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Cincinnati Financial reports \$111M profit for third quarter

By Eric Schwartzberg

Staff Writer

FAIRFIELD — Cincinnati Financial Corp. reported Thursday that its net income for the third quarter was \$111 million compared to \$19 million in the third quarter of 2011.

The property casualty insurer, Butler County's largest private employer, saw operating income rise to \$105 million from \$20 million in the same quarter last year.

Total revenues for the quarter rose 10 percent to \$1.04 billion from \$944 million in the third quarter of 2011.

The company's consolidated operating income for the third quarter matched the sum for the first two quarters, doubling its year-to-date earnings.

"This strong performance puts us on a pace to achieve our full-year 2012 targets as we head into the fourth quarter, which typically has been our best quarter of the year," said Steven J. Johnston, president and chief executive officer. "Moreover, it attests to the soundness of our strategies to create value over time, and the progress we are making through our current initiatives to drive profitable growth."

The company's pre-tax investment income improved slightly, from \$130 million in the third quarter of last year to \$132 in this year's third quarter, a 2 percent increase, which excludes realized investment gains and losses.

In addition, this year saw far fewer catastrophes than in 2011, handing the company just \$304 million in losses to date, as opposed to the \$424 million it incurred by this point in 2011.

"Catastrophe events occurring during the third quarter were mild," Johnston said. "The largest catastrophe loss impacting our third-quarter results was a carry-over from the end of the second quarter, as more claims than previously estimated continued coming in from the severe storms that hit our policyholders from June 29 to July 2."

The company also is encouraged by another factor in its growth – the increase in premiums it collects on business policies that are audited to determine accurate premiums based on payrolls or sales.

"After a period of decrease, the contribution from audit premiums now has risen slightly for each of the past four quarters, indicating that our policyholders' businesses are on the path to economic recovery," Johnston said.

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