CINCINNATI FINANCIAL CORP
Form 11-K
June 20, 2014

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

FORM 11-K

FOR ANNUAL REPORTS OF EMPLOYEE STOCK PURCHASE, SAVINGS AND

SIMILAR PLANS PURSUANT TO SECTION 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934

(Mark One)

þ ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2013

OR

¨ TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the transition period from ___________________ to ___________________

Commission file number 000-04604

Cincinnati Financial Corporation
Tax-Qualified Savings Plan

(Full title of the plan and the address of the plan,
if different from that of the issuer named below)

Cincinnati Financial Corporation
6200 South Gilmore Road
Fairfield, OH 45014

(Name of issuer of the securities held pursuant to the plan
and the address of its principal executive office)

REQUIRED INFORMATION

Items 1-3.	The information required by Items 1-3 is not required. See Item 4 below.
Item 4.	The Cincinnati Financial Corporation Tax-Qualified Savings Plan is subject to the requirements of ERISA. In lieu of the requirements of Items 1-3 above, the Plan Financial Statements and Schedule prepared in accordance with the Financial Reporting requirements of ERISA are attached hereto and incorporated herein by reference.

Financial Statements and Exhibit

23.1	Consent of Independent Registered Public Accounting Firm
	Financial statements as of and for the years ended December 31, 2013 and 2012, and supplemental schedule as of December 31, 2013.

SIGNATURES

The Plan. Pursuant to the requirements of the Securities Exchange Act of 1934, the trustees (or other persons who administer the employee benefit plan) have duly caused this annual report to be signed on its behalf by the undersigned hereunto duly authorized.

Cincinnati Financial Corporation
Tax-Qualified Savings Plan
(Name of Plan)

DATE: June 20, 2014

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

Cincinnati Financial
Corporation Tax-Qualified
Savings Plan

Employer ID No: 31-0542366
Plan Number: 002

Financial Statements as of and for the
Years Ended December 31, 2013 and 2012,
Supplemental Schedule as of December 31, 2013,
and Report of Independent Registered Public
Accounting Firm

CINCINNATI FINANCIAL CORPORATION
TAX-QUALIFIED SAVINGS PLAN

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NOTE: All other schedules required by Section 2520.103-10 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 have been omitted because they are not applicable.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Audit Committee of the Board of Directors of Cincinnati Financial Corporation, and to the Participants of the Cincinnati Financial Corporation Tax-Qualified Savings Plan:

We have audited the accompanying statements of net assets available for benefits of the Cincinnati Financial Corporation Tax-Qualified Savings Plan (the “Plan”) as of December 31, 2013 and 2012, and the related statements of changes in net assets available for benefits for the years then ended. These financial statements are the responsibility of the Plan's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. The Plan is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Plan's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such financial statements present fairly, in all material respects, the net assets available for benefits of the Plan as of December 31, 2013 and 2012, and the changes in net assets available for benefits for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedule of assets (held at end of year) as of December 31, 2013, is presented for the purpose of additional analysis and is not a required part of the basic financial statements, but is supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. This schedule is the responsibility of the Plan's management. Such schedule has been subjected to the auditing procedures applied in our audit of the basic 2013 financial statements and, in our opinion, is fairly stated in all material respects when considered in relation to the basic financial statements taken as a whole.

/S/ Deloitte & Touche LLP

Cincinnati, Ohio
June 20, 2014

CINCINNATI FINANCIAL CORPORATION
TAX-QUALIFIED SAVINGS PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

	December 31, 2013	December 31, 2012
Assets:		
Cash	$—	$88,082,409
Participant-directed investments (at fair value)	317,641,979	145,344,500
Notes receivable from participants	3,985,736	3,562,917
Accrued interest and dividends receivable	188,063	185,181
Net assets available for benefits	$321,815,778	$237,175,007

Accompanying notes are an integral part of these financial statements.

CINCINNATI FINANCIAL CORPORATION
TAX-QUALIFIED SAVINGS PLAN

STATEMENTS OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS

	Years ended December 31,	
	2013	2012
Additions:		
Participant contributions (including rollovers of $2,306,140 and $1,098,637 in 2013 and 2012, respectively)	$22,415,579	$18,995,208
Employer contributions	9,714,721	8,832,718
Total contributions	32,130,300	27,827,926
Net appreciation in fair value of investments	53,396,294	23,515,414
Interest and dividend income	8,767,534	7,370,056
Total investment income	62,163,828	30,885,470
Interest income on notes receivable from participants	153,087	139,233
Total additions	94,447,215	58,852,629
Deductions — Benefits paid to participants and other	9,806,444	9,389,670
Increase in net assets	84,640,771	49,462,959
Net assets available for benefits:		
Beginning of year	237,175,007	187,712,048
End of year	$321,815,778	$237,175,007

Accompanying notes are an integral part of these financial statements.

Cincinnati Financial Corporation
Tax-Qualified Savings Plan
NOTES TO FINANCIAL STATEMENTS AS OF AND FOR THE
YEARS ENDED DECEMBER 31, 2013 AND 2012

NOTE 1 - DESCRIPTION OF THE PLAN

The following description of the Cincinnati Financial Corporation Tax-Qualified Savings Plan (the Plan) is provided for general information purposes only. Participants should refer to the Plan Document for more complete information.

General — The Plan is a defined contribution plan open to substantially all employees of Cincinnati Financial Corporation (the Company) and its subsidiaries who meet the eligibility requirements outlined in the Plan Document. The Plan commenced January 1, 1996, and is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA), as amended.

The Plan changed trustees to Fidelity Management Trust Company (Fidelity) effective January 1, 2013. Funds remaining as an option for participants were transferred in kind to Fidelity, after market close on December 31, 2012. Funds no longer remaining as an option for participants were liquidated on December 31, 2012, and are shown as cash on the statement of net assets available for benefits. Proceeds from the liquidation were received by Fidelity on January 2, 2013, and invested according to a predetermined fund transition plan. Fifth Third Bank served as the trustee of the Plan through December 31, 2012. The Plan’s recordkeeping function had been outsourced to FASCore through December 31, 2012.

Contributions — Participants may contribute a percentage of their pretax annual cash compensation each year, as defined in the Plan, subject to certain Internal Revenue Code (IRC) limitations. Participants are eligible for a Company match up to the first 6 percent of eligible compensation on a per pay period basis; however, those participants who accrue benefits under the Cincinnati Financial Corporation Retirement Plan are not eligible for the Company match. The Company match is invested according to the participants’ investment directions. Contributions from participants and the Company are recorded each pay period for Plan participants. Eligible participants are initially enrolled in the Plan at a 3 percent contribution rate to encourage associate savings, with an automatic increase of a participant’s contribution rate by 1 percent each year to a maximum 6 percent contribution for these automatically enrolled participants. Each participant has the opportunity to elect to withdraw or change the contribution rate prior to automatic enrollment or at any time once enrolled.

The Plan includes a Roth 401(k) option for participants. This option allows participants to contribute after-tax dollars while contributions and any earnings on those contributions are tax-free upon withdrawal.

The Company may make a discretionary profit sharing contribution to eligible participants. A participant who is not enrolled in the Company’s high deductible group health plan is eligible for the discretionary profit sharing contribution. The Company did not make a profit sharing contribution during 2013 but made a profit sharing contribution of $255,921 during 2012.

Participants may also contribute amounts representing distributions from the other qualified defined benefit or defined contribution plans (Rollover). Rollovers from other qualified plans were $2,306,140 during 2013 and $1,098,637 during 2012.

Participant Accounts — Individual accounts are maintained for each Plan participant. Each participant’s account is credited with the participant’s contribution, any employer matching contribution and allocations of Plan earnings and charged with withdrawals and allocations of Plan losses. Allocations are based on participant earnings or account balances, as defined in the plan document. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Investments — Participants direct the investment of their contributions into various investment options offered by the Plan, which include the Company's common stock fund, various registered investment companies or mutual funds and a money market fund. Participants also have the option to invest in a variety of securities through a self-directed brokerage account. Effective January 1, 2013, upon transition to Fidelity as the Plan's recordkeeper, certain funds were no longer offered as investment options and were replaced by funds with similar characteristics, including the stable value fund which was replaced with a money market fund. The Cincinnati Financial Stock Fund (the Stock Fund) is an Employee Stock Ownership Plan (ESOP), which is primarily invested in common shares of the Company and may also hold cash or other short-term liquid investments to accommodate the ESOP's liquidity needs. A participant may elect to receive cash dividends on Company stock outside of the Plan or leave the dividends in the Plan to be reinvested.

Vesting — Participants are vested immediately in their contributions plus actual earnings thereon and vested in any Company matching contribution and profit sharing contribution attributed to them plus actual earnings thereon after three years of eligible service. Unvested participants who are employed by the Company become fully vested in any Company and profit sharing contribution attributed to them upon reaching age 65 or as defined in the plan.

Notes Receivable from Participants — Participants may borrow from their fund accounts up to a maximum of $50,000 or 50 percent of their account balance, whichever is less. The loans are secured by the balance in the participant's account and bear interest equal to the prime rate plus 1 percent. At December 31, 2013, interest rates on participant loans ranged from 4.25% to 8.50%, with maturity dates through May 2038. Principal and interest is paid ratably through payroll deductions over a period of up to five years, except for loans used to purchase a primary residence, which are repaid via payroll deduction within a reasonable period as defined by the Plan. Principal and interest paid is credited to applicable funds in the borrower's account. Participant loans are valued at the outstanding principal balances plus any accrued but unpaid interest. Upon participant termination or retirement, any outstanding loan balance attributed to such participant is treated as a distribution to the participant. Delinquent participant loans are recorded as a deemed distribution based on terms of the Plan Document.

Payment of Benefits — The Plan provides for benefits to be paid upon retirement, disability, death or separation other than retirement as defined by the Plan Document. The Plan also provides for hardship withdrawals to occur as outlined in the Plan Document. Plan benefits may be paid in a lump sum of cash or shares of Company common stock. Stock may be paid only for the portion of interest held in the Stock Fund.

Forfeited Accounts — Forfeitures of terminated participants' nonvested accounts may be used to restore forfeitures, pay Plan expenses and/or reduce the Company's matching and profit sharing contributions. Forfeiture balances were $13,585 and $776 at December 31, 2013 and 2012, respectively. Forfeitures of $380,000 and $179,005 were used to reduce the Company's matching contribution during the years ended December 31, 2013 and 2012, respectively. During 2013, forfeiture amounts were reinvested into the Fidelity Money Market Trust Retirement Fund until used in a way permitted by the Plan. During 2012, forfeiture amounts were invested in the Fifth Third Stable Value Fund. At December 31, 2012, the Fifth Third Stable Value Fund was liquidated and the forfeiture amount is included as cash on the statement of net assets available for benefits.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting — The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America (GAAP).

Use of Estimates — The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of net assets available for benefits and changes therein. Actual results could differ from those estimates. Investment securities, in general, are exposed to various risks, such as interest rate, credit and overall market volatility risks. Due to the level of risk associated with certain investment securities, it is reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported in the financial statements.

Investment Valuation and Income Recognition — The Plan’s investments are stated at fair value, except as described below. The Plan’s investment in the Stock Fund is valued based on exchanged-traded observable quoted market prices. The Plan’s investments in registered investment companies, or “mutual funds,” are valued based on the net asset value of the shares held by the Plan, which represents the price at which market participants buy and sell shares of the mutual funds on a daily basis. Self directed brokerage accounts allow the participant to invest in a variety of securities such as individual equities, corporate bonds, mutual funds along with other investments as outlined in the Plan Document. Certain securities are prohibited from purchase in the self-directed brokerage accounts. The fair value of these securities are valued based on quoted market prices or within the bid-ask spread that would most likely be the exit position. Fees paid by the participant for investment management services were included as a reduction of the return earned on each fund.

Available to participants in 2012 was a common collective trust fund with underlying investments in investment contracts, which were valued at the fair value of the underlying investments and then adjusted by the issuer to contract value. See Note 5, Stable Value Fund, for additional disclosures.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date.

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