224)	-4.63%
Net dividends received deduction	(13,345,288)	(4,670,851)	-3.08%
Other items permanent, net	955,612	334,464	0.22%
DRD on accrued	373,736	130,808	0.09%
Total	<u>\$ 119,746,616</u>	<u>\$ 41,911,316</u>	<u>27.60%</u>
Federal income taxes incurred expense/(benefit)	\$ 79,296,294	\$ 27,753,703	18.28%
Tax on capital gains/(losses)	42,781,314	14,973,460	9.86%
Change in nonadmitted excluding deferred tax asset	(1,295,066)	(453,252)	-0.30%
Change in net deferred income tax charge/(benefit)	(1,035,986)	(362,595)	-0.24%
Total statutory income taxes incurred	<u>\$ 119,746,616</u>	<u>\$ 41,911,316</u>	<u>27.60%</u>

Description	As of December 31, 2014		
	Amount	Tax Effect	Effective Tax Rate
Income before taxes	\$ 573,323,205	\$ 200,663,122	35.00%
Net tax exempt interest	(82,023,517)	(28,708,231)	-5.01%
Net dividends received deduction	(50,168,219)	(17,558,877)	-3.06%
Other items permanent, net	6,127,488	2,144,621	0.37%
DRD on accrued	(345,741)	(121,009)	-0.02%
Total	<u>\$ 446,913,216</u>	<u>\$ 156,419,626</u>	<u>27.28%</u>
Federal income taxes incurred expense/(benefit)	\$ 313,494,850	\$ 109,723,198	19.14%
Tax on capital gains/(losses)	79,410,504	27,793,676	4.85%
Change in nonadmitted excluding deferred tax asset	1,517,353	531,074	0.09%
Change in net deferred income tax charge/(benefit)	52,490,509	18,371,678	3.20%
Total statutory income taxes incurred	<u>\$ 446,913,216</u>	<u>\$ 156,419,626</u>	<u>27.28%</u>

E. Operating Loss and Tax Credit Carryforwards

(1) At March 31, 2015, the Company had net operating loss carryforwards of: \$ -
(2) At March 31, 2015, the Company had capital loss carryforwards of: \$ -

(3) The following is income tax expense for the current and prior years that is available for recoupment in the event of future net losses:

Year	Ordinary	Capital	Total
2015	\$ 24,554,431	\$ 14,973,460	\$ 39,527,891
2014	107,760,992	27,793,676	135,554,668
2013	-	12,186,307	12,186,307
Total	<u>\$ 132,315,423</u>	<u>\$ 54,953,443</u>	<u>\$ 187,268,866</u>

(4) Deposits admitted under Internal Revenue Code Section 6603: \$ -

F. Consolidated Federal Income Tax Return

(1) The Company's federal income tax return is consolidated with the following entities:

Cincinnati Financial Corporation (Parent)
The Cincinnati Life Insurance Company
The Cincinnati Casualty Company
The Cincinnati Indemnity Company
The Cincinnati Specialty Underwriters Insurance Company
CFC Investment Company
CSU Producer Resources, Inc.

(2) The method of allocation between the Company is subject to a written agreement, approved by the Board of Directors, whereby allocation is made primarily on a separate return basis, with the company receiving a current benefit for losses generated to the extent federal taxes are reduced for the consolidated tax group. Furthermore, tax allocations are computed without regard to any amount attributable to any minimum tax arising under Code Section 55 or minimum tax credit arising under Code Section 53.

G. Federal or Foreign Federal Income Tax Loss Contingencies

The Company has no tax loss contingencies for which it is reasonably possible that the total liability will significantly increase within twelve months of the reporting date. The company did not have tax contingencies under the principles of SSAP No. 5, Liabilities, Contingencies and Impairment of Assets. This is subject to change but it is not expected to significantly increase in the 12 month period following the balance sheet date. The Company is primarily subject to examination by U.S. federal and various U.S. state and local tax authorities. The statute of limitations for state income tax purposes has closed for tax years 2008 and earlier. The statute of limitations for state income tax purposes has closed for tax years 2009 and earlier. There are no U.S. federal or state returns under examination.

STATEMENT AS OF MARCH 31, 2015 OF THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS

10. Information Concerning Parent, Subsidiaries, Affiliates and Other Related Parties
- A. Not applicable
 - B. Not applicable.
 - C. Not applicable
 - D. At March 31, 2015, the Company reported \$8,574,060 due from an affiliate The CSU Producer Resources, Inc. and from a subsidiary The CSU Insurance Company. Also at March 31, 2015, the Company reported \$22,358,985 due to the parent, Cincinnati Financial Corporation, and to affiliates The Cincinnati Life Insurance Company and CFC Investment Company, and to subsidiaries The Cincinnati Casualty Company and The Cincinnati Indemnity Company. The terms of the settlement require that these amounts be settled within 30 days.
 - E. Not applicable
 - F. The Company has the following management agreements with related parties:
 - (1) Inter-company Benefits and Expense Allocation Agreement.
 - (2) Inter-company Cost Sharing and Expense Allocation Agreement.
 - (3) Inter-company Tax Sharing Agreement.
 - (4) Inter-company Reinsurance Agreement.
 - G. All outstanding shares of The Company are owned by the Parent Company, Cincinnati Financial Corporation, a holding company domiciled in the State of Ohio.
 - H. Not applicable
 - I. Not applicable
 - J. Not applicable
 - K. Not applicable
 - L. Not applicable
11. Debt
- A. Capital Notes – Not applicable
 - B. All Other Debt – Not applicable
12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans
- A. Defined Benefit Plan – Not applicable
 - B. Not applicable
 - C. Not applicable
 - D. Not applicable
 - E. Defined Contribution Plans – Not applicable
 - F. Multiemployer Plans – Not applicable
 - G. Consolidated/Holding Company Plans
 - (1) Defined Benefit Pension Plan – The Company participates in a qualified, noncontributory defined benefit pension plan sponsored by Cincinnati Financial Corporation, the parent. The Company has no legal obligations for benefits under these plans. Cincinnati Financial Corporation allocates amounts to the Company based on the percentage of participants on the Company's payroll. The Company's share of net expense for the qualified pension plan was \$3,191,245 and \$12,302,127 for 2015 and 2014 respectively.
 - (2) Defined Contribution Plans - The Company participates in a qualified, defined contribution plan sponsored by Cincinnati Financial Corporation, the parent. The Company has no legal obligations for benefits under these plans. Cincinnati Financial Corporation allocates amounts to the Company based on an inter-company management fee. The Company's share of net expense for the contribution plan was \$3,157,056 and \$10,931,244 for 2015 and 2014 respectively.
 - H. Postemployment Benefits and Compensated Absences – Not applicable
 - I. Impact of Medicare Modernization Act on Postretirement Benefits – Not applicable
13. Capital and Surplus, Dividend Restrictions and Quasi-Reorganizations
- (1) The Company has 1,000,000 shares authorized, 717,271 shares issued and 717,271 shares outstanding. All shares are Class A shares.
 - (2) The Company has no preferred stock outstanding.
 - (3) Without prior approval from the Ohio Insurance Commissioner, dividends to shareholders are limited by the laws of Ohio which state that dividends are restricted to the greater of 10% of surplus or net income. In 2015 we would be restricted to \$447,221,044. In 2014 10% of surplus was \$447,221,044 and net income was \$435,806,330. In 2014 we were restricted to \$432,567,043. In 2013 10% of surplus was \$432,567,043 and net income was \$417,715,253.
 - (4) No change.
 - (5) Within the limitations of (3) above, there are no restrictions placed on the portion of Company profits that may be paid as ordinary dividends to stockholders.
 - (6) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
 - (7) Not applicable
 - (8) Not applicable
 - (9) Not applicable
 - (10) The portion of unassigned funds (surplus) represented or reduced by cumulative unrealized gains & losses are \$130,576,859 net of tax.
 - (11) The Company has no surplus debentures or similar obligations.
 - (12) Not applicable
 - (13) Not applicable
14. Contingencies
- A. The Company is not aware of any material liabilities not disclosed on our balance sheet as of year-end.
 - B. The Company is not aware of any material assessments as of year-end.
 - C. The Company does not have any gain contingencies.
 - D. No change.
 - E. The Company does not have product warranties.
 - F. Various lawsuits against the Company have arisen in the course of the Company's business. Contingent liabilities arising from litigation, income taxes and other matters are not considered material in relation to the financial position of the Company. The Company has no assets it considers impaired.
15. Leases
- A.
 - 1) The Company has various noncancelable operating lease agreements that expire through February 2021.
 - 2) At January 1, 2015, the minimum agreement rental commitments are as follows:

**STATEMENT AS OF MARCH 31, 2015 OF THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS**

<u>Year Ending December 31,</u>	<u>Operating Leases</u>
2015	\$13,325,990
2016	\$9,858,925
2017	\$3,867,737
2018	\$2,493,187
2019	\$2,628,631
Total	\$32,174,470

- 3) The company is not involved in any material sales leaseback transactions.
- B. Not applicable
16. Information About Financial Instruments with Off-Balance Sheet Risk and Financial Instruments with Concentrations of Credit Risk – Not applicable
17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities
- A. Not applicable
- B. Not applicable
- 2.
- a. Not applicable
- b. Not applicable
- c. Not applicable
- C. Not applicable
18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans – Not applicable
19. The Company does not have any direct premiums written through managing general agents or third party administrators equal or greater than 5% of surplus.
20. Fair Value Measurement
- A. Not applicable
- B. Not applicable

C.

<u>Type of Financial Instrument</u>	<u>Aggregate Fair Value</u>	<u>Admitted Assets</u>	<u>(Level 1)</u>	<u>(Level 2)</u>	<u>(Level 3)</u>	<u>Not Practicable (Carrying Value)</u>
Bonds	5,508,472,278	5,153,045,977	1,068,199	5,497,395,704	10,008,375	
Common Stock	2,736,361,072	2,736,361,072	2,736,361,072			
Perpetual Preferred Stock	178,429,802	157,922,366		178,429,802		
Mortgage Loans						

- D. Not applicable
21. Other Items
- A. Extraordinary Items – Not applicable
- B. Trouble Debt Restructuring - Not applicable
- C. No change.
- D. Not applicable
- E. Not applicable
- F. Subprime Mortgage Related Risk Exposure - The Cincinnati Insurance Company has no investments in subprime or related areas. This includes direct investments in subprime mortgage loans, RMBS, CMBS, CDO's, hedge funds, credit default swaps or SIVs. Additionally, we have no equity investments in subsidiary, controlled or affiliated entities with subprime exposure nor do we underwrite any form of mortgage guarantee insurance.
- G. Not applicable
22. Subsequent Events – None
23. Reinsurance – No Change
24. Retrospectively Rated Contracts and Contracts Subject to Redetermination – None
25. Reserves as of December 31, 2014 were \$3,964,285,228. As of March 31, 2015, \$390,909,392 has been paid for incurred losses and loss adjustment expenses attributable to insured events of prior years. Reserves remaining for prior years are now \$3,556,055,559 as a result of re-estimation of unpaid claims and claim adjustment expenses principally on commercial casualty lines of insurance. Therefore, there has been \$17,320,277 favorable prior-year development since December 31, 2014 to March 31, 2015. The decrease is generally the result of ongoing analysis of recent loss development trends. Original estimates are increased or decreased, as additional information becomes known regarding individual claims. Because the Company does not write retrospectively rated policies, prior-year development does not affect premium adjustments.
26. Intercompany Pooling Arrangements – No Change.

STATEMENT AS OF MARCH 31, 2015 OF THE CINCINNATI INSURANCE COMPANY
NOTES TO THE FINANCIAL STATEMENTS

- 27. Structured Settlements – No change.
- 28. Health Care Receivables – None
- 29. Participating Policies – None
- 30. Premium Deficiency Reserves

1. Liability carried for premium deficiency reserves	\$0
2. Date of most recent evaluation of this liability	01/20/2015
3. Was anticipated investment income utilized in the calculation	No

- 31. High Deductibles – None
- 32. The Company does not discount unpaid losses or loss adjustment expenses except for income tax purposes.
- 33. Asbestos and Environmental Reserves – No Change
- 34. Subscriber Savings Accounts – Not applicable
- 35. Multiple Peril Crop Insurance – None
- 36. Financial Guaranty Insurance – None
- 37. Other – No Change